

# Coronavirus and the CARES Act: We Are Here to Help

## Frequently Asked Questions

### Mortgage Relief Options

#### Q: What options are available to me, since I have been impacted by the coronavirus pandemic (COVID-19)?

A new federal law, the Coronavirus Aid, Relief, and Economic Security (CARES) Act offers mortgage assistance options for borrowers who have federally-backed mortgages and who are experiencing financial hardship as a result of the coronavirus. But before you make any decisions about pursuing these options, carefully assess your situation. You may also go to the [Consumer Financial Protection Bureau \(CFPB\)](#) for tools and resources to help you navigate the financial impact of the coronavirus. Watch the CFPB [video](#) for information about mortgage assistance options.

If you are still able to pay your mortgage, even in part, please try to do so. Mortgage assistance does not relieve you from your obligation to make your payments. Carefully read the information below about what you need to know.

The CARES Act offers certain protections for any homeowner whose mortgage is backed by the federal government. These include:

#### 1. A right to forbearance due to financial hardship

The CARES Act allows you as the borrower to request a forbearance on your federally-backed mortgage.\* A forbearance is a temporary suspension of all or part of your monthly mortgage payment for an initial period of up to 180 days. Forbearance does not mean your payments are forgiven. You are still required to fully repay your suspended payments but you won't have to do so all at once, unless you are able. After the initial forbearance period, if you are still financially impacted by the coronavirus, your forbearance period may be extended for another 180 days. However, if your forbearance period or financial hardship has ended, there are other options that may be available to you based on investor and insurer guidelines such as a repayment plan or loan modification.

*\* The CARES Act only applies to federally-backed mortgages. The vast majority of borrowers in owner-occupied homes have federally-backed loans. If you do not have a federally-backed mortgage, other mortgage assistance options may be open to you, but different eligibility requirements may apply.*

**A Note about Deferment:** Deferment suspends the principal and interest portion of your mortgage payments for a specific period of time and defers them to the end of your loan. **Currently, if your loan is federally-backed, a period of forbearance from the requirement to make monthly payments is the first phase of helping a consumer who is facing immediate hardship as a result of the coronavirus.** It is an initial pause that precedes the determination of an appropriate solution to the issue of repayment of the forborne payments. It is only when the hardship has passed that your options for repayment, including the option of payment deferral (if offered for the loan type in question), can be evaluated based upon your financial situation at that time. **PLEASE CONTINUE READING FOR MORE INFORMATION.**

#### 2. A foreclosure moratorium

For federally-backed mortgage loans, your lender or loan servicer may not foreclose or take eviction action on you for 60 days after March 18, 2020. Specifically, the CARES Act prohibits lenders and servicers from beginning a judicial or non-judicial foreclosure against you, or from finalizing a foreclosure judgment or sale,

during this period of time. For non-federally-backed mortgage loans, some states have also implemented moratoriums on foreclosures and evictions.

**Q: If I can make my payments during my forbearance plan, but they're going to be late, will you waive my late fees?**

Yes, under the CARES Act for federally-backed mortgage loans, no late charges will occur on your account during the duration of the forbearance period.

## **Forbearance Plan**

**Q: Do I need to apply for a forbearance plan?**

If you have experienced a financial hardship caused by the coronavirus, under the CARES Act, you can request an initial forbearance, by logging into this website and completing the form. You may consider a forbearance of up to 180 days if your loan is a federally-backed mortgage loan. There is no documentation required. After the 180 days, you can request an extension for up to another 180 days, if needed. You may also go to the [Consumer Financial Protection Bureau](#) (CFPB) for tools and resources to help you navigate the financial impact of the coronavirus. Watch the CFPB [video](#) for information about mortgage assistance options.

**Q: How do I know if my mortgage loan is or is not backed by the federal government?**

It's not always easy to see whether your mortgage loan is federally or not federally-backed. Or, in other words, who owns your mortgage loan. Many mortgage loans are sold and the servicer you pay every month may not own your mortgage. When the owner of your loan transfers the mortgage to a new owner, the new owner is required to send you a notice. You should have a copy of this notice in your files if your loan was sold.

There are some online tools you can use to look up who owns your mortgage, for example, Fannie Mae (<https://www.knowyouroptions.com/loanlookup>) and Freddie Mac (<https://ww3.freddiemac.com/loanlookup/>) both offer a mortgage lookup tool on their website.

Loans insured or guaranteed by FHA, VA, or the USDA are also federally-backed loans.

As your servicer, we will also be able to tell you who owns your loan and whether it is federally-backed.

**Q: What is a forbearance plan?**

A forbearance is a temporary suspension of your monthly mortgage payment, not a loan forgiveness. You are still required to eventually fully repay your forbearance, but you won't have to pay it all at once if you are unable to do so. Based on upon the investor and insurer requirements for your loan, we will evaluate your financial situation if required and review options available to you at the end of the forbearance period, such as a repayment plan, loan modification or deferral.

A typical forbearance period is about three months, but under the CARES Act, as long as you have a federally-backed loan\*, you have the option to choose a forbearance period of up to 180 days, and if necessary, extend for up to another 180 days by simply indicating that you need this extra time. But again, this takes serious consideration as those additional payment amounts forborne will be added to the amounts you will eventually need to repay.

