



Josh Kaul
Wisconsin Attorney General

P.O. Box 7857
Madison, WI 53707-7857

NEWS FOR IMMEDIATE RELEASE

April 23, 2020

AG Kaul Recommends Help for Homeowners Affected by COVID-19

MADISON, Wis. – In the wake of the COVID-19 pandemic, Attorney General Kaul and a bipartisan coalition of 34 attorneys general recommended actions to help homeowners in letters sent Thursday to the Federal Housing Finance Administration (FHFA) and the Department of Housing and Urban Development (HUD).

The coalition applauded federal efforts to suspend evictions and foreclosures, as well as expressed appreciation for additional forbearance and foreclosure relief provided by the CARES Act. The coronavirus-relief legislation, which was signed by President Trump on March 27, provides protections for homeowners whose loans are backed by Fannie Mae and Freddie Mac or other federal entities.

“With many Wisconsinites facing financial struggles because of the coronavirus outbreak, we must act to help folks stay in their homes,” said AG Kaul. “While positive steps have been taken, the common-sense measures we’re advocating for would allow more people to avoid eviction and foreclosure.”

As part of the CARES Act, FHFA and HUD have already adopted streamlined processes for borrowers who have been affected by COVID-19 to enter into forbearance plans, which allow borrowers to pause mortgage payments for a limited period of time. Currently, once the forbearance period ends, borrowers are being asked to either repay the missed payments in a lump sum or enter into a more permanent loss mitigation solution.

Because an unprecedented number of borrowers will need help at essentially the same time, the letters recommend moving the forborene (or missed) payments to the

end of the loan term. That would allow immediate relief for homeowners and reduce borrower confusion and concern while limiting the strain on the mortgage servicing industry.

The letters make three recommendations:

1. FHFA and HUD should issue guidance revising their forbearance programs so that forborne payments are automatically placed at the end of the loan's term;
2. FHFA and HUD should expand eligibility for disaster relief loss mitigation programs; and
3. FHFA and HUD should clarify that the moratorium on foreclosures and evictions applies to all aspects of the foreclosure or eviction process. That includes issuing pre-foreclosure and acceleration notices, posting or publishing any notices, filing or proceeding with motions beyond continuances, or taking any other foreclosure or eviction action during the moratorium.

The protection of the CARES Act applies only to federally backed mortgages, which make up approximately 62 percent of the mortgage market. Borrowers who are not covered should contact the bank that holds your mortgage to determine whether it is offering any relief during the pandemic.

Attorney General Kaul joined attorneys general from 34 states and territories in signing the letters, including California, Colorado, Connecticut, District of Columbia, Delaware, Florida, Hawaii, Idaho, Illinois, Iowa, Maine, Maryland, Massachusetts, Michigan, Minnesota, Montana, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Dakota, Tennessee, Vermont, Virginia, Washington, and West Virginia.

Are you eligible for relief?

If you have a federally backed mortgage, you have the right to request a forbearance for up to 180 days if you have a financial hardship due to the coronavirus pandemic. You also have the right to request one extension for up to another 180 days.

The Consumer Financial Protection Bureau offers a guide to coronavirus mortgage relief options [on its website](#). To determine whether you are eligible for a forbearance plan or other assistance:

- First find out who services your mortgage and whether you have a federally backed mortgage. See [tips from CFPB](#) or go to [FannieMae](#) or [Freddie Mac's look up tool](#).
- If you do not have an eligible mortgage, your servicer or financial institution may be offering relief to borrowers. Call your servicer and let them know your situation immediately. Ask them what “forbearance” or “hardship” options may be available.

Keep in mind that forbearance doesn't erase what you owe. You still must repay any missed or reduced payments in the future.