

Summary of Benefits for Consumers with Federally Backed Mortgages

1. Does the CARES Act help consumers who can't pay their mortgages?

The CARES Act contains provisions that prohibit certain foreclosures and allow consumers to request forbearance.

2. What types of loans qualify?

The relevant provisions apply only to federally backed mortgage loans secured by residential real property.

3. What is considered a federally backed loan?

A "federally backed loan" is a loan secured by a first or subordinate lien and (A) insured by the Federal Housing Administration under title II of the National Housing Act; (B) insured under section 255 of the National Housing Act; (C) guaranteed under section 184 of 184A of the Housing and Community Development Act of 1992; (D) guaranteed or insured by the Department of Veterans Affairs; (E) guaranteed or insured by the Department of Agriculture; (F) made by the Department of Agriculture; or (G) purchased or securitized by the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association.

4. Are forbearances automatically granted under the CARES Act?

No. Eligible borrowers must request forbearance by submitting a request to the loan servicer and must affirm they are experiencing a financial hardship during the COVID-19 emergency. However, if an eligible borrower makes a request, such a forbearance "shall be granted."

5. What is the length of the forbearance?

A forbearance will be up to 180 days and shall be extended for an additional 180 days at the request of the borrower. During the forbearance, certain additional interest, fees and penalties do not accrue.

6. Is there a moratorium on foreclosures?

Yes, except with respect to a vacant or abandoned property. The CARES Act states that a servicer of a Federally backed mortgage loan may not initiate any judicial or non-judicial foreclosure process, move for a foreclosure judgment or order of sale, or execute a foreclosure-related eviction or foreclosure sale for not less than the 60-day period beginning on March 18, 2020.

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Stephen Metz is a Principal attorney and Chair of the Creditors Rights, Reorganization and Bankruptcy practice group. In 20 years of practicing law, he has garnered a reputation for being a tremendous advocate for his clients. While typically meeting clients and opposing counsel under less-than-favorable conditions, Stephen applies his signature techniques to each situation: he is fair-minded, a good listener and a straight shooter, providing his best advice and legal tactics in a calm but decisive manner. In addition to earning the respect and appreciation of those he represents, Stephen has been referred to by his legal colleagues as one of the best bankruptcy attorneys in Maryland.

