



CARES ACT MORTGAGE RELIEF

MAY, 2020



INTRODUCTION

- The City of Lake Elsinore, through their contract economic development consultant is pleased to provide you with the information in this presentation. The purpose of it is to assist you in determining if your home mortgage may qualify for a deferral or forbearance and how to communicate with your lender. Neither the City nor the consultant can be held liable for the presentation.

CARES ACT OF 2020

- Bill (Law) Passed by Congress on March 27, 2020 that provided \$2.2 Trillion of Economic Stimulus into the Economy
- The Law Recognizes the Importance of Home Ownership as Important to America and Families
- The Law Allows for Up to One (1) Year of Mortgage Assistance through “Forbearance” for ALL Federal Government Backed Mortgages. MOST (But NOT All) Home Loans in Last 10 Years are Government Backed!
- This program is eligible for First Mortgages (Not Home Equity Lines of Credit) also known as “2nd Mortgages” or “HELOC’s”

CONSUMER PROTECTION FINANCIAL BUREAU

WWW.CONSUMERFINANCE.GOV
(FEDERAL CONSUMER PROTECTION AGENCY)

- “...if you experience financial hardship due to the coronavirus pandemic, you have a right to request a **forbearance** for up to 180 days. You also have the right to request an extension for up to another 180 days. You **must contact your loan servicer*** to request this forbearance. There will be no additional fees, penalties or additional interest (beyond scheduled amounts) added to your account. You do not need to submit additional documentation to qualify other than your claim to have a pandemic-related financial hardship.”

*A loan “servicer” is who you make your home loan payments to

This information is taken directly from:

<https://www.consumerfinance.gov/about-us/blog/guide-coronavirus-mortgage-relief-options/>

PRESENTATION

- What is Mortgage Forbearance?
- How do I know if I Qualify for Mortgage Forbearance?
- How to I Apply for Mortgage Forbearance

LEGISLATIVE INTENT OF FORBEARANCE TO ASSIST HOMEOWNERS DURING COVID-19

- “It can be a lump-sum payment of all deferred amounts;
- “*Or* you can request an extension added to the end of the loan term equal to the number of months that payments have been deferred. For example, if no payments were made for six months, an extra six months are added to the end of your loan
- “*Or* you can ask your servicer to amortize the amount due over the remaining life of the loan.”
- Note from Presenter: YOU MUST BE YOUR OWN ADVOCATE.

TYPES OF FORBEARANCE

- Paused Payment Option: Where all payments are due immediately at end forbearance period.
- Reduced Payment Option: Where you pay a reduced payment and make up the missed payments in a short period of time (example: miss for 3 months and pay back over the next year)
- Paused Payment/Pay at End: If you miss 6 or 12 months of payments, they are paid at the end of your current mortgage (added to the back)
- Paused Reamortization (Described on Next Slide and is usually your best option)

HOW DOES A PAUSED REAMORTIZATION MORTGAGE FORBEARANCE WORK?

- In short, during the forbearance period, you do not make a principal and interest payment (you should still pay your impound payments that go for insurance and property taxes).
- The interest will continue to “accrue” and will be added to the mortgage “principal” balance.
- When you begin making payments again, the payments will be a little higher for the balance of the loan to “make up” for the forbearance period.

EXAMPLE OF PAUSED REAMORTIZATION FORBEARANCE

- Example 1: Let's say you have owned your home for 3 years and you have a 30-year mortgage. Let's say that as of the day you ask for a forbearance, you owe \$315,000 and your interest rate is 5%. The principal and interest payment BEFORE forbearance was about \$1,775. The interest (for the year you are not making payments), or about \$15,750 is added to the balance of your loan (now it will be \$330,750) and your new payment for the remainder of your loan will be about \$1,896 (meaning it increases by \$121). In the meantime you have had up to 1 year for your economic situation to get back to normal.
- WHEN WORKING WITH YOUR SERVICER, YOU MUST INSIST THAT THIS IS THE ONLY FORBEARANCE YOU WILL AGREE TO... Some servicers will try and trap you into all missed payments being due at end of forbearance period... that is NOT what the program was designed for!

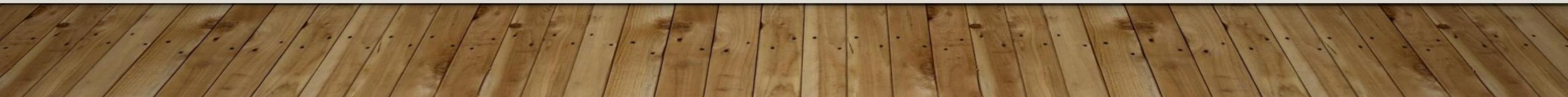
WHAT IS A GOVERNMENT BACKED LOAN AND HOW DO I FIND OUT IF I HAVE ONE?

