

Mortgage Forbearance

Information on Mortgage Forbearance and How to “Pause” Your Mortgage Payments

The information here relates to both federally- and state-provided relief, and there are important differences between the two relief programs, so you should contact your servicer to discuss what specific relief options are available to you. New Yorkers can also contact organizations that offer free housing counseling and legal assistance. See the [“Wondering where you can get help?”](#) section.

FAQs

How do I know what relief I qualify for?

The federal CARES Act provides forbearances (temporary payment suspension) for homeowners with federally-backed mortgages, whereas New York’s Banking Law 9-x provides forbearances for privately-owned, non-federally-backed mortgages serviced by a New York State-regulated company.

You can look up whether your mortgage is federally-backed and covered by the CARES Act on the [CFPB website](#), however you should ultimately contact your servicer to discuss your options, or contact a free housing counselor or attorney for assistance. See the [“Wondering where you can get help?”](#) section.

I am experiencing financial hardship due to Coronavirus and think I may not be able to make my mortgage payments. What are my options?

Under both state and federal law, if you are experiencing financial hardship due to COVID-19, you have the right to request a 180-day forbearance. If eligible, you can then receive a forbearance, during which you do not need to make payments. At the end of the forbearance, if you are still experiencing financial hardship, you can request an additional 180-day forbearance.

You must contact your servicer to receive relief. You’ll find their contact information on your most recent bill. Each servicer will have different application procedures for relief, which will involve different standards and criteria. The time period to apply for a forbearance is set by law. Generally speaking, borrowers will have through the end of 2020 to request relief. This website will be updated to reflect any changes in deadlines. The time period to request a forbearance is different than the time period of the forbearance itself, which will depend on the terms of your specific forbearance agreement.

You should confirm the availability of relief with your servicer, as well as the specific criteria involved in the application process.

During your forbearance, additional interest will not accrue on the forborene payments—there will be no “interest on interest.” Additionally, your servicer may not charge you a fee or penalty for requesting or receiving a forbearance.

If you believe that your servicer is mistreating you or that you were denied a forbearance on unreasonable grounds, please file a complaint with the Department of Financial Services.

How and when do I repay the “paused” payments during my forbearance?

Your repayment options will depend on whether your loan is subject to the CARES Act or New York Banking Law 9-x. You can review the first section above for an explanation of which loans are covered by each law, but ultimately you must discuss repayment with your servicer.

You should contact your servicer well in advance of the end of your forbearance to discuss repayment options, which will vary but may include repayment plans and loan modifications.

If your loan is covered by New York Banking Law 9-x, your servicer must offer you three repayment options: (1) to extend the term of the loan for the length of the forbearance without additional interest or fees, (2) to establish a monthly repayment plan in addition to your regular monthly payments for the remaining term of the loan, or (3) to negotiate a loan modification. These options are provided in an effort to ensure that your mortgage payments are affordable after the forbearance period. Only if a loan modification cannot be agreed upon, the servicer will offer to convert the deferred amount to a non-interest-bearing balloon payment, payable when your loan term ends or upon refinancing or sale. Balloon payments are single lump-sum payments. Loans that are not covered by New York Banking Law 9-x, including those covered by the CARES Act, may offer several ways to repay your forbearance, including loan modifications and deferrals. You should contact your servicer to discuss what options are available to you.

Well in advance of the end of your forbearance, you should contact your loan servicer to ask which law applies to your loan and what forbearance repayment options are available to you.

What if I was already in default on my mortgage before COVID? Do I still have options?

You can still receive forbearance relief under the CARES Act and New York Banking Law 9-x if you were already behind on your mortgage payments. However, if your loan has been accelerated (your servicer has told you the entire amount is now due) or you are in foreclosure, a forbearance may only be available if you have entered into a modification or other form of repayment plan. If you are unsure whether you are in foreclosure, review the next section and seek legal assistance, which you can find in the [“Wondering where you can get help?”](#) section.

What documents will be required to get approved for a forbearance?

There is no specific set of documents that every servicer requires for a forbearance so the best course of action is always to speak directly to your servicer and ask for a detailed list of requirements. Documents like pay stubs, unemployment paperwork, employer letters and bank statements are the types of things you may be asked to provide. Such documents may help with the forbearance process, as well as any resulting loss mitigation.

I can still afford my mortgage—is there any benefit to me asking for relief?

If you are not experiencing a hardship making your mortgage payments you should continue to do so, however everyone’s situation is slightly different, and it is important to speak to your servicer and a housing counselor or attorney before making any decisions regarding your loan. Once you have educated yourself on what specific options are available to you and the potential impact of such options, you can work with a housing counselor or attorney to determine the best option for your situation.

Are there any fees associated with getting a forbearance?

No. A servicer may not charge any fees to a consumer for entering into a forbearance agreement, but keep in mind that any repayment plan or other type of modification of your loan may result in added costs. Make sure to ask your servicer what foreseeable costs may be associated with getting your loan back on track after the forbearance period.

I have a reverse mortgage—what are my options?

A reverse mortgage is eligible for the same relief as a more traditional, forward mortgage loan. Consult with your servicer to learn what specific options may be available to you.

I have a mortgage for my condo or co-op—what are my options?

A mortgage for a condo or co-op is eligible for the same relief as a more traditional mortgage loan. Consult with your servicer to learn what specific options may be available to you.

What impact will forbearance relief have on my escrow account?

If your property tax and insurance are part of your monthly payments (that is, if you have an escrow account), after your forbearance, your escrow account may have a shortage. That means that your monthly mortgage payments may go up after your forbearance, because your servicer is entitled to collect more funds from you to correct the shortage caused by the missed payments.”