

## MORTGAGE RELIEF & RESIDENTIAL FORECLOSURES: WHAT HOMEOWNERS NEED TO KNOW

As of April 24, 2020

This document is for informational purposes only, is not intended as legal advice, and does not substitute for consulting with a lawyer about specific facts and circumstances.

### REMOVALS

**Can I be removed from my home as a result of a foreclosure proceeding during the COVID-19 emergency?**

**No.**

On March 19, 2020, New Jersey Governor Phil Murphy issued Executive Order 106, which immediately suspends eviction and foreclosure removals throughout the state. This is called an “eviction moratorium,” and it means that, except when a court determines that the interests of justice warrant eviction during the declared emergency, no homeowner may be removed from his or her home as a result of a foreclosure proceeding at this time. You cannot be removed *even if a final judgment of foreclosure has been entered and a sheriff’s sale of your property has taken place.*

**How long will the eviction moratorium last?**

The eviction moratorium began on March 19, 2020, and it will last until two months after Governor Murphy declares an end to the COVID-19 health crisis, unless the Governor issues another Executive Order to end it sooner.

**Do I still need to pay my mortgage?**

**Yes.**

**What if I’m struggling and cannot pay my mortgage due to COVID-19?**

Contact your lender, they may be flexible with you during this time.

### MORTGAGE RELIEF

On March 28, 2020, Governor Murphy announced that financial institutions will provide ***mortgage forbearance*** and financial protections for New Jerseyans facing economic hardship as a result of COVID-19. The initiative has secured support from Citigroup, JPMorgan Chase, U.S. Bank, Wells Fargo, Bank of America, and PNC Bank, in addition to other federal and state-chartered banks, credit unions, and servicers. Since that time, more than 150 institutions have committed to this initiative. Under the program, New Jerseyans who are struggling financially as a result of COVID-19 *may be eligible* for the following relief upon contacting their financial institution:

***90-Day Grace Period for Mortgage Payments:*** Financial institutions will offer, consistent with applicable guidelines, mortgage payment forbearances of up to 90 days to borrowers economically impacted by COVID-19. In addition, those institutions will:

- Provide borrowers a streamlined process to request a forbearance for COVID-19-related reasons, supported with available documentation;
- Confirm approval and terms of the forbearance program; and
- Provide borrowers the opportunity to request additional relief, as practicable, upon continued showing of hardship due to COVID-19.

***No Negative Credit Impacts Resulting from Relief:*** Financial institutions will not report derogatory tradelines (e.g., late payments) to credit reporting agencies, consistent with applicable guidelines, for borrowers taking advantage of COVID-19-related relief.

***Relief from Fees and Charges:*** For at least 90 days, financial institutions will waive or refund at least the following for customers who have requested assistance:

- Mortgage-related late fees; and
- Other fees, including early CD withdrawals (subject to applicable federal regulations).

**Homeowners should contact their lenders directly to take advantage of this relief.** These lenders are experiencing high volumes of inquiries and may recommend using online services when available. Loans held by a financial institution may be serviced by another company.

#### **How long will the forbearance last?**

The terms of a forbearance will be agreed to between you and your mortgage service. Financial institutions will confirm approval of and terms of the forbearance program.

#### **What effect will this have on my credit report?**

Financial institutions will not report derogatory information (e.g., late payments) to credit reporting agencies but may report a forbearance, which typically does not alone negatively affect a credit score.

#### **How long will these programs last?**

It is still unclear how severe or how long the COVID-19 impacts will be. Financial institutions have committed to necessary relief and will be assessing the ongoing conditions and necessity of continuing relief.

#### **Will I have to make up the mortgage payments at the end of the 90-day grace period?**

Yes, these mortgage payments will need to be made up by consumers. The Department has requested that forbearance payments be added to and made at the end of the life of the loan. However, consumers should contact the institution that services their home loan to understand the specific programs and terms available to them.

