

Foreclosure & COVID-19: Tips to Help Keep Your Home

(Updated 2/26/2021)

Are you struggling to pay your mortgage because of the COVID-19 financial crisis?

If so, relief and resources may be available to help you avoid foreclosure and keep your home. Different mortgage servicers have different types of mortgage relief available.

What happens if I can't make my mortgage payments?

You **will not** be immediately removed from your home. Foreclosure is a complex and formal legal process. Generally, after three months of missed payments, a lender can file a lawsuit against the borrower. You must be legally served with the lawsuit. Even after a lawsuit is filed you have the opportunity to get current on your mortgage as long as you are able to do so before the judicial sale (sale of home ordered by the court).

The first step is to figure out what kind of mortgage loan you have.

Confirm with your mortgage servicer whether your loan is government insured or not. Government insured loans have additional protections.

Government insured loans are those insured by the FHA, Fannie Mae, Freddie Mac, VA, and the USDA.

- VA, USDA and FHA insured loans will have specific language on the mortgage note indicating whether it is VA, USDA or FHA insured. Some FHA loans no longer have FHA protections. You can confirm whether your loan is still FHA insured by calling HUD's National Servicing Center at **877-622-8525**.
- You can confirm whether your loan is insured by Fannie Mae or Freddie Mac at the following links:
 - Fannie Mae - <https://www.knowyouroptions.com/loanlookup>
 - Freddie Mac - <https://www3.freddie.mac.com/loanlookup/>

The second step is to figure out what relief your bank or servicer is offering.

Individual banks and servicers have COVID-19 relief information on their websites. Check your servicer and/or bank's website to see what relief they are providing.

In order to be considered for some types of payment relief, you must contact your mortgage servicer. When communicating with your mortgage servicer, ask for information regarding your specific options in writing (email, paper mail, text, etc.)



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between 8AM and 4:30PM

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Options for relief may include:

- **Forbearance:** reduced or suspended payments.
 - **Tip:** Despite the fact that your loan will not be considered in default due to failure to make payments, keep in mind that an escrow shortage due to failure to make payments could eventually cause higher mortgage payments. If you can, save up funds to pay for that shortage, which may be paid in a lump sum at the time of your next escrow analysis.
- **Repayment:** getting caught up on overdue payments through a payment plan.
- **Modification:** permanent restructuring of loan to reduce payments.
- General information about these terms can be found here: <https://bit.ly/3mZbnYK>

If you do have a government insured loan, your loan will have the following protections:

Suspension of foreclosure activity for all government insured loans

- Initiation of foreclosures, obtaining judgment of foreclosure, conducting foreclosure sales and evictions from foreclosed properties immediately suspended ending **June 30, 2021** for all government insured loans.
 - This suspension of foreclosure activity **does not** depend on whether your financial hardship is COVID-19 related.
- Borrowers can request forbearance from mortgage payments for up to 180 days, and then request and obtain additional forbearance for up to another 180 days. During a period of forbearance, no fees, penalties, or interest shall accrue on missed payments. The borrower must state that there is financial hardship related to COVID-19 in order to get forbearance. However, no additional documents relating to hardship may be requested. For FHA, VA and USDA loans, if an initial forbearance was requested before June 30, 2020, the Borrower may request two additional three month forbearance periods. For Fannie or Freddie loans, the borrower may request an additional three month forbearance if initial forbearance was granted before February 28, 2021 – borrowers may be in forbearance for up to 18 months.
- If your loan is insured by the FHA, at the end of forbearance period, a borrower who was current or less than 30 days past due as of March 1, 2020 will be reviewed for a COVID-19 Standalone partial claim. A partial claim is an interest-free loan to get caught up on the overdue payments. The partial claim doesn't have to be repaid until the first mortgage is paid off or until the borrower no longer owns the property. Other options are available.
- If you have a loan insured by Fannie Mae or Freddie Mac, these agencies offer a payment deferral for up to 18 months as a non-interest-bearing balloon payment. The balloon payment doesn't have to be repaid until the first mortgage is paid off, refinanced, or until the borrower no longer owns the property. Other options are available.
- **Borrowers impacted by COVID-19 should contact their mortgage servicer if they are unable to make mortgage payments.**

Fannie Mae and Freddie Mac borrowers who cannot reach their mortgage servicer, call:

- **Fannie Mae Disaster Response Network** at **1-877-542-9723** (Monday - Friday, 7 a.m. - 7 p.m. EST)
 - Call will be answered by "Porchlight Disaster Recovery Assistance Team."
- **Freddie Mac** at **1-800-373-3343** (Monday - Friday, 8:30 a.m. - 7 p.m. EST)
 - Select option 2 to be connected to a live agent to assist.

You can contact your city, township, or municipality to see if they have funds available to help with mortgage payments. If you are a landlord, some mortgage relief depends on not evicting your tenants at this time.



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Pending Foreclosure Cases & COVID-19

Has a foreclosure lawsuit been filed against you in the Cook County Circuit Court?

All foreclosure court dates are rescheduled and will be reset by the court after July 31, 2020. Emergency motions may be filed under very limited circumstances. All evictions, judicial sales, and orders of possession will be delayed. Even if a final order has been entered in your case, you **do not** have to move out for the next 30 days.

Foreclosures will partially resume beginning December 1, 2020 but NOT sales or evictions.

Pending cases may proceed to judgment (one step before sale) and then are delayed indefinitely. Enforcement of eviction orders are also stayed (delayed) indefinitely.

If defendant has submitted an affidavit to mortgage company or mortgage company attorney that they are a Covered Person, no judgment may be entered. A Covered Person (1) earns less than \$99,000 a year individually, (2) is unable to make housing payment due to COVID-19, (3) is making their best efforts to make partial payments, (4) eviction would make that person homeless. A Covered Person must meet all 4 requirements.

Has a foreclosure lawsuit been filed against you in Federal District Court?

All court dates scheduled before May 29, 2020 were rescheduled by the court after June 1, 2020. As of July 10, 2020, there are no more general extensions of deadlines due to the COVID-19 pandemic: bit.ly/34c70kq.

All in-court hearings will be conducted remotely except for urgent matters that cannot be conducted remotely.

Have you filed bankruptcy in order to prevent foreclosure of your home?

Bankruptcy courts are continuing to operate and conduct hearings by telephone. Court dates have not been rescheduled and bankruptcy trustees are continuing to accept payments. You should continue bankruptcy payments if you can.



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