Also, you still have to pay escrow during a forbearance plan. If your monthly mortgage payment does not include an escrow payment for taxes and insurance, you must continue to make those payments during the

forbearance period in accordance with your mortgage loan documents. However, if your account is currently escrowed for taxes and insurance, we will continue to make those payments from your escrow account.

Should your escrow account become depleted while on forbearance, this will result in a shortage to your account. We will advance, on your behalf, any escrow account shortage for taxes and insurance during the forbearance period. However, any advances for taxes and insurance will also need to be repaid eventually after the expiration of the forbearance plan. We will handle any escrow account shortages in compliance with RESPA requirements, which may also allow repayment over time for these escrow amounts.\*

*\*Residential loans may be federally-backed or asset-backed. The CARES Act only applies to federally-backed mortgages. The vast majority of borrowers in owner-occupied homes have federally-backed mortgage loans. If you do not have a federally-backed mortgage, other mortgage assistance options may be open to you, but different eligibility requirements may apply.*

## **Q: What are some examples of a forbearance plan?**

### **Examples include:**

#### **Example One: a 90-day Forbearance**

1. John's monthly mortgage payment is \$1,500 and is due on May 1. He cannot make his May 1 payment but believes his hardship to be short term. John chooses a 90-day forbearance in May. As a result, the forbearance period will run from May through July. During this time, his monthly mortgage payments are suspended. On August 1 when John's 3-month forbearance has ended and he is able to resume his monthly payment of \$1,500, and the three forborne payments totaling \$4,500 must be addressed for repayment. John's servicer will contact him within a sufficient time period prior to August 1 to decide what option works best for repaying the \$4500. (See [When will I need to repay the payments that were due at the end of the forbearance plan period?](#) below, for details on potential options that John would have at this time.)

#### **Example Two: a 180-day Forbearance**

2. Jane's monthly mortgage payment is \$1,500 and is due May 1. Jane cannot make her May 1 payment and does not know how long her hardship will last. She chooses a 180-day forbearance in May. As a result, the forbearance period will run from May through October. During this time her monthly mortgage payments are suspended and payments are planned to begin again November 1. However, in October it is clear to Jane that her hardship IS NOT resolved, so she requests a forbearance extension of up to an additional 180 days. Regardless of the length of forbearance, Jane understands that she will need to work with her servicer at its conclusion to determine what options are available for repayment of the missed payments. (See [When will I need to repay the payments that were due at the end of the forbearance plan period?](#) below, for details on potential options.)

#### **Example Three: A Forbearance with partial payments**

3. Juan's monthly mortgage payment is \$1,500 and is due May 1. He cannot make his May 1 payment in full, but can afford to pay \$500 each month toward his mortgage payment. He chooses a 90-day forbearance in May. As a result, the forbearance period will run from May through July. During this time, John remits \$500 each month, totaling \$1,500 by July, which also equates to one full mortgage payment. John's servicer will apply the \$1,500 as soon as a full payment is collected, applying it to the oldest payment due date, which would be the May 1 payment. Therefore, on August 1 when John's 3-

month forbearance has ended and he is able to resume the monthly payment of \$1,500, the June and July payments totaling \$3,000 must be addressed for repayment (See [When will I need to repay the payments that were due at the end of the forbearance plan period?](#) below, for details on potential options).

### **Q: Will there be interest or fees charged for missed payments during a forbearance period?**

No additional interest beyond your regular principal and interest payment will accrue, and no fees (including late fees) will be charged during your forbearance period.

### **Q. How will my credit reporting be impacted by my forbearance plan?**

Under the CARES Act, if your loan was current at the start of your forbearance plan, your loan will remain current for credit reporting through the duration of the forbearance period. However, if your loan was delinquent at the start of your forbearance plan, your loan will remain “frozen” in the same delinquency status throughout the forbearance period unless you make payments that reduce the severity of the delinquency or bring your loan current.

### **Q: Do I need to cancel my automatic monthly draft if I am on a forbearance plan?**

If your automatic monthly draft was set up with us, your automatic payment will be stopped when your forbearance plan is approved. Note: In order to stop an ACH payment, we need two business days advance notice. However, if you set up monthly drafting (bill pay) with your financial institution, you will need to contact them directly to stop automatic drafting.

### **Q: Can I make full or partial payments during my forbearance plan period?**

Yes, you can. If at all possible, you should consider making partial payments during your forbearance period. If your financial situation improves and you are able to make partial mortgage payments, these partial payments will reduce the total amount due. The partial payments will be placed in a partial account (also called a suspense account) and will be applied once a full mortgage payment is received. No additional interest will accrue.

