



## **The CARES Act and Mortgage Relief: Understanding Your Options as a Homeowner**

### **Frequently Asked Questions**

#### **What assistance is available for homeowners through the federal CARES Act?**

The federal CARES Act grants homeowners with federally backed mortgages the right to request a forbearance for up to 180 days and an extension for up to an additional 180 days.

Homeowners must contact their loan servicer to request the forbearance. They must also contact their loan servicer at the end of the initial forbearance period if they need to request an extension.

#### **What is a forbearance?**

A forbearance is when your mortgage servicer allows you to pause or reduce your mortgage payments for a limited period of time.

#### **What loan types are eligible for forbearance under the federal CARES Act?**

The forbearance options made available by the federal CARES Act apply to all federally backed mortgages, which include FHA, VA, USDA, Fannie Mae and Freddie Mac loans.

#### **How quickly can I be approved for a forbearance?**

The federal CARES Act allows loan servicers to approve forbearance for all homeowners who request them, and homeowners do not have to submit documentation to support the forbearance request. Homeowners that request a forbearance over the phone are generally approved right away. Homeowners that request a forbearance online are generally approved within 24-48 hours.

#### **Is there a minimum credit score requirement to be approved for a forbearance?**

There is no minimum credit score to be approved for a forbearance.

#### **Will a forbearance affect my credit score?**

A forbearance will not cause negative reporting to the credit reporting agencies. If the loan is current at the time of entering into a forbearance plan, then each month you are in the forbearance plan, the lender will report the status of the account to the credit reporting agencies as current. If the loan was

delinquent prior to entering into a forbearance plan, your lender will maintain that delinquency status during the forbearance period. If you bring the loan current during the plan, it will report as current. For information about credit reporting, please visit the CFPB website at <https://www.consumerfinance.gov/coronavirus/>

## **Do I have to pay back any missed mortgage payment all at once?**

Any missed payments are due at the end of the forbearance period. However, there are several options available to homeowners who cannot repay their missed payments all at once. You should contact your servicer at the end of your forbearance period to discuss your various options.

## **What assistance options are available at the end of the forbearance period?**

Various options include, but may not be limited to, **payment plans** (in which you repay your missed payments over time), **deferments** (in which the missed payments are added to the end of your loan), and **loan modifications** (in which the terms of the loan are completely redone to make the payment more affordable). The assistance options you qualify for will be based on a variety of factors, so you should contact your loan servicer to discuss the various options available to you.

You can also contact a housing counselor to discuss the various options presented by your servicer. Find a housing counselor by visiting [www.texasfinancialtoolbox.com](http://www.texasfinancialtoolbox.com).

## **Will a loan modification affect the interest rate on my loan?**

A loan modification may affect the terms of your loan, including the interest rate and repayment period. Your loan servicer will discuss any changes to your loan with you.

You can also contact a housing counselor if you have specific questions about your loan modification. Find a housing counselor by visiting [www.texasfinancialtoolbox.com](http://www.texasfinancialtoolbox.com).

## **Can I refinance my loan?**

In general, homeowners must be current on their loan in order to qualify for a refinance. However, the federal government is issuing additional guidance that provides some exceptions for homeowners in forbearance.

If you are currently in forbearance, contact your servicer to see if you are eligible to refinance your loan. If your loan is current, contact your loan officer to discuss refinancing your loan.

## **Are there any programs available for property tax relief?**

The federal CARES Act does not apply to property taxes or insurance premiums. If your property taxes and insurance premiums are escrowed, your servicer will continue making your payments during the forbearance period. If your property taxes and insurance premiums are not escrowed, you are still responsible for making those payments yourself.

Some counties offer property tax payment options for homeowners affected by COVID-19. Contact your local property tax authority to discuss your payment options.