

# CARES Act Forbearance Fact Sheet for Mortgagees and Servicers of FHA, VA, or USDA Loans



*A resource for servicers with loans insured or guaranteed by the Federal Housing Administration (FHA), the Department of Veterans Affairs (VA), or the Rural Housing Service (RHS)*

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## Coronavirus Relief, and Economic Security Act (CARES Act) Mortgage Payment Forbearance

The [CARES Act](#) provides a [mortgage payment forbearance option](#) for all borrowers who, either directly or indirectly, suffer a financial hardship due to the novel coronavirus (COVID-19) national emergency.

### Guidance for Assisting Borrowers

If a borrower can still make their mortgage payment, request that they continue to do so. However, if the borrower requests a forbearance, a servicer must give them the forbearance requested.

- No documentation is required to prove the hardship beyond the borrower asserting that they are suffering from a hardship.
- This relief is available to anyone who has a federally-backed mortgage, regardless of delinquency status.

Under the CARES Act, borrowers are entitled to request an initial forbearance of their monthly mortgage payments for up to 180 days, and may request up to an additional 180 days.

- Servicers must approve the forbearance for the amount and time that the borrower requests.
- Under the CARES Act, this is done at the borrowers' request and for as long as they request, up to 360 days in total (initial up to 180 days and then up to another 180 days, if requested)
- Servicers should educate the borrower on the impact of longer forbearances. Servicers may discuss shorter initial forbearances with the borrower, such as 3 months for example, and work up or down depending on the needs and wants of the borrower.
- Servicers should ensure that borrowers understand that the missed payments **must be repaid, although it may be paid back over time.**
- Servicers should educate the borrower on what options will be available to the borrower to make repayments.
- Inform borrowers that they can contact you when their hardship is over or resume making their regular monthly mortgage payment to end the forbearance, and discuss what repayment options are available.

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Loss Mitigation options will vary based on the program it is insured or guaranteed under.



## Federal Housing Administration Mortgages

FHA does not require lump sum repayment at the end of the forbearance. FHA has developed the COVID-19 Standalone Partial Claim to assist with repayment. If borrowers were current or less than 30 days delinquent as of March 1, 2020, they may be entitled to this option. A partial claim is a zero interest, no fee, junior lien on the borrower's property that will become payable when the borrower sells their home, pays off their mortgage, or their mortgage otherwise terminates. If the borrower does not qualify for the COVID-19 Standalone Partial Claim, FHA offers other tools to help them repay their missed payments over time. For more information on Federal Housing Administration Mortgages: please email [answers@hud.gov](mailto:answers@hud.gov), call 1-800-CALL-FHA (1-800-225-5342), or visit [www.hud.gov](http://www.hud.gov).



## Veterans Affairs Mortgages

Servicers of VA loans cannot require borrowers to make a lump sum payment immediately after a borrower exits a CARES Act forbearance. VA has a suite of loss mitigation options detailed in Chapter 5 of the VA Servicer Handbook M26-4 designed to assist Veteran borrowers in bringing their home loan current. In addition to the regular loss mitigation options, VA is making available all disaster loss mitigation options to further assist borrowers affected by the novel coronavirus (COVID-19) pandemic.

For more information: please see VA's [frequently asked questions](#) on forbearances covered under the CARES Act. In addition, you may call (877) 827-3702 to contact a VA Regional Loan Center or visit our website at <https://www.benefits.va.gov/homeloans/index.asp>.



## Rural Housing Service Guaranteed Loan Mortgages

RHS does not require a lump sum payment at the end of the forbearance. Lenders should work with the borrowers to determine if they can resume making regular payments and, if so, either offer an affordable repayment plan or term extension to defer any missed payments to the end of the loan. If the borrower is unable to resume making regular payments, the lender should evaluate the borrower for all available loss mitigation options outlined in Handbook-1-3555. For more information on servicing Rural Housing Guaranteed Loan Mortgages, email [sfhgfpservicing@usda.gov](mailto:sfhgfpservicing@usda.gov). For all other general inquiries on policy, email [SFHGLD.Program@usda.gov](mailto:SFHGLD.Program@usda.gov) or visit our website at [www.rd.usda.gov/programs-services/single-family-housing-guaranteed-loan-program](http://www.rd.usda.gov/programs-services/single-family-housing-guaranteed-loan-program). Visit USDA Rural Development's [coronavirus website](#) for more information on forbearance for USDA guaranteed loans.

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## Other Resources

- All homeowners (including those with FHA, VA and USDA loans) can use Consumer Financial Protection Bureau's (CFPB) "[Find a Counselor](#)" tool to find counseling agencies approved by the Department of Housing and Urban Development (HUD) in your area. Online counseling is available.
- Borrowers can also call the [HOPE™ Hotline](#), open 24 hours a day, seven days a week, at (888) 995-HOPE (4673).



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## **Additional finance-related information for Borrowers**

Visit CFPB's [coronavirus](#) website for [mortgage relief options](#), [tips to keep up on your finances](#), and more.

## **What if the borrower does not have a government-backed home loan?**

- CFPB's website has information and links on [mortgage relief options](#) that can help the borrower determine if other relief is available (for example, if the borrower's loan is owned by Fannie Mae or Freddie Mac).