

# MORTGAGE FORBEARANCE MYTHS vs FACTS



If you own your home and are experiencing financial hardship as a result of COVID-19, you may be able to receive a forbearance plan.

Entering into a forbearance plan can give you some financial breathing room. A forbearance plan doesn't erase the amount you owe on a mortgage, but it temporarily suspends or reduces your mortgage payment until your hardship is over. At the end of the forbearance plan, you must repay what you missed, but necessarily not all at once.

It's important to know the myths and the facts about mortgage forbearance, here are just a few provided to you by Fannie Mae:

**Myth:** I should wait until I miss a mortgage payment, when experiencing a financial hardship related to COVID-19, before contacting my mortgage servicer.

**Fact:** If you are experiencing a financial hardship related to COVID-19, don't wait. Contact your mortgage servicer (the company that receives your mortgage payments) today to learn about the temporary mortgage assistance options available to you. You can discuss options that allow you to either pause or lower your payments, so you have time to regain your financial footing. Start seeking assistance options while you are still making your mortgage payments, so you can avoid negative impacts like delinquent credit reporting or late fees. [Check out our Here to Help page for resources and information about forbearance options.](#)

**Myth:** Forbearance plans are no longer offered now that States are beginning to reopen.

**Fact:** Once you experience a hardship contact your mortgage servicer to discuss a forbearance plan. If you have a financial hardship related to COVID-19, you may be eligible for forbearance under the federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The most important step is to contact your mortgage servicer as soon as the hardship begins to discuss the best option for your financial situation.

**Myth:** Setting up a forbearance plan with my mortgage servicer will be a long and complicated process.

**Fact:** The forbearance plan process involves [four simple steps](#). However, millions of people are seeking financial assistance for their mortgages right now, so contact centers at mortgage servicing companies may have longer than usual wait times. In some cases, you may be able to request assistance online. [Learn more about the forbearance process here.](#)

**Myth:** I need to have extensive documentation to show my finances have been impacted by COVID-19.

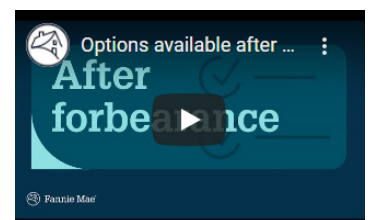
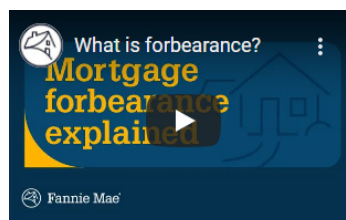
**Fact:** If your mortgage is covered by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), you do not have to provide extensive documentation to show your financial circumstances have been impacted by COVID-19. Before reaching out to your mortgage servicer, check the company's website to see what information they provide about forbearance plans and if you can apply online. Before you speak with a representative, have your account number available and be prepared to ask questions about your mortgage payment assistance options, including your ability to obtain a forbearance plan.

**Myth:** There is minimal support to help me determine if a forbearance plan is the right option for my situation.

**Fact:** If you have a Fannie Mae-backed loan, consider talking with a housing counselor from the Fannie Mae Disaster Response Network™ to assess your financial situation. Find out about your eligibility to receive free assistance via the [Fannie Mae Loan Lookup Tool](#).

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**Myth:** I will have to pay the missed amounts all at once when the forbearance plan ends.

**Fact:** A mortgage forbearance plan does not result in reducing or forgiving the amount you owe. You will have to make payment arrangements to cure all unpaid amounts once the forbearance plan ends. However, you do not have to pay the missed amounts all at once, unless you can afford to do so. If you can, this will reinstate your loan and you can go back to making regular monthly payments. You may also consider working with your mortgage servicer to pay a portion of the missed amounts in addition to your regular monthly mortgage payments within a given time period, until all unpaid amounts have been repaid (also known as a repayment plan). Another option is Fannie Mae's COVID-19 payment deferral, where the missed amounts are added to the end of the loan as a non-interest-bearing balance. With COVID-19 payment deferral, the deferred amount is due on the last mortgage payment date (or earlier whenever the home is sold, the loan is refinanced or otherwise paid off). If these are not viable repayment solutions, remain in contact with your mortgage servicer to discuss modifying the terms of your mortgage to assist with repaying the total amount due. [Find out more about COVID-19 relief options here.](#)

**Myth:** A forbearance plan will negatively impact my credit score.

**Fact:** If your loan is covered under the federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act) your mortgage servicing company should report your loan as current to credit reporting companies if you were current on your mortgage payments before receiving a forbearance or other payment accommodation related to COVID-19 as long as you have made any forbearance plan or other COVID-19-related accommodation payments (or no payments) as required by your plan. Make sure to monitor your credit reports to find and resolve any inaccurate information.

**Myth:** If I enter a forbearance plan, I will be ineligible to refinance or get a new mortgage loan.

**Fact:** You may be eligible for a refinance or a new mortgage loan if you are in forbearance but have continued to make timely payments. You may also be eligible for a refinance or a new mortgage loan if you were previously in forbearance but have resolved any missed payments through a reinstatement or have made three timely payments either in accordance with a repayment plan or following a payment deferral, or completed the trial period plan payments in connection with a modification. Contact your mortgage lender to discuss your options as other eligibility requirements may apply.

**Myth:** If I contact my mortgage servicer and ask about a forbearance plan, they will automatically put me on a forbearance plan.

**Fact:** If you proactively contact your mortgage servicer about a forbearance plan, your mortgage servicer will provide guidance to help you determine your options. If you request a forbearance and are eligible, your mortgage servicer will communicate the next steps and provide you with an agreement that summarizes the terms of the forbearance plan.

**Myth:** If I am unintentionally placed on a forbearance plan and prefer not to be on one, I have to remain on the forbearance plan for the duration of the forbearance period.

**Fact:** If you were placed on a forbearance plan but did not request one you should contact your mortgage servicer immediately. You do not have to accept a forbearance plan that you did not request. If you are experiencing a hardship and need assistance, your mortgage servicer should discuss your options.

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