Apr 23, 2020

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OFFICE OF THE ATTORNEY GENERAL STATE OF FLORIDA

Florida Attorney General's Office News Release

AG Moody Seeks Help for Homeowners

TALLAHASSEE, Fla.—In the wake of the COVID-19 pandemic, Attorney General Ashley Moody and a bipartisan coalition of 34 attorneys general sent letters to the Federal Housing Finance Administration and the Department of Housing and Urban Development recommending certain actions be taken to help homeowners. In the letters, the coalition applauds recent federal efforts to suspend evictions and foreclosures and expresses appreciation for the additional forbearance and foreclosure relief provided by the Coronavirus Aid, Relief, and Economic Security Act. The coronavirus-relief legislation, signed by President Donald J. Trump on March 27, provides protections for homeowners whose loans are backed by Fannie Mae and Freddie Mac or other federal entities.

Attorney General Ashley Moody said, “We appreciate the federal actions thus far, but more must be done to help homeowners who have lost their jobs due to this health crisis. COVID-19 will present unprecedented challenges to homeowners and the mortgage servicing industry. The recommendations from our bipartisan coalition will help millions of American homeowners avoid delinquency while still limiting any potential adverse effect on the mortgage servicing industry.”

As part of the CARES Act, FHFA and HUD have already adopted streamlined processes for borrowers affected by COVID-19 to enter into forbearance plans, that allow borrowers to pause mortgage payments for a limited period of time. Currently, once the forbearance period ends, borrowers are being asked to either immediately 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 forborne, or missed, payments to the back of the loan term. That would allow immediate relief for homeowners and reduce borrower confusion and concern while simultaneously 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 their mortgage servicer to determine whether it is offering any relief during the pandemic.

Attorneys General from the following states and territories joined Attorney General Moody in signing the letters:

California, Colorado, Connecticut, Delaware, District of Columbia, 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, West Virginia and Wisconsin.

To view the letters, click here and here.

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 Fannie Mae 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.