



What Is Mortgage Forbearance And How Are Fannie Mae And Freddie Mac Making It Happen

By Jason Richardson / April 13, 2020 / Views

Help for homeowners is a major part of the [CARES Act](#), the law recently passed to support our economy as we deal with the COVID-19 pandemic. For people with a mortgage, this means that they can ask for something called forbearance, where they don't need to make a payment on their mortgage. For many homeowners this is going to be a confusing concept. Most of us never really deal with our lenders much after we buy a home. But often the bank or company you send your mortgage payment to every month is [just a servicer](#), the loan is ultimately owned by another company. In about half of all cases that other company is [Fannie Mae](#) or [Freddie Mac](#), the giant mortgage companies that have been under government control since the 2008 housing crash.

As part of the CARES Act, borrowers with loans that are owned by these government sponsored enterprises or other federal agencies like US Department of Housing and Urban Development, US Department of Veterans Affairs or the US Department of Agriculture can get a forbearance for up to 12 months if they have seen their income decline as a result of COVID-19.

The [Consumer Finance Protection Bureau](#) has a [comprehensive guide](#) that they are updating with new information as the options to homeowners become known. The main takeaway from the CFPB is: "Call your servicer!"

Right now servicers are struggling just like you are to deal with the COVID-19 epidemic. If you can pay your loans for now keep doing that. If you need help, call your loan servicers right now. [Some servicers have already updated their websites](#) with a lot of great info on options that you might be able to choose from to protect your home and your credit.

Forbearance from having to make a mortgage payment is the benefit most people are interested in, but for now a forbearance just delays payment. At the end of the forbearance period the borrower will have to work out some sort of plan with their servicer, which might be making additional payments next year or modifying the loan, kind of like a refinance. While that part is still not certain, a forbearance means that no late fees or other penalties apply and, most importantly, you keep your house.

The best advice for borrowers from the CFPB is also the simplest, call your servicer. Communicate early and often. By following the links here and taking action early you can focus on keeping healthy and taking care of your family right now.

For additional information, visit the [CFPB's guide](#) and NCRC's [resource page](#).

Jason Richardson is NCRC's Director of Research & Evaluation

Photo by [Maria Ziegler](#) on [Unsplash](#)

 Print  PDF  Email

[Support NCRC >> Donate](#)

Get our news and updates



Email Address

Submit

