

Homeowners' Guide to Mortgage Solutions during the COVID-19 Pandemic

Housing Finance Policy Center, Urban Institute
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Many homeowners are experiencing financial hardship during the COVID-19 pandemic or are worried that they will experience such hardship soon. This guide will help homeowners who are worried about making their mortgage payments understand what help may be available and how to obtain it.

Pay Your Mortgage If You Can Afford It

If you cannot afford your next mortgage payment because of a recent job or income loss or other financial hardship caused by the COVID-19 pandemic, you may be eligible for temporary mortgage payment relief.

Am I Eligible for Payment Relief?

The relief available depends on the type of loan you have. The federal government's Coronavirus Aid, Relief, and Economic Security Act, or [CARES Act](#),¹ requires specific options for borrowers with "federally backed" loans, which include loans owned or backed by these entities:

- Fannie Mae
- Freddie Mac
- the US Department of Housing and Urban Development (HUD) or the Federal Housing Administration (FHA) (including federally insured reverse mortgages)
- the US Department of Agriculture (USDA) Rural Housing Service (RHS)
- the US Department of Veterans Affairs (VA)

To learn more about who is involved in mortgage servicing, click [here](#).²

¹ Coronavirus Aid, Relief, and Economic Security Act, H.R. 748, 116th Cong. (2020).

² "Who Is Involved with Mortgage Servicing." Urban Institute, Housing Finance Policy Center, accessed May 29, 2020, <https://www.urban.org/policy-centers/housing-finance-policy-center/projects/mortgage-servicing-collaborative/help-me-understand-mortgage-servicing/who-involved-mortgage-servicing>.

Use these resources to find out if you have a federally backed loan:

- Contact your [loan servicer](#) (the company that you send your monthly payments to).³
- Go to <https://www.knowyouroptions.com/loanlookup> to see if you have a Fannie Mae loan.
- Go to <https://www3.freddie.mac.com/corporate> to see if you have a Freddie Mac loan.
- If you have a HUD/FHA loan, your mortgage statement might indicate that part of your payment goes to FHA insurance. Or check the first page of your closing documents from when you bought the house (HUD-1 statement or Closing Disclosure) for the loan type.
- If you have a VA loan, check your mortgage statement for specific references to the VA and closing documents for fees paid to the VA.
- If you have a USDA/RHS loan, check your closing documents.
- A list of federal agencies and contact information is [available here](#).⁴
- If you cannot reach your loan servicer, you can write a letter to ask who owns, insures, or guarantees your loan. Make sure to send the letter to the address on your mortgage statement for “requests for information.”

If you do not have a federally backed loan, you may still be eligible for relief, but CARES Act requirements do not apply, so the type of assistance available will vary.

What Type of Assistance Is Available?

Temporary Payment Relief

Loan servicers can agree to a temporary pause or reduction of your monthly payments (a *forbearance*). A forbearance does not mean the missed payments are waived or forgiven; you will have to pay them back.

- If your loan is federally backed and you are experiencing a medical or financial hardship caused by the COVID-19 pandemic that makes you unable to make your mortgage payment
 - » You are eligible to receive a forbearance for up to 180 days and then for up to an additional 180 days upon request. In total, you are eligible to receive up to 12 months of forbearance if you continue to face financial hardship. CARES Act forbearances may be available for periods shorter than 180 days, such as 90 days, with further extensions available upon request.

³ “Help Me Understand Mortgage Servicing,” Urban Institute, Housing Finance Policy Center, accessed May 28, 2020, <https://www.urban.org/policy-centers/housing-finance-policy-center/projects/mortgage-servicing-collaborative/help-me-understand-mortgage-servicing>.

⁴ “Guide to Coronavirus Mortgage Relief Options,” Consumer Financial Protection Bureau, April 24, 2020, <https://www.consumerfinance.gov/about-us/blog/guide-coronavirus-mortgage-relief-options/>.

- » Your loan servicer cannot add any fees or additional interest (other than the interest you already owe each month) to your account in connection with a CARES Act forbearance.
- If you do not have a federally backed loan
 - » For loans that are not covered under the CARES Act, the loan servicer can grant a forbearance for up to 90 days to borrowers who request them, often with additional time available if needed. Servicers may also have different assistance options.
 - » Forbearance plans that are not required by the CARES Act may carry additional fees or interest charges, so you should request information about those details from your loan servicer.