The Following are Examples of Federal Government Backed Mortgage Programs (don't let these strange names and acronyms bother you, they are just various government agencies/programs):

- Fannie Mae (FNMA)
- Freddie Mac (FHLMC)
- FHA (Federal Housing Administration)
- VA (Veterans Administration)

- On the slides that follow are four (4) different ways to see if you have a government backed mortgage...

HOW TO SEE IF YOU HAVE A FANNIE MAE LOAN (FNMA)

-
- Go to: <https://www.knowyouroptions.com/loanlookup>
 - First Name
 - Last Name
 - Street Address/City/State/Zip
 - Last 4 of Your Social Security Number (if Loan is Joint, like husband and wife) either number will work
 - After entering information, it will show if you have an FNMA Loan, if so, Print or Save THAT Page!
 - **(Go to this website, its a government website) and see if your loan is a Fannie Mae Loan). It will ask for your property address and the last four digits of your social security number. If it asks for your ENTIRE social security number you are on the WRONG website!**
- 

FANNIE MAE LOAN LOOKUP SCREEN

https://www.knowyouroptions.com/loanlookup

First Name *

Do not enter symbols, special characters, or generational titles.

Last Name *

Do not enter symbols, special characters, or generational titles.

Street address *

City * State * Zip code *

Last 4 digits of SSN# *

I confirm that I am the owner of this property, or have the consent of the owner to look up this information. *

Get Results

HOW TO SEE IF YOU HAVE A FREDDIE MAC (FHLMC)

- Go to: <https://ww3.freddiemac.com/loanlookup/>
- First Name
- Last Name
- Street Address/City/State/Zip
- Last 4 of Your Social Security Number (if Loan is Joint, like husband and wife) either number will work
- After entering information, it will show if you have an FNMA Loan, if so, Print or Save THAT Page!
- **YES the website really is ww3 (it's a way sites that often are similar are made different!)**
- **(Go to this website, its actually a government website) and see if your loan is a Fannie Mae Loan). It will ask for your property address and the last four digits of your social security number. If it asks for your entire social security number you are on the WRONG website!**

FREDDIE MAC LOAN LOOKUP SCREEN

Self-Service Lookup

Indicates required fields *

First Name *

Last Name *

House Number *

Unit Number

Please use only numbers, letters and hyphens.

Please use only numbers, letters and hyphens.

Street Name *

Street Suffix

Select Suffix ▼

Do not include "Street", "Avenue", "Drive", etc.

City *

State *

Pick a State ▼

Five Digit Zip Code (Format: #####) *

#####

Last 4 Digits of Social Security Number (Format: ####) *

####

[Why do we ask for Social Security?](#)

Verification *

By checking this box and clicking on the button below to submit this information, I confirm I am the owner of this property or have the consent of the owner to lookup this information.

HOW TO SEE IF YOU HAVE A VETERANS ADMINISTRATION (VA) LOAN

- On your closing documents (the papers you signed for your mortgage), look for a Form called the HUD-1 Statement and look to see if the VA Box is Checked. If it is, You have an VA Loan.

HUD-1 SETTLEMENT STATEMENT

A. U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SETTLEMENT STATEMENT

B. TYPE OF LOAN	1. <input type="checkbox"/> FHA	2. <input type="checkbox"/> FVA	6. FM Number	7. Loan Number
3. <input type="checkbox"/> CONV. UNINS.	4. <input type="checkbox"/> VA	5. <input type="checkbox"/> CONV. INS.	8. Mortgage Insurance Case Number	

C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. NAME AND ADDRESS OF BORROWER:	E. NAME AND ADDRESS OF SELLER:	F. NAME AND ADDRESS OF LENDER:
G. PROPERTY LOCATION:	H. SETTLEMENT AGENT: NAME AND ADDRESS:	
	PLACE OF SETTLEMENT:	I. SETTLEMENT DATE:

J. SUMMARY OF BORROWER'S TRANSACTION		K. SUMMARY OF SELLER'S TRANSACTION	
100 GROSS AMOUNT DUE FROM BORROWER:		400 GROSS AMOUNT DUE TO SELLER:	
101 Contract sales price		401 Contract sales price	
102 Personal property		402 Personal property	
103 Settlement charges to borrower (line 1400)		403	
104		404	
105		405	
Adjustments for items paid by seller in advance		Adjustments for items paid by seller in advance	
106 City/town taxes to		406 City/town taxes to	
107 County taxes to		407 County taxes to	
108 Assessments to		408 Assessments to	
109		409	
110		410	
111		411	
112		412	
120 GROSS AMOUNT DUE FROM BORROWER		420 GROSS AMOUNT DUE TO SELLER	

- If you are not sure or cannot find your HUD-1 Statement, Call your mortgage servicing company (the people you pay your mortgage to) and ask them directly. Ask that they respond in writing to your request.

HOW TO SEE IF YOU HAVE A FHA LOAN

- On your closing documents (the papers you signed for your mortgage), look for a Form called the HUD-1 Statement and look to see if the FHA Box is Checked. If it is, You have an FHA Loan.