### **Example: Partial Payment**

Juan’s monthly mortgage payment is \$1,500 and is due May 1. He cannot make his May 1 payment in full, but can afford to pay \$500 each month toward his mortgage payment. He chooses a 90-day forbearance in May. As a result, the forbearance period will run from May through July. During this time, John remits \$500 each month, totaling \$1,500 by July, which also equates to one full mortgage payment. John’s servicer will apply the \$1,500 as soon as a full payment is collected, applying it to the oldest payment due date, which would be the May 1 payment. Therefore, on August 1 when John’s 3-month forbearance has ended and he is able to resume the monthly payment of \$1,500, the June and July payments totaling \$3,000 must be addressed for repayment (See [When will I need to repay the payments that were due at the end of the forbearance plan period?](#) below, for details on potential options).

### **Q: Will I still receive billing statements during the forbearance?**

We are required to send you a billing statement every 30 days, even while you are on a forbearance plan. The statement will show your account history and total amount due as a reminder of how much you will eventually owe at the end of the forbearance period. Please refer back to your forbearance letter, which outlines the

terms of your forbearance.

**Q: Will I receive letters advising me of the delinquency status?**

Yes, we are required to send certain letters, including delinquency letters, to ensure compliance with investor guidelines (requirements from the owner of your loan). Please refer back to your forbearance letter, which outlines the terms of your forbearance. Despite these mandated letters, you will not be required to make any payments during the forbearance period.

**Q: Will my escrow payments for taxes and insurance premiums continue to be paid out of my escrow account during my forbearance period?**

Yes. If your account is currently escrowed for taxes and insurance, we will continue to make those payments from your escrow account.

Should your escrow account become depleted while on forbearance, this will result in a shortage to your account. We will advance, on your behalf, any escrow account shortage for taxes and insurance during the forbearance period. However, any advances for taxes and insurance will also need to be repaid eventually after the expiration of the forbearance period. We will handle any escrow account shortages in compliance with RESPA requirements which may also allow repayment over time for these escrow amounts.

If your monthly mortgage payment does not include an escrow payment for taxes and insurance, you must continue to make those payments during the forbearance period in accordance with your mortgage loan documents.

**Q: How will I know my forbearance has been processed? Will I receive a letter? How will it show in my statement? How will it show online?**

Within 7 to 10 business days, you will receive a letter from us with all the details. We will also send you an email if we have your email address on file. Now is a good time to update your email address should you need to in your profile on the web site if you haven't already. It will help us to keep in touch throughout your forbearance period.

**Q: When will I need to repay the payments that were due at the end of the forbearance plan period?**

If you are still impacted by the coronavirus pandemic, you may pursue an Extension of the Forbearance Plan up to an additional 180 days, for a total of 360 days. There will be no additional fees, penalties or additional interest (beyond scheduled amounts) added to your account, if your hardship continues.

If your financial hardship has ended, we will work with you to evaluate your situation and determine the best next steps. There are several mortgage assistance options that may be available to you after the forbearance period depending upon the type of loan you have. These may include:

1. **Reinstatement:** If you are able to afford it, you can reinstate -- which means paying any delinquent amounts including the amounts that became due during forbearance. For example, on August 1<sup>st</sup> after completing a 90 day forbearance from May through July, paying the 3 forborne payments plus the August payment would reinstate your loan if you were not delinquent when forbearance began.
2. **Repayment Plan:** We can set up a repayment plan, allowing you to catch up gradually while you are paying your regular monthly payment. Under a repayment plan, your past due amount will be spread

out over a set timeframe (e.g. 3, 6, 9 months) and added on to your existing mortgage payment amount.

3. **Modification where your regular principal plus interest amount stays the same:** If you can't afford a repayment plan, but you are ready to resume making your normal monthly payment, we can implement a way of paying back the suspended payments in a manner that maintains your original payment amount.
4. **Modification where your payments are reduced:** If you have a sustained reduction in income resulting from the crisis, then we can look at a modification (changes to the terms of your loan) that might suit your new circumstances; those changes will aim to reduce your original monthly payment amount.
5. **For FHA owner-occupied loans only:** If you have an FHA loan and occupy your property, we will evaluate you for various options that may allow you to defer forborne payments or modify the terms of your loan. These include the COVID-19 National Emergency Standalone Partial Claim option for borrowers less than 30 days delinquent as of March 1, 2020, which allows you to defer forborne payments until your loan is paid off.
6. **For VA loans:** If you have a VA loan, you may be eligible for loan modification or extension plans that would allow you to alter the terms of your mortgage to account for the forborne payments.

*\*\* Available options may vary depending on investor guidelines and additional eligibility requirements and documentation may be required for these options. Please check back as we are monitoring investor guidelines changes to ensure we are considering all available options for your loan.*

#### **Q: Why was I offered forbearance instead of a payment deferral?**

A period of forbearance from the requirement to make monthly payments is the first phase of helping a consumer who is facing immediate hardship as a result of the coronavirus. It is an initial pause that precedes the determination of an appropriate solution to the issue of repayment of the forborne payments. It is only when the hardship has passed that your options for repayment, including the option of payment deferral (if offered for the loan type in question), can be evaluated based upon your financial situation at that time.

#### **Q: Can I refinance while in forbearance?**

It is unlikely that you will be able to refinance your mortgage while in forbearance, under most commonly available loan programs. You should confirm eligibility criteria with any lender to whom you apply for a refinance.