

# Understanding Mortgage Forbearance

**At the end of the forbearance you will have several options.**

**Option 1: Pay your regular payment plus a portion of the past due payments until they are fully current.**

The full term of forbearance is 12 months from the time the payment is suspended until the time the loan is brought current. The example provided assumes a monthly payment of \$1,000.

**A. Suspend payments for three months (April, May, and June) with repayment period of nine months (for a total of 12 months)**

- ▶ At the end of three months the total of delinquent payments is \$3,000. This model assumes that the payment remains at \$1,000 per month. (But that will not be the case if the payment includes escrow. The payment going forward will increase.)

Beginning July 1, you will be required to make regular monthly payments of \$1333.33 for nine consecutive months - July through March. Regular payment of \$1,000 plus \$333.33 ( $\$3,000 \text{ delinquency} / 9 = \$333.33$ )

**B. Suspend payments for six months (April – September) with repayment period of six months (for a total of 12 months)**

- ▶ At the end of six months the total of delinquent payments is \$6,000. This model assumes that the payment remains at \$1,000 per month. (But that will not be the case if the payment includes escrow. The payment going forward will increase.)

Beginning October 1, you will be required to make regular monthly payments of \$2,000 for six consecutive months - October through March. Regular payment of \$1,000 plus \$1,000. ( $\$6,000 \text{ delinquency} / 6 = \$1,000$ .)

**C. You may also pay in one lump sum.**

**Option 2: Modification**

There is a hierarchy of modifications available depending upon your financial ability to begin repayment.

You may be eligible for an Extend Modification. This would allow you to modify the loan and extend the maturity date by the number of missed payments.

**Terms of eligibility\*:**

- Your hardship must have been caused by COVID-19
- You must have been current or less than 31 days late as of the date of disaster
- You can resume making the existing contractual monthly payment with Escrow Adjustments

**Trial Period Plan** - You must make three monthly payments before Modification is final. (Must be able to make increased payment due to Escrow Adjustments.)

\* Subject to Freddie Mac and Fannie Mae guidelines.

