

eBook

#HelpStartsHere

Navigating Post-Forbearance Homeownership

 **Freddie Mac**
Single-Family



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Reflecting on 2020 and Preparing for Change

In 2020, millions of homeowners took advantage of forbearance plans and many requested a forbearance extension. But what are your options post-forbearance and who can you go to for additional support?

Options for Sustaining Homeownership

Homeowners have options to gracefully go from a pause on their mortgage payment, to paying their mortgage again. As the economy and the housing market continue to evolve, continue working closely with your mortgage Servicer, who can advise on relief options that are available, based on unique homeowner situations.

Navigate your post-forbearance options – whether you need a better understanding of options and impacts or you're facing tough decisions about maintaining homeownership.



Post-Forbearance Mortgage Relief Options

If you are a homeowner coming out of a forbearance period, it is critical to engage with your mortgage servicer to understand your options. There are programs available to ease your transition back into a mortgage payment schedule.



Exiting Forbearance: Three Ways Your Mortgage Servicer Can Help

- 1** Your Servicer should contact you a month before your forbearance period ends, whether it's the original forbearance or an extension.
- 2** Your Servicer will explain and offer a forbearance extension.
→ Accept an extension if you need it.
- 3** Your Servicer will discuss with you relief options and your potential eligibility.
→ [Talk to a housing counselor](#) for a detailed explanation of your options.



Have a candid conversation with your Servicer to explore programs that are best suited for your needs.

First Things First...

Who is Your Servicer and Who Backs Your Mortgage?



What relief options do you qualify for?

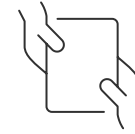
Your relief options can vary depending on who owns your mortgage. Your mortgage Servicer is the company that you send your mortgage payments to and can be found on your monthly statement.



Still can't find your servicer?

You can look up your mortgage Servicer by entering your personal and mortgage information.

→ [Look up your Servicer here.](#)



Who backs your mortgage?

Your relief options can vary depending on who backs it — Freddie Mac, Fannie Mae or government agencies, such as HUD, FHA or VA.

- Call your servicer or send them a written request.
- [Use Freddie Mac's loan look up tool.](#)
- [Use Fannie Mae's loan look up tool.](#)



Mortgage Relief Options: Preparing for Conversations with Your Servicer

Workout options	What is it?	Who is it best for?
Lump Sum Payment	With this option, homeowners pay all of the missed payments in one lump sum at the end of their forbearance period.	Homeowners who have the money to pay a lump sum and want a simple option to get back on track.
Repayment Plan	Adds the amount you didn't pay during your forbearance period to your regular monthly payments over a period of time.	Homeowners who can make their regular payments along with an additional amount.
Payment Deferral	Make up the payments missed during your forbearance period at the end of your loan term (or when you sell or refinance).	Homeowners who can now make their regular payments but can't pay extra.
Loan Modification	With a loan modification, you'll work with your mortgage Servicer to change the terms of your mortgage loan.	Homeowners whose hardship remains unresolved and cannot afford their regular monthly payment.



Selling Your Home to Avoid Foreclosure

Exiting a forbearance plan can be an opportunity to explore a new homeownership path. If you find your situation is better resolved by selling your home through a short sale, there are professionals available to help guide you every step of the way.

Who can help?

- Reach out to a real estate professional for their insights and expertise so that you can get started in the right direction.
- Talk to a mortgage Servicer to better understand important financial considerations.

Short Sale vs. Foreclosure: Credit Impacts

Impacts	Short sale	Foreclosure
How much will your credit score decrease?	Approximately 75-200 points	Approximately 200-300 points
How long will it stay on your credit report?	Approximately 7 years	Approximately 7 years
Financing a home?	Can finance a home in 1-7 years	Can finance a home in 3-7 years

Source: [Experian](#)



