

Mortgage Forbearance Questions & Answers

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Q: If I lost my job due to COVID-19 and cannot make my home mortgage payment, what can I do?

A: If you have a federally-backed mortgage (nearly all residential home mortgages fall under this category), you may call your Lender and request 'mortgage forbearance.'

Q: What is a 'federally-backed mortgage?'

A: Any mortgage which is secured by a loan on residential real property (including condominiums) designed for the occupancy of from 1-4 families that is insured by the FHA, the VA, the USDA, or purchased or securitized by Fannie Mae or Freddie Mac. (if you are still unsure, you may either call your lender or you may contact the Blaine County Charitable Fund for assistance)

Q: What documentation must I provide my lender to prove that I need mortgage forbearance?

A: NO DOCUMENTATION IS REQUIRED. All you need to do is affirm to your lender that you have a financial hardship due to COVID-19.

Q: What happens after I call my Lender and make the request for mortgage forbearance?

A: The Lender is required by the Act to provide forbearance for up to 180 days. This may be extended for an additional period of up to 180 days at the request of the borrower, provided that the borrower's request for an extension is made during the 'covered period.'

Q: What is the 'covered period' in the CARES Act?

A: The 'covered period' begins January 31, 2020 and ends on the later of the following two dates: a) 120 days after the date of enactment of the CARES Act (March 18, 2020) **OR** b) 120 days after the date on which the National Emergency concerning COVID-19 terminates.

Q: What if my Lender won't grant me mortgage forbearance?

A: Under Section 4022 of the CARES Act passed by Congress, if your loan is a federally-backed mortgage, then under the law your Lender is required to grant you mortgage forbearance

Q: What fees or penalties will I have to pay my Lender to get mortgage forbearance?

A: According to the CARES Act, "...no fees, penalties, or interest beyond the amounts scheduled or calculated as if the borrower made all contractual payments on time and in full under the terms of the mortgage contract, shall accrue on the borrower's account." (for reference, see attached Section 4022(b)(3) of the CARES Act)

Q: I was behind on my mortgage prior to COVID-19, can I still request forbearance?

A: YES. The Lender is required by law to grant you forbearance regardless of whether you are current on your mortgage or not.

Q: My lender had started foreclosure on my loan prior to the CARES Act. What happens now?

A: Under the CARES Act, there is a moratorium on all foreclosures for a 60-day period beginning March 18, 2020.

Q: If I am currently in foreclosure, can I request forbearance?

A: YES. The Lender is required by law to grant you forbearance regardless of whether you are current on your mortgage or not.

Q: Will my credit be affected if I request forbearance?

A: NO. If you request forbearance, any payments not made during your forbearance period will not negatively impact your credit. **IF**, however you were behind on your mortgage prior to January 31, 2020, then any late payments or delinquencies prior to that time will still be on your credit report.

Q: What happens after the National Emergency is terminated? Do I have to write a check for all of the missed payments during my forbearance period?

A: Most Lenders will be in constant contact with you during your forbearance period. If you can afford to make a payment or partial payment during your forbearance period, it will lessen the amount you owe at the end of your forbearance. You will technically still owe the missed payments, however your Lender will work with your particular situation to modify your loan agreement in order to make up those missed payments. Lenders could offer you modification options such as a lump-sum payment, a temporary increased monthly payment until the amounts missed are paid in full, or a modification that extends your loan by the number of months in missed payments. It will vary from Lender to Lender. When you request your mortgage forbearance, it is important to ask your Lender what your payment options will be at the

end of the forbearance period. Depending on your circumstance at that time, it is important to keep in mind that your Lender may also need to re-qualify you for your loan modification.

Q: Where should I go to get additional information and guidance on whether I should request mortgage forbearance?

