

# COVID-19 Mortgage Myths That Need To Be Squashed

Along with the pandemic came a lot of mistruths regarding every aspect of life. We watched so many things evolve and aspire, but some things never change. One of these things being how you handle your mortgage, and how you go about properly paying it off.

Through all of the different misconceptions that happen in life, knowing the truths about how your mortgage works are one of the most important things to have the proper facts about. Mr. Cooper is here to bust some of the common misconceptions that stemmed from the COVID-19 pandemic.

## 1. Payments On Your Mortgage Have Been Waived Or Will Be Forgiven

This COVID myth stemmed from the misinformation handed out by state officials regarding grace periods and forgiveness programs before officials handed out any actual information. So instead of being allowed to miss payments completely, you'll instead have to ask for forbearance.

Although forbearance sounds good, it doesn't erase the payments that you'll be missing out on. You'll have to repay the same amount that you owe, just later. You can also use forbearance to decrease your mortgage during a period of financial hardships. However, once your forbearance ends, you will be required to pay back the balance of the payments you have missed.

## 2. You Can Tack Missed Payments Onto The End Of The Loan

This myth goes hand and hand with the waiver myth. This option is only available for some banks that own your loan; however most banks are backed by the federal government, and you cannot automatically defer missed payments to the end of the loan. Mr. Cooper is one of the companies that does NOT offer this option, but we would be more than happy to help you find a solution that works for you!

This is another instance where the answer would be forbearance. If paying back your debt is going to be an issue, and your service provider is going to help to find a long-term solution.

### 3. There Is A Single Universal Payment Plan To Follow

This matter is untrue! When talking to your service provider, they will provide you with several different options that you can use to pay back the mortgage payments you miss or come up short on.

Once you've decided on which payment plan is right for you, this is the payment plan that you will be following. Payment plans are NOT going to be the same for everyone; they are individual to your circumstances.

### 4. You Have To Be Unemployed To Get Forbearance

Applying for forbearance is an option for anyone. However, you don't want to take advantage of this system. If you can pay your mortgage the time it is due, that is clearly the best option for you to take.

Delaying applying for forbearance can save you in times of true financial need where you are finding it a lot more difficult to keep up with your mortgage.

### 5. Applying For Forbearance Will Affect Your Credit Score

While this is not entirely true, it's also not completely false. Applying for forbearance will not affect your credit score as long as the written agreement is in place that you can pay the reduced fees.

There will likely be a written clause within your agreement that will tell you when you have to start paying back your full balance.

### 6. Forbearance Plans Have No Use To Me If I Can't Afford To Pay It Back

This isn't true! The misconception about this myth is that you're going to have to pay back all of your debt in one lump sum, which can be a scary thought. However, this is not the case at all! This is where it becomes your responsibility to talk to your servicer about solutions to paying back your debt to them.

There are a few basic options that you can bring up to your servicer, and from there, you can decide which one is going to be right for you!

- **Repayment Plans:** This plan typically will ramp up your payments for a certain number of months to even out the amount you owe from when you were in forbearance. These plans will evenly disperse payments you missed over a certain number of months (3-6), and for that period of time you will pay your typical mortgage and an additional amount.
- **Loan Modification Plans:** If you qualify for this option, you can adjust your loans payment plan to give you time at the end of your loan to pay back within a few additional months. This is not going to be an option for everyone, but if you think that you could be a good fit for this option, ask your servicer if they think you'd be a good fit for a plan like this!
- **Payment Deferral Plans:** A payment deferral plan is a plan where a set number of missed payments can be pushed to the end of the loan to be paid off then. You can pay this in a number of ways, but one of the best ways to do it is to pay it off in one lump sum so that you can avoid any issues.

Now that we've looked at and discovered payment plans, you can talk to your service provider if you've been affected financially by the COVID-19 pandemic.

## Looking to Change Service Providers or Buy a New House?

Mr. Cooper is here to help! Mortgaging with Mr. Cooper gives you access to our attentive customer service team, who would be happy to help you review your options when applying for a mortgage. It's also going to allow you to have top-tier resources that are simple to navigate.

With our innovative design and services, Mr. Cooper's mortgages are top of the line and are backed by our award-winning customer service team. The entire process of applying for a mortgage has now been streamlined and innovated using AI technology and all electronic filing processes. So get in contact with a member of our customer service team today to secure your dream home!