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

(Updated 5/14/2020)

HAS YOUR ABILITY TO PAY YOUR MORTGAGE BEEN AFFECTED BY 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 will have the opportunity to try and get current on your mortgage as long as you are able to do so before a judicial sale is held.

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://ww3.freddiemac.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 that information regarding specific options for your situation be provided in writing (email, paper mail, text, etc.)

Call
312.341.1070
Monday to Friday
between 8 AM and 4:30 PM

OR

Apply Online
www.legalaidchicago.org

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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/343229a***

IF YOU DO HAVE A GOVERNMENT INSURED LOAN, YOUR LOAN WILL HAVE THE FOLLOWING PROTECTIONS:

Suspension of foreclosure activity for all government insured loans (CARES Act, Section 4022)

- Initiation of foreclosures, obtaining judgment of foreclosure, conducting foreclosure sales and evictions from foreclosed properties immediately suspended ending June 20,2020.
- This suspension of foreclosure activity does not depend on whether your financial hardship is Covid-19 related.
- Borrowers can request forbearance (deferral of payments) 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 due to the default shall accrue on missed payments. In order to obtain forbearance, the borrower must state that there is a financial hardship related to Covid-19. However, no additional documents relating to hardship may be requested.
- 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 loan doesn't have to be repaid until the first mortgage is paid off or until the borrower no longer owns the property.
- 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, can 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 - 1-800-FREDDIE (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. 3

. **You can try contacting your city, township, or municipality to see if they have funds available to help with mortgage payments.**

*Please note that if you are a landlord, some mortgage relief is contingent upon 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 May 31, 2020. Emergency motions may be filed under very limited circumstances. **ALL EVICTIONS, JUDICIAL SALES, AND ORDERS OF POSSESSION WILL BE STAYED** (will not happen or be enforced) **FOR 60 DAYS** (starting March 16, 2020). Even if a final order has been entered in your case, you do not have to move out for the next 30 days. Enforcement of eviction orders will resume on May 31, 2020.

For More Information: **https://bit.ly/2SSmzsz**

HAS A FORECLOSURE LAWSUIT BEEN FILED AGAINST YOU IN FEDERAL DISTRICT COURT?

All court dates scheduled before May 29, 2020 are stricken and will be rescheduled by the court after June 1, 2020. All filing deadlines are automatically extended for 49 days.

For More Information:**https://bit.ly/35vT1Gu**

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. There are other bankruptcy changes in place due to Covid-19. You can see them here: **https://bit.ly/3aEGHFM**