HUD-1 SETTLEMENT STATEMENT

A. U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SETTLEMENT STATEMENT

B. TYPE OF LOAN 3. <input type="checkbox"/> CONV. UNINS.	1. <input type="checkbox"/> FHA 4. <input type="checkbox"/> VA	2. <input type="checkbox"/> FEHA 5. <input type="checkbox"/> CONV. INS.	6. File Number	7. Loan Number
C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.			8. Mortgage Insurance Case Number	
D. NAME AND ADDRESS OF BORROWER	E. NAME AND ADDRESS OF SELLER		F. NAME AND ADDRESS OF LENDER	
G. PROPERTY LOCATION	H. SETTLEMENT AGENT: NAME, AND ADDRESS			PLACE OF SETTLEMENT
			I. SETTLEMENT DATE	

J. SUMMARY OF BORROWER'S TRANSACTION		K. SUMMARY OF SELLER'S TRANSACTION	
100 GROSS AMOUNT DUE FROM BORROWER:		400 GROSS AMOUNT DUE TO SELLER:	
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109		409	
110		410	
111		411	
112		412	
120 GROSS AMOUNT DUE FROM BORROWER		420 GROSS AMOUNT DUE TO SELLER	

- If you are not sure or cannot find your HUD-1 Statement, Call your mortgage servicing company (the people you pay your mortgage to) and ask them directly. Ask that they respond in writing to your request.

OK, WOW... I DO HAVE A GOVERNMENT BACKED LOAN, NOW WHAT?

- 1. Have you been economically harmed because of the Covid-19 virus and/or economic shutdown?
 - Became Infected with Covid-19 and Missed Work
 - Family Member had Covid-19 and Needed to Care for Family Member
 - Job Loss (Layoff)
 - Job Loss (Furlough)
 - Income Otherwise Down (Reduction in Hours, Reduction in Pay or Less Revenue for Business Owners)
- 2. How to Apply for Forbearance

APPLYING FOR A FORBEARANCE

- 1. Contact Your Mortgage Servicer (again who you make your payments to) by phone. Ask for a Covid-19 Economic Impact Forbearance for 6 months (remember you can extend for an additional 6 months if you are still impacted for a total of 1 year!)
- 2. Ask your Mortgage Servicer for their Business Address (it is likely where you send your payments to)... write them a letter (that you keep a copy of and SEND IT CERTIFIED) Requesting a Forbearance.
- 3. If you have an email address for your mortgage company also send an email/copy of your forbearance request letter
- 4. Follow-up with Your Mortgage Servicer and DEMAND they acknowledge (grant your request) IN WRITING (email or letter).

WHAT IF I DON'T HAVE A FEDERAL GOVERNMENT BACKED MORTGAGE

- 1. After using the look-up tools on this presentation, if you can't confirm you have a federally backed mortgage, contact your lender. Ask them to confirm if you do or do not have one. Ask them to provide an answer in writing (email or letter).
- 2. If ultimately you don't have a government backed mortgage, you can still ASK your lender for a forbearance. While they have the ability to say yes or no, you may find your lender is willing to work with you.
- REMEMBER, IF YOU DO HAVE A GOVERNMENT BACKED MORTGAGE AND ARE IMPACTED ECONOMICALLY BY THE COVID-19 SHUT DOWN, THEY **MUST** GIVE YOU A FORBEARANCE IF YOU REQUEST ONE.

SAMPLE LETTER ASKING FOR FORBEARANCE

Date

Name of Mortgage Servicer

Address

City, State Zip

RE: REQUEST FOR MORTGAGE FORBEARANCE UNDER CARES ACT: LOAN NUMBER ZZZ (PUT IN YOUR LOAN NUMBER)

Dear Mortgage Servicer:

Pursuant to the CARES Act of 2020 (signed into Law on March 27, 2020), I hereby demand that my home mortgages is placed into a six (6) month forbearance. I have suffered financial hardship because of the Covid-19 Virus and economic shut-down. Please be aware that I reserve the right to request an additional six (6) month forbearance under the CARES Act and will notify you if that is needed.

Note that the Forbearance means that accrued interest will be added to the principal balance of my mortgage and amortized over the remaining period of my loan, pursuant to Federal Law.

Please provide written confirmation regarding receipt of my request. You can communicate with me by phone (123) 456-7890 (put in YOUR phone number), by email name@domain.com (put in your email address) or by U.S. Mail at 123 Main Street Anytown, State Zip (put in your address).

Sincerely,

Name (Your Name)



LINK TO CONTACT CONSUMER FINANCIAL PROTECTION BUREAU

- [Consumerfinance.gov](https://www.consumerfinance.gov) (Look for Guide to Coronavirus Mortgage Relief Options)
- https://www.consumerfinance.gov/about-us/blog/guide-coronavirus-mortgage-relief-options/?fbclid=IwAR3chYrnQLhWWY5en5Bk--A4B4XWGUhEdzXAr3Ve_K-EZaoruk6HqDiHOkw#repay-forbearance
- Direct Phone Number: 855-411-2372