SOUTH DAKOTA
Native Homeownership
Coalition
www.sdnativehomeownershipcoalition.org

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?

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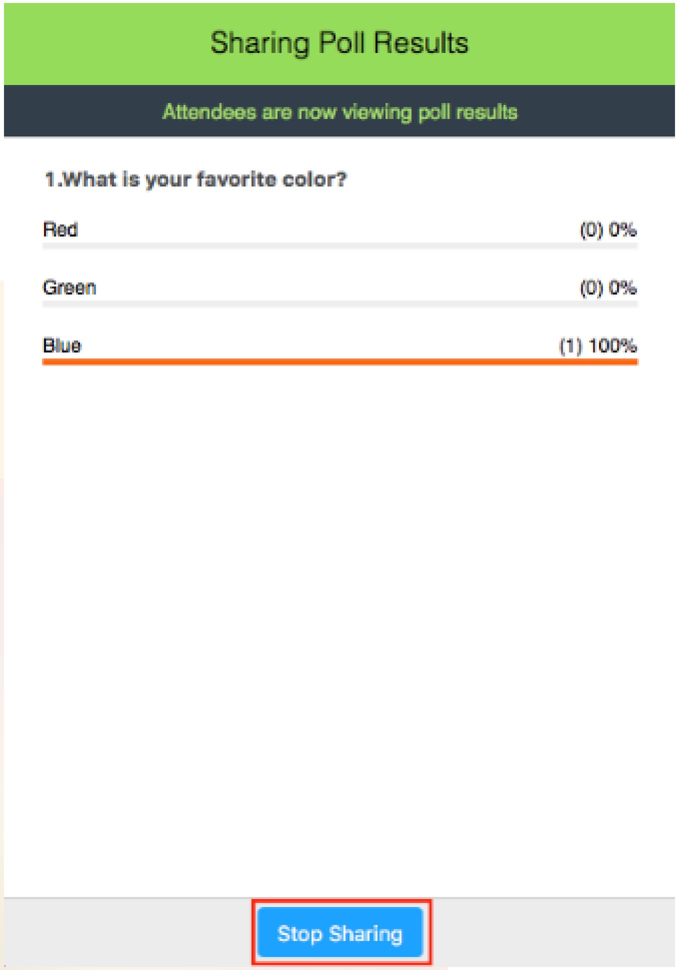
Using Zoom

- 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?

LENDER	LOAN SERVICER
Native CDFI	Native CDFI
HUD Section 184	Varies by lender
USDA 502 Direct	USDA National Financial and Accounting Operations Center (in St. Louis)
VA Native American Direct Loan	BSI Financial Services
Fannie Mae/Freddie Mac Conventional Loans	Varies by lender

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.

- HUD
- USDA
- VA
- Fannie Mae
- Freddie Mac

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