

## Consumer Announcement: CARES Act Forbearance Request Deadline for Certain Borrowers

The deadline to request a mortgage payment forbearance under the CARES Act may be coming to an end for FHA and USDA borrowers. If you have a loan insured by the Federal Housing Administration (FHA), including a reverse mortgage, or if you have a U.S. Department of Agriculture Rural Development (USDA) direct or guaranteed mortgage and are in need of a pause in your payments, you should contact your mortgage servicer prior to the end of 2020.

The COVID-19 pandemic continues to cause financial hardship for millions of American homeowners. If you, or someone you know, is experiencing financial hardship, you or they may have access to help under the federal law known as the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). However, according to the announcements below, FHA and USDA have interpreted Dec. 31, 2020 to be the expiration date for servicers of these loans to approve a forbearance request under the provisions of the CARES Act.

Again, if you have a loan insured by the FHA, including a reverse mortgage, or if you have a USDA direct or guaranteed mortgage AND due to a Covid-19 related financial hardship are in need of a pause in your payments you should contact your mortgage servicer as soon as possible and prior to Thursday, Dec 31, 2020.

Fannie Mae, Freddie Mac, and the U.S. Department of Veterans Affairs (VA) have not announced an end date for forbearance requests at this time.

The respective announcements from each agency regarding the December 31, 2020 expiration are linked below:

FHA/U.S. Department of Housing and Urban Development:  
[FHA Mortgagee Letter 2020-34 dated October 20, 2020](#)

U.S. Department of Agriculture Rural Development:  
[Stakeholder Announcement dated September 9, 2020](#)

It is important to note that the agency published end date for requesting forbearance only addresses situations where borrowers are requesting an initial forbearance. If you already have a mortgage forbearance in place, the guidance to industry stakeholders by each agency is silent on forbearance extensions.

Further, the end date does not affect the duration of your forbearance period. The allowable forbearance period in an initial request or extension request is not altered, provided your mortgage servicer approves an initial request not later than Dec. 31, 2020, for FHA and USDA borrowers. You can learn more about forbearance duration periods and your rights here: [Consumer Relief Guide – Your Rights to Mortgage Payment Forbearance and Foreclosure Protection Under the Federal CARES Act.](#)

**Under all scenarios, if you need payment forbearance it is critical that you contact your mortgage servicer as soon as possible to determine what options are available to you.** In May 2020, the Conference of State Banks Supervisors (CSBS) and the Consumer Financial Protection Bureau (CFPB) jointly released guidance on consumer rights in obtaining a forbearance under the CARES Act. That

guidance can be found at [CSBS and CFPB Consumer Relief Guide](#). Please refer to this guidance for understanding your rights and for instructions on making a forbearance request of your servicer. For your convenience we have included the steps to request forbearance below.

### **Steps to request forbearance under the CARES Act**

First, you will need to contact your mortgage servicer.

If you don't know if you have a federally backed mortgage, call your mortgage servicer. You can find your servicer on your monthly mortgage statement or by searching the Mortgage Electronic Registration Systems (MERS) website: [mers-servicerid.org/sis](https://mers-servicerid.org/sis).

#### *Eligible Loan Types*

To be eligible for protections under the CARES Act, your mortgage must be backed by one of the federal agencies and entities listed below.

Loan types that are federally backed include:

- Conventional loans purchased or securitized by Fannie Mae and Freddie Mac (combined, GSEs)  
To find out if your loan is owned by one of the GSEs, please visit the following webpages:
  - Fannie Mae Loan Lookup: <https://www.knowyouroptions.com/loanlookup>
  - Freddie Mac Loan Lookup: <https://ww3.freddie.mac.com/loanlookup>
- Federal Housing Administration (FHA), including Home Equity Conversion Mortgage (HECM)
- U.S. Department of Veterans Affairs (VA)
- U.S. Department of Agriculture (USDA), including USDA Direct and USDA Guaranteed

Privately held loans are not eligible for forbearance relief under the CARES Act, but you should still contact your mortgage servicer to ask about assistance programs.

#### *Terms of the Forbearance Program*

The next step is to tell your servicer that you are experiencing financial hardship due to the COVID-19 emergency and are requesting a forbearance. Check the company website for an online form or phone number.

The CARES Act grants you the right to forbearance by submitting a request to your mortgage servicer for forbearance due to financial hardship during the COVID-19 emergency.

You are not required to submit documentation to prove your financial hardship to enter a forbearance under the CARES Act. And you are eligible regardless of delinquency status, so it does not matter if you are delinquent at the time of application or were delinquent before the President's March 13, 2020, emergency declaration.

Under the new law, forbearance shall be granted for up to 180 days at your request, and shall be extended for an additional 180 days at your request.<sup>1</sup> Remember to make the second 180-day request

---

<sup>1</sup> H.R. 748 – CARES Act, Sec. 4022: <https://www.congress.gov/bill/116th-congress/house-bill/748/text#H34DE53614AC745A8889A13E7D3460DB4>

before the end of the first forbearance period. Most servicers are required under federal regulations to notify you about applying for other mortgage relief options.

You will **not** accrue fees, penalties, or interest beyond the amounts already scheduled or calculated based on the terms of your mortgage. However, you will have to pay the payments that were missed during forbearance, including taxes and insurance, back to the mortgage company in the future and after the forbearance period ends. At the end of your forbearance period, you and your servicer will determine how you will repay any missed payments or deficiencies related to reduced payments, especially in your escrow account. In most cases, you will be given multiple options for repaying the forbearance; a lump-sum repayment will typically not be the only option. Some options may include:

- Establishing a repayment plan that would spread your missed payments over a specified number of months, which would increase your monthly payment until the missed forbearance payments were fully repaid and would be based on your ability to make the new monthly payments.
- Extending the term of the loan for some amount of time to pay back the missed payments. For example, if provided a six-month period where you don't make a mortgage payment, your mortgage servicer could add six months of payments on to the date when the loan is scheduled to be paid off (the maturity date). This would be one form of a loan modification.
- Modifying your loan to catch up the missed payments over time through a specified modification program offered by the owner of your loan.

Note: Any loan modification after your forbearance term will likely require your servicer to document your income and expenses to ensure you qualify for a modification program. The servicer will contact you about this prior to the end of your forbearance period.

You should arrange a forbearance that works for you. To prepare to call your mortgage servicer for a forbearance request, you will want to gather your account information. You can review publicly available mortgage servicer call scripts so that you will know the types of questions your servicer may ask when discussing forbearance with you. One commonly used call script and a list of resource documents can be found here: [LINK](#)