#### **Will I have to make a lump sum payment after three months?**

The Department has requested that forbearance payments be added to and made at the end of the life of the loan, rather than requiring a consumer to make a lump sum

payment. However, specific terms of forbearance plans are set by the investor of your loan. Consumers should contact the institution that services their home loan to understand the specific programs and terms available to them. Following the forbearance period, some institutions may offer borrowers the option of amortizing the payments over a period time or over the entire term of the loan. Additionally, federally held loans, such as those held by Fannie Mae, Freddie Mac, the Federal Housing Administration or VA loans available through the U.S. Department of Veterans Affairs, are subject to federal rules and the programs offered and requirements may vary.

### **How do I know which institution holds my loan, and if I am eligible for a relief program?**

Consumers should contact the institution that services their home loan to get information about who holds (is the investor in) their loan. The institution who services your home loan is also responsible for providing information on relief programs available to you, and determining your eligibility.

Fannie Mae and Freddie Mac provide lookup tools for consumers to determine if these entities hold the loan. The tools may be found below:

Fannie Mae - <https://www.knowyouroptions.com/loanlookup>

Freddie Mac - <https://ww3.freddie.mac.com/loanlookup/>

### **Do I still have to pay my property taxes and insurance even though I am not paying my mortgage, and what is the process for doing so?**

Yes, most forbearance programs require the institution that services your loan to pay property taxes and insurance during the grace period, even if you do not make a payment. However, consumers will be responsible for making up these property taxes and insurance payments. Consumers should contact the institution that services their loan to determine whether the institution will make the payments initially, or if there are other requirements for making these payments. Customers should get this information from the institution that services their home loan.

### **What if I am still having difficulty making payments at the end of the forbearance period?**

Customers should contact the institution who services their home loan for additional assistance options if they are still unable to make their mortgage payments at the end of the forbearance period. Some institutions may be able to modify the terms of your loan, including your ongoing monthly payment. Federally held loans, such as those held by Fannie Mae, Freddie Mac, the Federal Housing Administration or VA loans available through the U.S. Department of Veterans Affairs, are subject to federal rules and the programs offered and requirements may vary.

### **What if my financial institution isn't offering this relief?**

On March 28<sup>th</sup>, Governor Murphy announced that Citigroup, JP Morgan Chase, US Bank, Wells Fargo, and Bank of America, in addition to other federal and state-chartered

banks, credit unions, and servicers are supporting these commitments. Since that time, more than 150 additional institutions have committed to this effort. The state will welcome any other institution that would like to meet the moment and provide much-needed financial relief to New Jerseyans. A complete list of institutions participating in the program can be found [here](#).

**What if I already made a payment or was charged a fee because of COVID-19?**

These measures went into effect as of March 28, 2020.

**Is the mortgage relief available for my secondary residence?**

Homeowners should contact the institution that services their loan to see if mortgage relief options are available for both their primary and secondary residences.

**Is the mortgage relief available to businesses?**

Our immediate efforts have been focused on residential mortgage relief, but we know there are additional needs across the state and are exploring action on relief for small businesses in the days and weeks to follow. Business owners should contact the institution that services their loan to request information about any available programs offered in response to COVID-19.

**I don't see my bank or servicer listed, what should I do?**

You should contact the institution that services your loan to request information about any available programs offered in response to COVID-19.

**What if my bank or mortgage servicer is not communicative or cooperative?**

You can file a complaint with the Department of Banking and Insurance through the complaint form on the department website (<https://www.state.nj.us/dobi/consumer.htm>) or by contacting the department at (609) 292-7272 or 1-800-446-7467 (9:00 am to 5:00 pm EST Monday through Friday).

For more information on COVID-19 related mortgage relief, please visit here: <https://www.state.nj.us/dobi/covid/mortgagerelief.html>

**Additional Housing Assistance**

Visit [www.nj.gov/dca/dcaid](http://www.nj.gov/dca/dcaid) to see if you are eligible for any of the state's housing assistance programs. These include temporary assistance to households who are being evicted due to a short-term loss of income and temporary financial assistance to help pay for housing and case management services to maintain housing. There are also programs available to help veterans, low-income families, the elderly, single-parents, and more.

