

Financial Strategies to Get You Through the Pandemic Fact Sheet Number 9

Help for Homeowners: Forbearance, Foreclosure, and Debt Forgiveness

During the pandemic, mortgage payments can be suspended, foreclosures are delayed, and mortgage debt that is forgiven is not taxable.

Mortgage Forbearance

Forbearance suspends or reduces your payments for a certain amount of time. This will give you time to recover from hardship during the pandemic. **It does not forgive any of the debt.**

Learn more about forbearance on the [Consumer Financial Protection Bureau](#) webpage.

While your mortgage is in forbearance, your home is protected from foreclosure. Your lender [cannot add any fees, penalties, or interest](#) except what would have occurred if you made monthly payments.

You do not have to prove hardship, and credit history does not affect whether you can get forbearance.

If your mortgage is owned or backed by a federal government agency, it qualifies for forbearance. This includes most mortgages. Other mortgages may have different rules and programs.

Your payments typically go to a company that services your mortgage, not who owns the mortgage. The Consumer Financial Protection Bureau has tips to help you figure out [who owns your mortgage](#).

Contact your mortgage servicer to request forbearance. Look on your monthly statement for the name and contact info for your mortgage servicer.

[You must request forbearance](#). If you are having difficulty paying your mortgage or other bills because of the pandemic, act quickly to get the forbearance started.

An initial forbearance can be up to 180 days. Before that ends, you can request an extension of up to 180 days. Certain lenders may offer two additional extensions of 3 months each.

There may be a deadline for requests for forbearance. For HUD/FHA, USDA or VA mortgages, your forbearance must start by June 30, 2021. As of April 1, Fannie Mae or Freddie Mac had not announced a deadline.

Are your insurance and property taxes paid as part of your monthly payment? Ask how those will be handled during the forbearance. Insurance and taxes must be paid even if the mortgage is in forbearance, so find out how to make sure that happens.

Also ask [how you will make up the missed payments](#) when the forbearance ends. For example, will you need to make larger payments for a certain period of time? Can you add the payments on to the end of your mortgage, so that you will pay it off later? You should not have to make a very large payment when the forbearance ends.

There are no costs to get forbearance. If someone wants you to pay for help you, it could be a scam. Don't work with anyone who wants money to get you a forbearance.

You can stop the forbearance at any time.

Foreclosure

Most homeowners are [protected from foreclosure](#) until June, 30, 2021. Foreclosure is when the lender takes your home when you haven't made the payments.

If your mortgage is backed by a Federal agency, your lender or loan servicer cannot foreclose on you until after June 30, 2021.

If you're having difficulty making your payments, you should request a forbearance which is explained in the previous section. If that isn't possible, you can learn about other options in a booklet called [Homeowner's Guide to Success](#).

Mortgage Debt Forgiveness

Forgiveness of debt is usually considered taxable income. But from 2007 to 2025, forgiveness of debt on your personal home may not be taxable.

You might have debt forgiveness if

- You sell your home for less than you owe in a "short sale." The lender forgives the difference.
- Your home is sold in foreclosure for less than what you owed.
- The lender agrees to a loan modification that reduces the balance that you owe.

[Discharge of Qualified Personal Residence Indebtedness](#) is the technical phrase for this. You can learn more at [NOLO.com](#), a site that provides answers about legal problems. Also read the What's New section and the section about Qualified Personal Residence Indebtedness in [IRS Publication 4681](#).

Housing Counselors

A [housing counselor](#) approved by HUD can give you advice about foreclosure, mortgages, and other housing questions. There may be a small cost.