

Consumer Relief Guide – Your Rights to Mortgage Payment Forbearance and Foreclosure Protection Under the Federal CARES Act

The COVID-19 pandemic is causing financial hardship for millions of American homeowners. If you, or someone you know, is experiencing financial hardship, you or they may have access to help under a new federal law known as the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). This guide has information to help you make important decisions about your financial obligations.

Quick Facts

- You have the right to obtain a 180 day pause in paying your mortgage or temporarily lower mortgage payments if you are a borrower on a federally backed mortgage loan and affirm that you are experiencing a financial hardship due directly or indirectly to the COVID-19 emergency. This program is called mortgage forbearance or mortgage relief. Your mortgage servicer (the company you send your payments to each month) can tell you if your loan is federally backed.
- The decision to request forbearance should be considered carefully; however, Congress has made the actual request process very easy. See *The Decision to Request Forbearance* below.
- Forbearance is a temporary reduction or suspension of your monthly payment to help you through a difficult period. You will need to repay any missed or reduced payments in the future through one of numerous options. While in forbearance, you can still choose to make partial payments, which will reduce the amount you would need to repay in the future.
- At the end of the forbearance period you and your servicer will discuss repayment options. In most cases you should receive multiple options to repay the monthly payments that were not paid during forbearance over time.
- There are no fees associated with obtaining forbearance. Be wary of anyone offering to help you with forbearance for a fee.
- Foreclosure actions on loans federally backed by Fannie Mae, Freddie Mac and HUD, which includes single family FHA loans and reverse mortgage HECM loans, are frozen until June 30, 2020.

Steps to request forbearance under the CARES Act

First, you will need to contact your mortgage servicer.

If you don't know if you have a federally backed mortgage, call your mortgage servicer. You can find your servicer on your monthly mortgage statement or by searching the Mortgage Electronic Registration Systems (MERS) website: mrs-servicerid.org/sis.

Eligible Loan Types

To be eligible for protections under the CARES Act, your mortgage must be backed by one of the federal agencies and entities listed below.

Loan types that are federally backed include:

- Conventional loans purchased or securitized by Fannie Mae and Freddie Mac (combined, GSEs)
To find out if your loan is owned by one of the GSEs, please visit the following webpages:
 - Fannie Mae Loan Lookup: <https://www.knowyouroptions.com/loanlookup>

- Freddie Mac Loan Lookup: <https://ww3.freddie.mac.com/loanlookup>
- Federal Housing Administration (FHA), including Home Equity Conversion Mortgage (HECM)
- U.S. Department of Veterans Affairs (VA)
- U.S. Department of Agriculture (USDA), including USDA Direct and USDA Guaranteed

Privately held loans are not eligible for forbearance relief under the CARES Act, but you should still contact your mortgage servicer to ask about assistance programs.

Terms of the Forbearance Program

The next step is to tell your servicer that you are experiencing financial hardship due to the COVID-19 emergency and are requesting a forbearance. Check the company website for an online form or phone number.

The CARES Act grants you the right to forbearance by submitting a request to your mortgage servicer for forbearance due to financial hardship during the COVID-19 emergency.

You are not required to submit documentation to prove your financial hardship to enter a forbearance under the CARES Act. And, you are eligible regardless of delinquency status, so it does not matter if you are delinquent at the time of application or were delinquent before the President's March 13, 2020, emergency declaration.

Under the new law, forbearance shall be granted for up to 180 days at your request, and shall be extended for an additional 180 days at your request.¹ Remember to make the second 180-day request before the end of the first forbearance period. Most servicers are required under federal regulations to notify you about applying for other mortgage relief options.

You will **not** accrue fees, penalties, or interest beyond the amounts already scheduled or calculated based on the terms of your mortgage. However, you will have to pay the payments that were missed during forbearance, including taxes and insurance, back to the mortgage company in the future and after the forbearance period ends. At the end of your forbearance period, you and your servicer will determine how you will repay any missed payments or deficiencies related to reduced payments, especially in your escrow account. In most cases, you will be given multiple options for repaying the forbearance; a lump-sum repayment will typically not be the only option. Some options may include:

- Establishing a repayment plan that would spread your missed payments over a specified number of months, which would increase your monthly payment until the missed forbearance payments were fully repaid and would be based on your ability to make the new monthly payments.
- Extending the term of the loan for some amount of time to pay back the missed payments. For example, if provided a six-month period where you don't make a mortgage payment, your mortgage servicer could add six months of payments on to the date when the loan is scheduled to be paid off (the maturity date). This would be one form of a loan modification.
- Modifying your loan to catch up the missed payments over time through a specified modification program offered by the owner of your loan.