Foreclosure Protection

- **For all mortgages**, a servicer may not initiate the foreclosure process until a mortgage loan is more than 120 days past due.
- If your loan is federally backed, the CARES Act prohibits your lender from beginning foreclosure proceedings or evictions until after June 30, 2020 (this date may be extended).
- If you do not have a federally backed loan, you are not covered by the CARES Act, but you should determine whether your state has taken any steps to delay foreclosures and evictions during the emergency.

Learn more about loan servicing and assistance options [here](#).⁵

How Do I Get Assistance with My Payments?

- Assistance might not be offered automatically. You must contact your loan servicer to request assistance.
- Telephone wait times for most loan servicers are long. It may be faster for you to review mortgage relief options on your servicer’s website or mobile app and submit requests for help by logging into the website or via email.
- If you cannot access your servicer’s website or communicate via email, be prepared for long hold times before you can speak with a representative.
- Keep careful notes and records of your communications (phone and written) with your loan servicer.

⁵ “What Is Default Servicing?” Urban Institute, Housing Finance Policy Center, accessed May 28, 2020, <https://www.urban.org/policy-centers/housing-finance-policy-center/projects/mortgage-servicing-collaborative/help-me-understand-mortgage-servicing/what-default-servicing>.

What Information and Documents Do I Need to Provide?

For federally backed loans, and for some other loans, you will not need to provide any documentation. You will only have to affirm that you are seeking relief because you have suffered a financial hardship caused by the COVID-19 pandemic.

For loans that are not federally backed, your loan servicer may ask you to provide additional information or documents about your financial hardship. Keep copies of all documents you provide to your loan servicer, along with a record of when and how you submitted them.

What Happens at the End of a Forbearance Plan? Will I Have to Pay Back the Amounts I Skipped?

Payments missed during a forbearance are still owed. You will have to pay them back. When a forbearance period ends, you will have to work with your loan servicer to arrange for repayment of the missed payments.

For federally backed loans, federal regulators have made it clear that your loan servicer *cannot* require a one-time full payment of the entire amount owed at the end of the CARES Act forbearance period, though this is an option the borrower may choose. Repayment options are not likely to be offered until you are ready to resume your normal payments, closer to the end of the forbearance period.

Your loan servicer will evaluate your situation at the end of the forbearance period and offer one of the following options for repayment:

- If you can afford it, you can pay the full amount due in one payment (*reinstatement*) and resume making regular payments each month *or* catch up gradually by paying a portion of the amount due each month in addition to your regular payment (*repayment plan*).
- If you cannot afford a reinstatement or repayment plan but can resume making regular payments at the end of the forbearance period, you will be evaluated for options to bring the loan current. Depending on the type of loan you have, these options include
 - » adding the past-due amounts to the end of your loan to be paid as a lump sum or “balloon payment” upon paying off your loan,
 - » extending the term of your loan in monthly increments to match the number of payments missed so you can pay the missed payments at the end of the loan, *or*
 - » adding some or all of the past-due amounts to your loan balance and then making other adjustments (e.g., extending the term of your loan or deferring part of the balance until the end of the loan term) to keep your payments roughly the same.

If you were already behind on your loan payments before the crisis or you cannot afford to resume regular payments at the end of the forbearance period, you may be eligible for a loan modification to bring the account current and lower your payments.

To find out what options may be available and to alert your servicer that you need additional help, you can write a request for information, as described above. A sample can be found here as a [PDF](#) or as a Microsoft [Word file](#).⁶

Will My Mortgage Provider Pay My Property Taxes and Insurance?

- If you have an escrow account and the servicer is responsible for these payments, the servicer will continue to make these payments and you will owe these at the end of the forbearance period. Ask your servicer what repayment options are available at the end of the forbearance period for both your principal and interest payments and your escrow payments (real estate taxes and insurance).
- If you do not have an escrow account and you make your payments directly for taxes, insurance, or condominium or homeownership association fees, the forbearance agreement will not apply to these payments. You should continue to pay these if you can or try to make separate payment arrangements with relevant entities (e.g., the county tax collector, insurance company, or condo association).

Will My Credit Be Damaged If I Take Advantage of This Forbearance Because of the COVID-19 Pandemic?

- If you have a federally backed loan covered by the CARES Act, you will be reported as being current on your loan during the forbearance period.
- If you have a loan that is not covered by the CARES Act and were still current on your mortgage when you were approved for a forbearance agreement, you will continue to be reported as current during the forbearance period.
- If you have a loan that is not covered by the CARES Act and were not current when you received a forbearance, you will continue to be reported as delinquent.

