



Mortgage Forbearance FAQs

1. What is a mortgage forbearance? What happens at the end of my forbearance?

A mortgage forbearance is a *temporary pause* or *reduction* in your mortgage payments. During a forbearance period, you should not incur late fees. A forbearance does not eliminate or reduce the amount you owe, and you will have to repay any missed or reduced payments in the future.

If you decide to move forward with a forbearance plan, ask your servicer how you will be required to pay back the amount owed after the forbearance period.

- Will you owe the entire unpaid amount in a lump sum once the pause period has ended or at the end of the loan term?
- Can the loan term be extended so that missed payments are added to the end of your mortgage?
- Will your subsequent monthly payments be higher for a period of time to make up the deferred amount?

While your forbearance is active, monitor your monthly mortgage statements for any potential errors. Before your forbearance period ends, reach out to your servicer to discuss your current financial situation. Your servicer should work with you to determine the appropriate next steps to address any missed or reduced payments. These steps may include an extension of the forbearance period or a more permanent resolution, like a loan modification.

2. What mortgage relief does the Coronavirus Aid, Relief, and Economic Security (CARES) Act give to homeowners?

Enacted in March, the CARES Act put in place two protections for homeowners with federally backed mortgages:

- A foreclosure moratorium (freeze)
- A right to forbearance for homeowners who are experiencing a financial hardship due to the COVID-19 emergency (180-days)

You also have the **right to request an extension for up to an additional 180-days**, but you must contact your mortgage servicer or lender to request this forbearance. There won't be any additional fees, penalties or interest added to your account, however your regular interest will continue to add up.

Federally backed mortgages include USDA, FHA, VA, Freddie Mac, and Fannie Mae home loans. To learn how to identify if your loan is a federally backed mortgage, click [here](#).

Note: Non-government backed loans may offer forbearance, deferment options or extensions, but the exact options available to you may differ from state to state.

3. My mortgage forbearance is ending, and I still need assistance, what options do I have?

1. Extend your forbearance

Homeowners granted forbearance under the CARES Act can request a 180-day extension, giving them a total of 360 days of forbearance. The key is to contact your lender well **before** your forbearance expires. If you let it expire without an extension, your lender could impose penalties. Late mortgage payments can impact refinancing or purchasing of another property in the future. It could also put you in jeopardy of foreclosing.

2. Consider refinancing

Mortgage interest rates are at record lows and refinancing is becoming a very popular option for many homeowners. Before you make any decisions, understand that refinancing could come with some hefty fees, ranging anywhere from 2% to 6% of the loan amount. But it could be worth it for the length of the loan. You must show that you are a good candidate for refinancing. Many lenders request a credit score of 620 or higher.

If you've followed the forbearance terms, having a mortgage forbearance shouldn't affect your credit score, or your ability to refinance or qualify for another mortgage.

3. Ask for a loan modification

Due to the pandemic, many lenders are offering an assortment of programs to help homeowners under financial hardship, like a loan modification. A loan modification enables a homeowner at risk of defaulting to change the term of the original loan, such as adjusting the interest rate, payment amount or the length of the loan, to help reduce monthly payments or clear any delinquencies. Loan modifications can come with fees, but some lenders provide them at no cost. Additionally, loan modifications may affect your credit score, but not nearly as much as a foreclosure.

Learn about mortgage relief and options:

- <https://www.consumerfinance.gov/coronavirus/mortgage-and-housing-assistance/mortgage-relief/>

The following resources may also be helpful:

- FHFA has established a dedicated webpage with relevant updates and resources available here: <http://www.fhfa.gov/coronavirus>
- Federal Deposit Insurance Corporation: <https://www.fdic.gov/coronavirus/faq-fi.pdf>