To further aid homeowners facing hardship, the **New Jersey Housing and Mortgage Finance Agency** offers homeowners free counseling through its Foreclosure Mediation Assistance Program (FMAP). Counseling is free, available now, and can be provided

remotely. Counselors will provide assistance to help homeowners avoid potential foreclosure. For a list of housing counselors participating in FMAP, visit: <https://njhousing.gov/foreclosure>

### **Is there a national moratorium?**

#### **Yes, for some borrowers.**

On March 18, the U.S. Department of Housing and Urban Development (HUD) announced a foreclosure and eviction moratorium that applies to ***single-family homeowners with Federal Housing Authority (FHA)-insured mortgages*** for 60 days.

***Fannie Mae*** and ***Freddie Mac*** will also suspend foreclosures and removals for at least 60 days for homeowners behind on their mortgages. To find out if your home mortgage is backed by Fannie Mae, Freddie Mac or an FHA insured mortgage, contact your lender and/or consult the National Low Income Housing Coalition <https://nlihc.org/> which is tracking the eligible federal properties/developments. You may also use the lookup tools below:

Fannie Mae - <https://www.knowyouroptions.com/loanlookup>

Freddie Mac - <https://ww3.freddiemac.com/loanlookup/>

## **FORECLOSURE COURT HEARINGS**

### **Can lenders still begin foreclosure proceedings during this period?**

#### **No, not if you hold a federally-backed mortgage.**

The federal CARES Act makes it illegal for the servicer of a federally-backed mortgage loan to begin or move forward with foreclosure proceedings for 60 days from March 18 (until May 17).

#### **Yes, if you don't hold a federally backed mortgage.**

Lenders can bring foreclosure actions during the time the order is in effect on mortgages not federally backed. The Superior Court Office of Foreclosure is still accepting new cases and electronic filings in existing cases. Under an agreement with the state, however, many lenders have suspended foreclosure sales until May 27 (60 days from March 28).

### **Will the Foreclosure Office process cases during this period?**

#### **That depends.**

The Foreclosure Office administers parts of most foreclosure cases and manages most of the process when a foreclosure is "uncontested," meaning that the homeowner did not file an answer to the complaint. Under a March 27 order issued by the New Jersey Supreme Court, however, the Office of Foreclosure will not review or act on motions or judgments it received after March 1, 2020. Thus, if the lender asks the Foreclosure

Office after March 1 to enter a final judgment against the homeowner or seeks other action to advance the foreclosure, the Office will hold those requests for now. The Supreme Court's order will remain in effect until the Court lifts it. Please check the New Jersey Courts website for updates on court orders affecting how and when uncontested foreclosure cases will proceed. If you have questions about an uncontested foreclosure case that is pending, you can also try contacting the Office of Foreclosure at 609-421-6100 or [Scco.Mailbox@njcourts.gov](mailto:Scco.Mailbox@njcourts.gov).

**Will the courts hear foreclosure cases during this period?**

**Yes.**

To date, there is no order suspending court hearings in contested foreclosure cases (in which the homeowner answered the complaint). Please note, however, that the courthouses are closed, and in-person hearings are suspended through April 26 under the Supreme Court order. If you have a court hearing scheduled between now and April 26, either it will be held by video or telephone conference, or it will be postponed. Please check the New Jersey Courts website for updates on whether the Court extends the suspension of in-person hearings at: [www.njcourts.gov](http://www.njcourts.gov).

**Can my utilities be shut off during the COVID-19 crisis?**

**No.**

New Jersey's electric, gas and water utilities have voluntarily suspended utility shut-offs during the crisis.

**Do I still have to pay for utilities and water?**

**Yes.**

You still have to pay whatever electric, gas, or water bills you normally pay. If you cannot pay now, you will have to pay later. The utilities and water companies are not cancelling debts; *they are just postponing shutoffs for the time being.*

DCA offers low-income households assistance with utility bills through its popular Low Income Home Energy Assistance Program (**LIHEAP**) – to find out if you're eligible, receive further information or to apply go to:

[https://www.nj.gov/dca/divisions/dhcr/offices/docs/usfhea\\_fact\\_sheet.pdf](https://www.nj.gov/dca/divisions/dhcr/offices/docs/usfhea_fact_sheet.pdf)