Does the Foreclosure Moratorium Mean That I Will Keep My House Even If I Do Not Pay My Mortgage?

Only temporarily. The foreclosure moratorium Congress passed ends on June 30, 2020, unless it is extended. Mortgages in default at that time can proceed to foreclosure unless your loan servicer agrees to other solutions.

Some states have longer moratoriums on foreclosures, so you should check for one in your state.

⁶ “Template for Request for Information on Post-Forbearance Agreement Options,” National Consumer Law Center, accessed May 28, 2020, <https://library.nclc.org/sites/default/files/Template-for-RFI-for-post-FB-options.pdf>.

If I Can Make My Mortgage Payment, Should I Pay, or Should I Save Up in Case I Lose My Job?

If you can make your mortgage payment, *pay your mortgage*. The law provides for temporary payment relief for borrowers facing current financial hardship. This will also help keep call times shorter for those who need urgent help. Do not call your servicer if you can make payments.

I Am Getting Offers to Help Me with My Mortgage. How Do I Know If They Are Scams?

Your servicer or a HUD-approved housing counseling agency will help you for free, without charging you for the advice. They can help you determine whether the offer is legitimate or is a scam. See below for how to find a HUD-approved housing counseling agency.

Do not agree to send money for your mortgage to anyone except your loan servicer.

Where Can I Learn More about My Options for Relief or Assistance?

- Housing counselors at nonprofit or government agencies approved by HUD are trained to help homeowners who are having problems making their mortgage payments. [They can help you find the best option for your situation.](#)⁷ The service is free.
- The federal [Consumer Financial Protection Bureau](#) has extensive resources on its website,⁸ as well as a [simple and informative video](#) about mortgage forbearance.⁹
- Your loan servicer's website is also likely to have more details on what your options are and how to pursue them.

Where Can I Find Help with My Mortgage If I Do Not Speak English?

- Your loan servicer may have staff who speak languages besides English or have access to oral interpretation services to help you. Check with your servicer to see what assistance they can provide.

⁷ "Talk to a Housing Counselor," US Department of Housing and Urban Development, accessed May 28, 2020, https://www.hud.gov/i_want_to/talk_to_a_housing_counselor.

⁸ "Mortgage and Housing Assistance during the Coronavirus National Emergency," Consumer Financial Protection Bureau, accessed May 28, 2020, <https://www.consumerfinance.gov/coronavirus/mortgage-and-housing-assistance/#options>.

⁹ "CARES Act Mortgage Forbearance: What You Need to Know," Consumer Financial Protection Bureau, accessed May 28, 2020, <https://www.consumerfinance.gov/coronavirus/cares-act-mortgage-forbearance-what-you-need-know/>.

- Many HUD-approved housing counseling agencies have counselors who speak languages besides English. The list of counseling agencies is on HUD’s [website](#),¹⁰ which indicates the languages in which each counseling agency can provide assistance.
- Common mortgage terms and forms are translated into Spanish, Korean, Chinese, and Vietnamese [here](#).¹¹
- A set of slides with information about the CARES Act relief available to renters and homeowners is available in [Korean](#)¹² and in [Chinese](#).¹³

A list of consumer-facing lender websites is [available here](#).¹⁴

¹⁰ “Talk to a Housing Counselor,” US Department of Housing and Urban Development.

¹¹ “Mortgage Translations Home,” Federal Housing Finance Agency, accessed May 28, 2020, <https://www.fhfa.gov/MortgageTranslations>.

¹² Housing Finance Policy Center, “CARES Act: Policies for Homeowners and Renters (Korean Translation)” (Washington, DC: Urban Institute, 2020), https://www.urban.org/sites/default/files/cares_act_policies_for_homeowners_renters_korean.pdf.

¹³ Housing Finance Policy Center, “CARES Act: Policies for Homeowners and Renters (Chinese Translation)” (Washington, DC: Urban Institute, 2020), https://www.urban.org/sites/default/files/cares_act_policies_for_homeowners_renters_chinese.pdf.

¹⁴ “Directory of Servicer Contacts” (Philadelphia, National Housing Resource Center, 2020), <http://www.hsgcenter.org/wp-content/uploads/2020/05/Servicer-list-consumer-contact-only.pdf>.

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500 L'Enfant Plaza SW
Washington, DC 20024
www.urban.org

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