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MORTGAGE FORBEARANCE

(Updated 4/21/2020)

WHAT IS MORTGAGE FORBEARANCE?

SOME TEXT TAKEN FROM CFPB.GOV WEBSITE.

Forbearance is when your mortgage servicer or lender allows you to temporarily pay your mortgage at a lower payment or pause paying your mortgage. You will have to pay the payment reduction or the paused payments back later.

Forbearance alone does not erase the amount you owe on your mortgage. You will have to repay any missed or reduced payments.

HOW TO REQUEST A FORBEARANCE

Call your servicer and let them know your situation immediately. Ask them what “forbearance” or “hardship” options may be available.

WHAT TO DO WHEN FORBEARANCE IS OVER

Contact your servicer again to find out what options are available for you at the end of the forbearance.

MORTGAGE FORBEARANCE OPTIONS

Forbearance is complicated. There isn’t a “one size fits all” because the options depend on many factors. Those factors include:

- **The type of loan**
- **The owner or investor requirements in your mortgage loan**
- **Your servicer**

There are key things to consider with each type of forbearance. You’ll want to pay close attention to how your servicer expects you to pay back any missed or reduced mortgage payments.

Call
312.341.1070
Monday to Friday
between 8 AM and 4:30 PM

OR

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Here are some forbearance examples to guide you

Paused Payments Option-Paid During Existing Mortgage: Your servicer allows you to stop making payments for six months, but you must pay everything back at once when your payments are due again.

What to consider:

- You may owe a big bill that comes due all at once. For example, if your servicer allowed you not to pay your mortgage for six months, at the end of the forbearance period, you may owe all six of your missed mortgage payments in one month.
- Interest on the paused amounts may continue to accrue until you repay them.

Mortgage Payment Reduction Option with a Repayment Plan: Your servicer allows you to reduce your monthly mortgage payment by half for certain period of time. After that period of time is over you have a set period (for example, 12 months) to pay back the amount of that reduction.

What to consider:

- The amount of the reduction would be spread out over a set period and added to your mortgage payment once the reduction period is over. This means your monthly mortgage will increase during that period. For example, you would pay only $500 instead of your regular $1,000 for three months and starting on the fourth month you would need to pay $1125.00 ($1,000 + $1500/12) each month for the next 12 months.
- Interest on any reduced amounts may continue to accrue until you repay them.

Paused Payment Option-Paid back at End of Mortgage: Your servicer allows you to pause payments for a certain amount of time, and that amount is repaid by either adding it to the end of your mortgage loan, taking out a separate loan or modifying the loan (term and interest rate) to include the payments.

What to consider:

- You can extend the term of your loan for some amount of time to pay back the paused payments, take out a separate loan or modify the loan.
- Extending your loan means the missed payments will be added on to the end of your loan. For example if you were given a twelve month period where you didn't have to pay your mortgage, you'll have twelve months of payments added on to the date when your loan was supposed to be paid off by.
- Extending with a separate loan means when your mortgage is due you'll also have to pay off this separate loan. This is like a balloon payment, which is one large payment due at the end of your loan.
- Modifying the loan means that the interest rate and term of the original loan could change to accommodate for the missed payments.
- Interest on the missed amounts may continue to accrue until you repay them.

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