A: Every individual's financial situation is different. If you are able, contact your accountant or your legal representative to make sure mortgage forbearance is right for you. There are many online resources that are available as well. An excellent place to start would be the Consumer Financial Protection Bureau (CFPB) at <https://www.consumerfinance.gov/>. Please also refer to your Lender's website for COVID-19 information and relief options as it relates to your mortgage.

For a short video containing this and additional information on mortgage forbearance provided by the Consumer Financial Protection Bureau (CFPB), please visit: <https://youtu.be/br5EPugsnLs>

If you or someone you know are in financial distress and need assistance, please visit www.blainecf.org. The Blaine County Charitable Fund is currently reviewing applications for grant assistance on a weekly basis during the COVID-19 crisis.

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SEC. 4022. FORECLOSURE MORATORIUM AND CONSUMER RIGHT TO REQUEST FORBEARANCE.

(a) **DEFINITIONS.**—In this section:

(1) **COVID-19 EMERGENCY.**—The term “COVID-19 emergency” means the national emergency concerning the novel coronavirus disease (COVID-19) outbreak declared by the President on March 13, 2020 under the National Emergencies Act (50 U.S.C. 1601 et seq.).

(2) **FEDERALLY BACKED MORTGAGE LOAN.**—The term “Federally backed mortgage loan” includes any loan which is secured by a first or subordinate lien on residential real property (including individual units of condominiums and cooperatives) designed principally for the occupancy of from 1- to 4- families that is—

(A) insured by the Federal Housing Administration under title II of the National Housing Act (12 U.S.C. 1707 et seq.);

(B) insured under section 255 of the National Housing Act (12 U.S.C. 1715z–20);

(C) guaranteed under section 184 or 184A of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z–13a, 1715z–13b);

(D) guaranteed or insured by the Department of Veterans Affairs;

(E) guaranteed or insured by the Department of Agriculture;

(F) made by the Department of Agriculture; or

(G) purchased or securitized by the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association.

(b) **FORBEARANCE.**—

(1) **IN GENERAL.**—During the covered period, a borrower with a Federally backed mortgage loan experiencing a financial hardship due, directly or indirectly, to the COVID-19 emergency may request forbearance on the Federally backed mortgage loan, regardless of delinquency status, by—

(A) submitting a request to the borrower’s servicer; and

(B) affirming that the borrower is experiencing a financial hardship during the COVID-19 emergency.

(2) **DURATION OF FORBEARANCE.**—Upon a request by a borrower for forbearance under paragraph (1), such forbearance shall be granted for up to 180 days, and shall be extended for an additional period of up to 180 days at the request of the borrower, provided that, at the borrower’s request, either the initial or extended period of forbearance may be shortened.

(3) **ACCRUAL OF INTEREST OR FEES.**—During a period of forbearance described in this subsection, no fees, penalties, or interest beyond the amounts scheduled or calculated as if the borrower made all contractual payments on time and in full under the terms of the mortgage contract, shall accrue on the borrower’s account.

(c) **REQUIREMENTS FOR SERVICERS.**—

(1) **IN GENERAL.**—Upon receiving a request for forbearance from a borrower under subsection (b), the servicer shall with no additional documentation required other than the borrower’s attestation to a financial hardship caused by the COVID-19

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emergency and with no fees, penalties, or interest (beyond the amounts scheduled or calculated as if the borrower made all contractual payments on time and in full under the terms of the mortgage contract) charged to the borrower in connection with the forbearance, provide the forbearance for up to 180 days, which may be extended for an additional period of up to 180 days at the request of the borrower, provided that, the borrower's request for an extension is made during the covered period, and, at the borrower's request, either the initial or extended period of forbearance may be shortened.

(2) FORECLOSURE MORATORIUM.—Except with respect to a vacant or abandoned property, a servicer of a Federally backed mortgage loan may not initiate any judicial or non-judicial foreclosure process, move for a foreclosure judgment or order of sale, or execute a foreclosure-related eviction or foreclosure sale for not less than the 60-day period beginning on March 18, 2020.