



Home Loan Modifications by Financial Institutions: Working with Customers Affected by COVID-19

On April 7, 2020, five federal agencies with oversight responsibilities for our nation's banks and credit unions (Federal Reserve, FDIC, National Credit Union Administration, Office of the Comptroller of the Currency, Consumer Financial Protection Bureau) issued guidance to financial institutions working with borrowers affected by COVID-19 to modify loans in any of the following ways:

- a. payment deferrals
- b. loan extensions
- c. interest rate reductions
- d. modify fees
- e. extension of repayment terms

For the financial institutions, loans granted a change in terms and an extension of payment due will not be considered past due during the period of deferral.

The financial regulatory agencies should consider prudent arrangements that can ease cash flow pressures on affected borrowers and “assist stressed residential borrowers to keep their homes.”

Consumer protections, including four lending laws, are still in place and require financial institutions to provide the “opportunity for all borrowers to benefit from these arrangements”: <https://www.fdic.gov/news/news/press/2020/pr20049a.pdf>.

Action Steps

If you have a home mortgage and have been impacted by a job termination or furlough, consider these action steps:

1. Contact your home mortgage lender by phone or email to learn what actions they have taken to help borrowers who are faced with an immediate loss of income and financial instability because of COVID-19. Be sure to have your account number ready.

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2. Discuss the options available for any of the following loan modifications:
 - defer payments for a period of at least 90 days;
 - extension of repayment terms;
 - modify interest fee payments; and
 - any other options to defer payments or restructure the loan without fees.
 3. Ask about the details of applying for one of these modifications and to be sent an online application or, if you lack internet access, how to apply by phone.
 4. Ask about eligibility requirements and what documentation will be needed to meet the requirements to be eligible for the loan modification.
 5. Ask about the timeline for approval and, if approved, when the current terms of your loan will be changed.
 6. Keep careful records of your phone and/or online interactions with the home mortgage lender representative. Your records should indicate the date, time of communication, and name and contact information of the representative that you spoke with.
 7. If you have further changes in your financial circumstances, please communicate with the lender representative to discuss possible further loan modification terms.