

FAQ for Property Owners: Preventing Foreclosure - COVID-19 Update

Somerville Office of Housing Stability – April 1, 2020

Foreclosure is a long process and homeowners should not panic if they can't make payments. You should remember that this COVID-19 related unemployment and loss of income are a widespread, national problem and many homeowners are facing these same issues. That means that responses from lenders and from the City of Somerville and the state and federal government are evolving. Legislation is pending at the State House to suspend foreclosure proceedings to protect homeowners in this unprecedented crisis.

Question #1: *I am an owner of a single family home or a condominium. Can I get any COVID-19-related help with mortgage payments?*

Answer #1:

- **Mortgage Assistance:** There are some potential sources of funding to assist homeowners negatively affected by the Covid-19 emergency. If your income is less than 50% of Area Median Income you may be eligible for up to \$4,000 in mortgage assistance from the RAFT program if you have lost income due to Covid-19. You can complete a RAFT pre-application [here](#) and find a link to 50% AMI income levels [here](#). There are some eligibility restrictions and required documentation.

In addition, if your income is below 140% of Area Median Income and you have lost income due to Covid-19 and you do not have sufficient assets to pay your mortgage, funds may be available through the City of Somerville's Office of Housing Stability (OHS) and Somerville Homeless Coalition's **Flex Fund**. In order to apply for Flex Funds contact the Office of Housing Stability at 617-625-6600 Ext. 2581 or click [here](#) to submit a request for OHS services. There are some eligibility restrictions and required documentation. You can also apply for Flex Funds by contacting the Somerville Homeless Coalition at 617-623-6111 or the Community Action Agency of Somerville at 617-623-7370. Please be patient when waiting for a return call.

- **Foreclosure Protections:** There are both federal and state protections against foreclosure related to the COVID-19 pandemic. See Question #3.

Question #2: *I am an owner of a small residential property with tenants or a larger multi-family building. Can I get any help with my mortgage payments or any other assistance if my tenants are unable to pay their rent?*

Answer #2:

- **Mortgage Assistance:** If you are an owner occupant, the same resources described in the answer to Question #1 may be available to help you pay your mortgage. In addition, **we strongly encourage you to refer your tenants to the [OHS FAQ for Tenants](#), where they can find out about the process of applying for rental assistance if they have already fallen behind or are unable to keep up with rent obligations.**
- **Foreclosure Protections:** As noted above, there are both federal and state protections against foreclosure related to the COVID-19 pandemic. See Question #3.

Question #3: What kinds of foreclosure protections are available to residential property owners who are unable to keep up with mortgage payments as a result of the COVID-19 pandemic?

Answer #3: What protections and assistance programs are available to you depends on who services your mortgage and what entity owns the mortgage. (Check [here](#) for help finding out who services and/or owns your mortgage.) You should reach out to the company where you pay your mortgage and see what they will do. Again, this is evolving and if your mortgage company says there are no programs in place that meet your needs, don't panic. Because so many homeowners are affected, these programs are changing frequently and you may find that within a week or two, better options have become available. While it is sometimes difficult to determine who owns your mortgage (as opposed to the company you deal with that services the mortgage), it is good to know that some major lenders have rolled out forbearance programs:

COVID-19 Mortgage Relief Options from Freddie Mac and Fannie Mae: If your mortgage is owned or insured by Freddie Mac or Fannie Mae you may be entitled to:

- ✓ Up to twelve months of deferred mortgage payments for hardship, during which no penalties will be imposed
- ✓ No reports will be made to credit bureaus
- ✓ There will be NO foreclosures or evictions for at least 60 days
- ✓ You may be able to modify the terms of your mortgage.

☐ Check [here](#) for more information about COVID-19-related relief offered to property owners with mortgages backed by Freddie Mac. To find out if your loan is backed by Freddie Mac click [here](#).

☐ Check [here](#) for more information about COVID-19-related relief offered to property owners with mortgages backed by Fannie Mae. To find out if your loan is backed by Fannie Mae click [here](#).

Freddie Mac Multifamily: Freddie Mac insures about 20% of all multi-family rental buildings. Freddie Mac is offering loan forbearance to multifamily owners affected by COVID-19 with loan payments being deferred for a 90-day period provided that they agree not to evict any tenants solely for non-payment of rent within this same period. You should reach out to your lender to see what forbearance options are available to you.

Federal Housing Administration (FHA): In addition, the FHA is suspending foreclosure activity for all FHA backed mortgages until May 18. This may be extended. You are more likely to have an FHA mortgage if you had a low down payment (5%), and it usually says FHA right on your mortgage. More details from the FHA can be found [here](#).

Massachusetts-Chartered Banks, Mortgage Lenders and Mortgage Loan Servicers: The Massachusetts Division of Banking issued a statement on March 25, 2020 requiring that Massachusetts-Chartered financial institutions must provide mortgage relief to mortgage holders affected by COVID-19. While very few mortgages are serviced or held by local banks, these financial institutions must do the following for affected borrowers:

- ✓ Postpone foreclosures for 60 days
- ✓ Forbear mortgage payments for 60 days or more from due date
- ✓ Waive late fees and online payment fees for a period of 60 days
- ✓ Refrain from reporting late payments to credit agencies for 60 days
- ✓ Offer 60-day grace period to complete trial loan modifications (and late payment during this period won't prevent eligibility for permanent loan modifications.)

Private Lenders: Some private lenders including Bank of America, Citibank and Quick Loans have announced mortgage/foreclosure relief programs for those facing hardship due to COVID-19. See [here](#) for information on private lenders' hardship programs.

Remember, this is an unprecedented national crisis and lenders are continually adjusting their programs. So, do not agree to terms if you are concerned that you will not be able to make the payments that you would be agreeing to.

Question #4: Where can I get further assistance?

Answer #4:

- For information from the U.S. Consumer Financial Protection Bureau (CFPB) regarding COVID-19 mortgage relief options, including provisions of the recently passed federal relief legislation, check [here](#)
- For recommendations from the Massachusetts Attorney General's office, check [here](#)
- If you still have questions after reaching out to your lender, and you are homeowner in an owner-occupied property, leave a message with the Consumer Rights Unit of Greater Boston Legal Services at 617-603-1671 and they will call you back as soon as possible.