

COVID-19 and Forbearance

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Some Housekeeping Notes

- This is a webinar; no one can **see you or hear you**.
- Following this webinar, **a copy of this PowerPoint will be sent** to you via the email you provided during registration.
- If you have any questions, ask them in the Q&A tab of your Zoom screen. We will end today with any answering questions.
- Individual cases will need to be discussed with our counselors; intake information will be provided today.



Who is South Suburban Housing Center?

- South Suburban Housing Center (SSHC) is a 501(c)(3) non-profit, regional, HUD-approved fair housing and housing counseling agency.
- We seek to promote and foster long term diversity throughout the communities in our service area by working to eliminate all forms of discrimination and exploitation in the housing market, including predatory mortgage lending.



Housing Counseling Services

Our HUD-certified counselors assist individuals and families to sustain housing through:

- Homebuyer Education
- Pre-Purchase Counseling
- Default/Foreclosure Counseling & Workshops
- Post-Purchase Counseling
- Rental Referral Information (looking for housing, homelessness prevention, etc.)



Fair Housing Services

- Provides training, advice, technical assistance, and presentations on fair housing and fair lending issues
- Conducts fair housing investigations in order to monitor the market for violations of fair housing laws
- Ensures that all fair housing complaints are compliant according to the fair housing laws and process



Cares Act Moratorium

- If you have a **federally backed mortgage** loan borrower and you are experiencing financial hardship due to the COVID-19, you shall be granted a forbearance.
- The borrower can request an initial period of **up to 180 days** and additional 180 days if they need to.
- There are **no fees, penalties or additional interest** , and **no negative reporting of late payments to the credit reporting agencies** during the forbearance
- The CARES Act further provides that, except for vacant or abandoned property, a federally backed mortgage loan servicer is **prohibited** from initiating any foreclosure process, seeking a foreclosure judgment or order of sale, **or executing** a foreclosure-related eviction or foreclosure sale for at least a **60-day period that began on March 18, 2020.**

**Source: www.consumerfinance.gov



Federally Backed Mortgages

- Fannie Mae
- Freddie Mac
- Federal Housing Administration (FHA)
 - Includes reverse mortgages
- U.S. Department of Veterans Affairs (VA)
- U. S. Department of Agriculture (USDA)



Poll Question 1

What type of loan do you have?

- Conventional
- FHA
- USDA
- VA
- Unsure

Fannie Mae and Freddie Mac

- Ensuring payment relief by providing forbearance for up to 360 days
- Waiving assessments of penalties or late fees
- Halting all foreclosure actions and evictions of borrowers living in homes owned by the company until at least May 17, 2020
- Offering loan modification options to provide mortgage payment relief or keep those payments the same after the forbearance period
- Borrowers are eligible for forbearance regardless of whether their property is owner occupied, a second home, or an investment property.
- A lump sum payment will not be required at the end of the forbearance period



FHA

- FHA permitted borrowers to enter into forbearance, a pause or reduction in their monthly mortgage for up to 180 days. Borrowers can request an additional 180 days if needed.
- FHA does not require lump sum repayment at the end of the forbearance and has developed the COVID-19 Standalone Partial Claim to assist with repayment.
- A partial claim is a zero interest, no fee, junior lien on the borrower's property that will become payable when the borrower sells their home, pays off their mortgage, or their mortgage otherwise terminates.

Non-Federally Backed Mortgages

- Check with your lender and your loan servicer for the forbearance repayment options that they offer.
- You may be able to find information about forbearance programs by checking the websites of your lender and servicer for more detailed information.



Poll Question 2

Have you reached out to your loan servicer and requested a forbearance?

- Yes
- No

What is a Forbearance?

- A **mortgage forbearance** is a temporary pause in mortgage payments approved by your lender.
- The lender agrees in advance to allow you to stop making payments or make a reduced payment.

Source: **Trouble paying your mortgage? Your best options, explained
[Denny Cezyk MSN.com, 5/5/2020](#)



What is a Loan Modification?

- A **loan modification** changes the original terms of your loan permanently.
- Those changes might include extending your repayment term or lowering your interest rate, for example.
- You either have to be in jeopardy of falling behind or already in default on your mortgage to qualify for a loan modification.

Source: **Trouble paying your mortgage? Your best options, explained
[Denny Cezyk MSN.com, 5/5/2020](#)



Forbearance Vs. Loan Modification

MORTGAGE FORBEARANCE	MORTGAGE MODIFICATION
Temporary payment relief	Permanent payment relief
Missed payments are not reported to credit bureaus	Missed payments before or during a modification may be reported to credit bureaus
Financial documentation to prove hardship is not required	Financial documentation proving hardship may need to be provided
Payments can be paused up to 12 months for federally backed loans	Must continue to make monthly mortgage payments
The foreclosure process is halted during the forbearance period	There's a foreclosure risk if additional payments are missed
A lump sum may be due for the missed payments at the end of the forbearance period	No lump-sum payments
Terms of the original loan remain the same	Changes your original loan terms

Source: **Trouble paying your mortgage? Your best options, explained
[Denny Ceizyk MSN.com, 5/5/2020](https://www.msn.com/en-us/real-estate/news/your-best-options-explained)



Key Considerations

- If you can still afford to pay your mortgage, continue to do so.
- Prioritize your bills first (mortgage, utility bills, auto payment and insurance)
- You may not be required to pay back the lump sum at the end of the forbearance
- There are other workout solutions you may qualify for: reinstatement, repayment plan, payment deferral, loan modification
- Create a crisis budget for spending less as possible
- Best time to **SAVE** any extra funds during the forbearance period

Housing counselors are here to help!



Resources

Freddie Mac: www3.freddiemac.com/loanlookup

Fannie Mae: www.knowyouroptions.com/loanlookup

HUD: www.hud.gov

Consumer Finance Protection Bureau (CFPB):
www.consumerfinance.gov





Census 2020

Have you completed the 2020 Census? Every 10 years, we get the chance to fill out a form that usually takes less than 10 minutes—but affects our communities for years. Have you responded to the census?

Make sure you fill it out. If you need assistance, we are here to help you complete the form.

When we all respond, we all benefit.

When everyone is counted in the 2020 Census, our communities get the funding they need for things like health care, education, emergency services, and more.

For more information, visit:
2020CENSUS.GOV

Shape
your future
START HERE >

United States
Census
2020



Contact Information

Mortgage Default/Delinquency Counseling Intake Application

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- Resources & Intake Form
- A downloadable version of this PowerPoint will be available