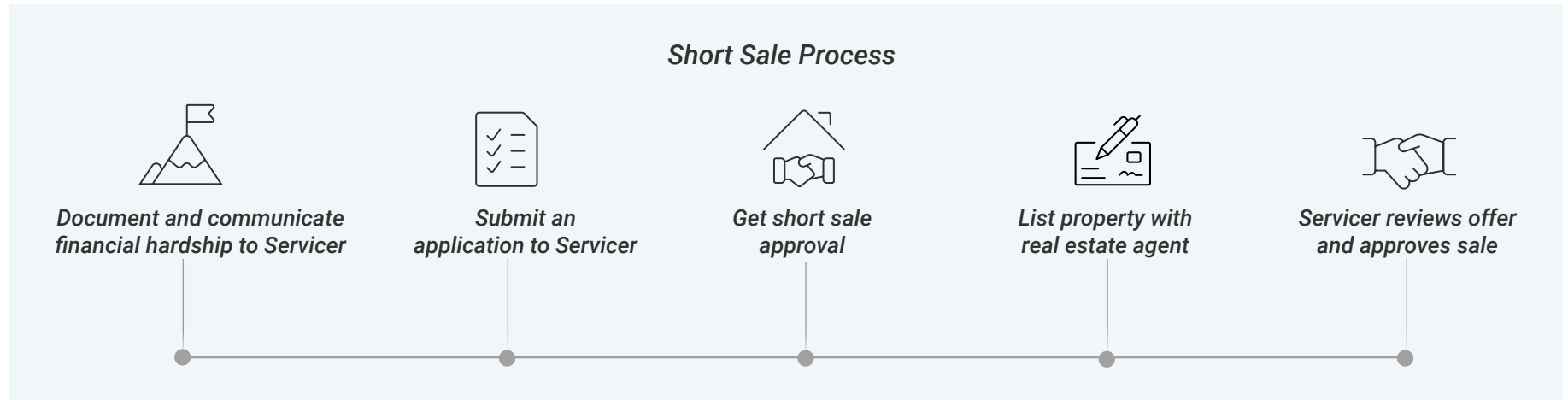
Short Sale

What is it?

When a house is sold for a price that is less than the amount owed on the mortgage, the Servicer may agree to a short sale in order to recoup a portion of the mortgage still owed.

What are the impacts of a short sale?

A short sale will impact your credit score and typically stays on your credit report for seven years. Even if a short sale is the best option for you today, you can still plan to finance a home again in the future.





Fast Sale

What is it?

Also known as a “quick sale,” this option is the sale of a property that is in a defaulted “pre-foreclosure” period – a lender’s grace period for borrowers between the mortgage default and foreclosure sale.

Fast sale process

- 1** You are served a notice of default, which clears the way for foreclosure (typically a 90-day period).
- 2** Within that period, you sell your property, often at a steep discount.
- 3** Unlike a short sale, a quick sale doesn’t require lender approval as long as the home isn’t sold for less than what is owed.



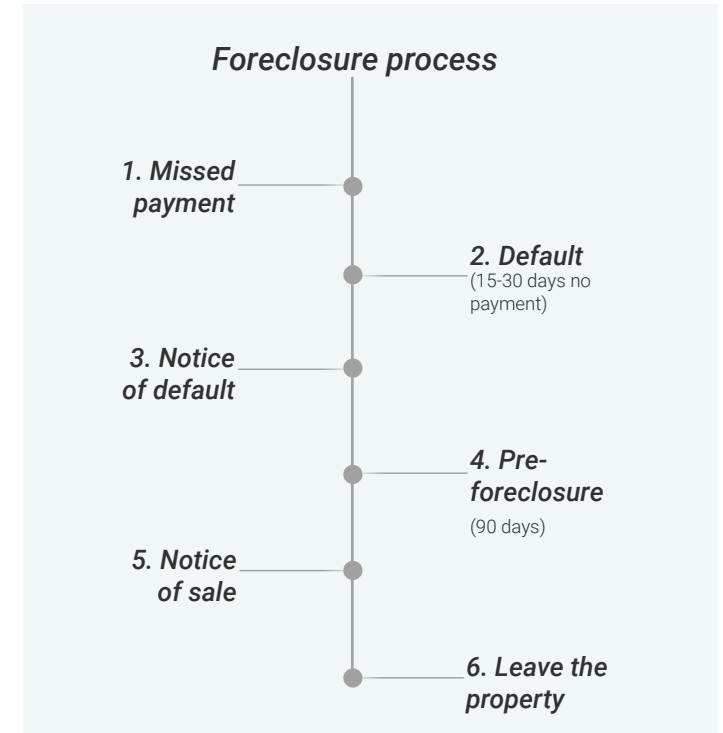
Understanding Foreclosure

If you stopped making payments on your mortgage loan, the bank or Servicer can take possession of your defaulted property, according to your mortgage agreement. Facing a foreclosure can be overwhelming, but with the right information and preparedness, you can prepare for this process.

Working with a housing counselor

Counselors provide many tools and resources to help you step back, examine your options and feel empowered through information. Housing counselors can advise you on:

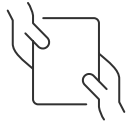
- How to prepare.
- What to expect.
- How to manage the process.
- Financial management strategies, including credit restoration and budget development.



Important Resources



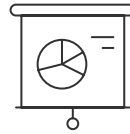
[Quiz: Understanding Foreclosure and Your Alternatives](#)



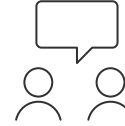
[Access CreditSmart®: A suite of free financial capability and homeownership education resources](#)



[Find a Housing Counselor Near You](#)



[Worksheet: Calculate Your Spending Habits](#)



[Connect with a HUD Approved Housing Counseling Agency](#)



[Explore Guided Resources for Buying, Selling and Refinancing](#)





#HelpStartsHere: Get Help With Your Mortgage

Learn more about available relief.

EXPLORE YOUR OPTIONS