¹ H.R. 748 – CARES Act, Sec. 4022: <https://www.congress.gov/bill/116th-congress/house-bill/748/text#H34DE53614AC745A8889A13E7D3460DB4>

Note: Any loan modification after your forbearance term will likely require your servicer to document your income and expenses to ensure you qualify for a modification program. The servicer will contact you about this prior to the end of your forbearance period.

You should arrange a forbearance that works for you. To prepare to call your mortgage servicer for a forbearance request, you will want to gather your account information. You can review publicly available mortgage servicer call scripts so that you will know the types of questions your servicer may ask when discussing forbearance with you. Commonly used call scripts and resource documents include:

- Fannie Mae Forbearance Call Script: [LINK](#)
- Freddie Mac COVID-19 Call Script: [LINK](#)
- FHA COVID-19 Questions and Answers: [LINK](#)
- VA Circular 26-20-12: [LINK](#)

The Decision to Request Forbearance

If your loan is eligible for relief and you are having financial hardship due to COVID-19, you are entitled to lower payments or forbearance that is provided in the CARES Act. If you are still able to make your full monthly payment, you may wish to keep doing so because interest continues to grow as scheduled and you will eventually have to repay the amount of any forbearance.

When discussing forbearance with your mortgage servicer, be sure to discuss all repayment options available to you before entering a forbearance program. Repayment options may differ depending on your loan type, and you should know before entering forbearance how you will be expected to repay your paused payments.

If you and your servicer disagree on forbearance relief options, please remember that the CARES Act entitles you to a forbearance of up to 180 days at your request, and an extension of an additional 180 days at your request. Keep detailed notes on your conversations and check any documentation sent by your servicer to make sure the terms of your forbearance are clear.

Forbearance Attestations on Newly Closed Mortgage Loans

Mortgage lenders are currently requiring new borrowers to sign COVID Attestations confirming that income has not changed and that they are not aware of future changes in employment or the need to request forbearance. Lenders may also inform you that your loan is not immediately federally backed and therefore does not qualify for CARES Act forbearance.

These attestations do not limit your rights under the CARES Act as described above. However, it may be true that your loan is not immediately federally backed and therefore will not qualify under the CARES Act until it becomes federally backed, which can take days or in some cases weeks.

This does not mean that you cannot request forbearance information and many lenders and servicers are providing forbearance benefits regardless of federally backed status. If you have recently closed on a loan and already find yourself in need of assistance, you should contact your servicer to determine your options.

Credit Protection During COVID-19

The CARES Act also protects you from some negative information on your credit report because of any mortgage relief or assistance related to the COVID-19 emergency. During the period covered by the CARES Act, the CARES Act requires your mortgage servicer to report your account as current if your account was current at the time of the forbearance and if you meet the terms of your mortgage relief; or if your account was delinquent before the COVID-19 emergency, to maintain the same delinquent status. If you bring your account current during the forbearance, your mortgage servicer must report the loan as current.

Additional Resources on CARES Act Forbearance

If you need help working with your mortgage servicer or understanding your options, you may want to reach out to a non-profit housing or credit counseling agency, or other professional to help you with your specific situation. Contact information for filing a complaint with and requesting assistance from the CFPB or your state regulator is included below.

Mortgage regulators at both the state and federal level have websites with information about what governments are doing to protect consumers during this national emergency. These websites include:

- Unified Agency Website: www.cfpb.gov/housing
- CFPB COVID-19 Mortgage and Housing Assistance Page: [LINK](#)
- CSBS COVID-19 Consumer Resources Page: [LINK](#)
- American Association of Residential Mortgage Regulators (AARMR): [LINK](#)

Relevant statutory provisions appear mainly in Sections 4021 and 4022 of the CARES Act, the full text of which is available [HERE](#). Section 4021 covering consumers credit protection during COVID-19 can be found [HERE](#). Section 4022 covering consumers' rights to request forbearance can be found [HERE](#).

If you need to file a complaint related to your loan, contact your state financial regulator or the CFPB.

- CFPB Complaint Portal can be accessed [HERE](#).
- Find your state mortgage regulator on the CSBS website [HERE](#).

If you need additional help getting mortgage relief or understanding your rights, benefits and protections from CARES Act mortgage assistance please visit the [National Consumer Law Center \(NCLC\) webpage](#). A summary of foreclosure alternatives for borrowers with COVID-19 hardships can be found [HERE](#).