COVID-19 Foreclosure Prevention: What happens if you can’t pay your mortgage?

April 28, 2020 | 10 am MT / 11 am CT
Welcome

• Checking In and Zoom Logistics
• Session Objectives
• Participant Poll
• Forbearance Basics
• Resources
• On the Horizon and Wrap Up
How is your week starting off?
Using Zoom

- Mute yourself
- Chat box
- Raise your hand
- Phone users
- Recording session
Session Objectives

- Empower homeownership practitioners to support mortgage clients impacted by COVID-19
- Learn about key players and loss mitigation terms
- Support each other to protect Native homeownership assets
Poll: What do we know now?

• How many borrowers have contacted you to date to seeking mortgage relief?

• What percentage of your clients do you anticipate having problems paying their mortgage over the next three months?

• How likely are your clients to make a call to their servicing agents to explore mortgage relief options?
Today’s Topics

• Lender v. loan servicer

• Delinquency, default, foreclosure

• Coronavirus mortgage relief options

• Resources
Who are the players?

LENDER
- Makes mortgage loans to borrowers
- Determines whether the borrower has the capacity and willingness to repay the loan

LOAN SERVICER
- Collects and transfers mortgage payments
- Manages escrow accounts (payment of taxes and insurance)
- Provides mortgage assistance through loss mitigation
- Administers foreclosures
## Who are the players?

<table>
<thead>
<tr>
<th>LENDER</th>
<th>LOAN SERVICER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Native CDFI</td>
<td>Native CDFI</td>
</tr>
<tr>
<td>HUD Section 184</td>
<td>Varies by lender</td>
</tr>
<tr>
<td>USDA 502 Direct</td>
<td>USDA National Financial and Accounting Operations Center (in St. Louis)</td>
</tr>
<tr>
<td>VA Native American Direct Loan</td>
<td><strong>BSI Financial Services</strong></td>
</tr>
<tr>
<td>Fannie Mae/Freddie Mac Conventional Loans</td>
<td>Varies by lender</td>
</tr>
</tbody>
</table>
Delinquency
Failure to make a payment when it is due. A loan is generally considered delinquent when it is 30 or more days past due.

Default
When a borrower fails to meet the terms of their loan agreement. Usually this is based on failure to make payments on time.

Foreclosure
Legal process that occurs when a lender seizes and sells a borrower’s home after the borrower has failed to repay the mortgage.
CARES ACT

Mortgage Forbearance

CFPB video
Forbearance

• Pause or reduce mortgage payments for a limited period of time

• Does not erase what you owe

• Missed or reduced payments must be paid in the future
CARES Act: Government Backed Mortgages

CARES Act allows borrowers to temporarily suspend payments if you are experiencing financial difficulty due to the impact of the coronavirus on your finances.
CARES Act: Government Backed Mortgages

• Right to request forbearance for up to 180 days.

• Right to request an extension up to an additional 180 days.

• Must contact loan servicer to request forbearance.

• Regular interest will still accrue but no new fees or interest.
Options After Forbearance

- **Repayment Plan** – get caught up on past due amounts:
  - Pay the amount in a lump sum
  - Add an extra amount to your regular payments each month until the entire skipped amount is repaid

- **Loan modification** – change the original mortgage terms:
  - Extend the term of the loan
  - Reduce the interest rate
  - Reduce the principal (either through principal forgiveness or principal forbearance)
  - Or combination of the three
Key Takeaways

• If you **can** pay your mortgage, pay your mortgage.

• If you **can’t** pay your mortgage, or can only pay a portion, contact your mortgage loan servicer immediately.
Resources

• Consumer Financial Protection Bureau (CFPB)

• Urban Institute videos on loan servicing
  • What is Mortgage Servicing?
  • Who is involved with Mortgage Servicing?
  • What is Default Servicing?

• USDA 502 Direct New Homeownership Information Guide

• SDHDA press release for homeowners facing challenges: https://blog.sdhda.org/homeowners-reach-out-to-loan-servicers
On the Horizon: SDNHOC Native Homeownership Protection Plan
Wrap up

• Future topics and other needs?
• Next COVID-19 check-in webinar – Friday, May 15 at 10 am MT / 11 am CT