

# 10 Key Points About Deferred Mortgage Payment Programs #COVID-19

Want to learn more about deferred mortgage payment programs?

Here are ten key points to know:

**1. They are discretionary.**

Lenders maintain the legal right to timely repayment of their mortgages. Mortgage payment deferral programs are offered at their sole discretion.

**2. No lender is going to forgive your mortgage payment.**

A deferred payment program allows you to roll a defined number of mortgage payments into your mortgage. You still pay all of the money you owe, with interest. Just more slowly.

**3. You must be able to demonstrate true financial hardship.**

It's understandable to be freaked out when the world goes pear-shaped. That's why toilet paper is sold out everywhere. But being worried about the future isn't enough to qualify for deferred mortgage payments. These programs are for people who are genuinely struggling to make their next mortgage payment. They've lost their job and/or most of their income, and they don't have reserves to draw on. If you're not in this group, you aren't likely to be eligible.

Be prepared to submit a detailed breakdown of your personal assets, income and expenses.

**4. If you don't fall into this distressed category, please don't call your lender right now.**

Lender phone lines are jammed at the moment. A lot of the calls are from people who are worried, but not in truly desperate situations. If you've still got your income and have enough money to make your next payment, delay your call to your lender for a couple of weeks. Or call whoever helped you set up your mortgage. The good ones won't want to miss the opportunity to assist.

**5. Deferring mortgage payments won't hurt your credit score.**

A lender-approved deferral isn't counted as a missed payment – and it won't appear on your credit report. Lenders are also typically offering to waive any fees associated with these programs during the COVID-19 crisis.

**6. Deferred Payment Programs are typically capped at six months.**

Deferring the first payment will be easier than deferring the second one, and so on. Right now, six months is about the longest reprieve you should expect.

**7. Communication is key.**

If you're about to miss a payment, call first. Be honest about your circumstances, and have a plan for how you are going to get back on track. If you are about to miss a payment and can't get through on the phone lines, send your lender an email. Lenders will often waive NSF fees if you miss a payment but can demonstrate that you tried to notify them in advance.

**8. A mortgage deferred payment program is for your mortgage payment only.**

Property tax installments and insurance premiums are entirely separate from these programs and must continue to be paid. If municipalities and insurance companies offer similar programs they should be contacted separately.

**9. Other options are often available.**

In addition to rolling payments into your mortgage for a specified period of time, lenders also have the ability to refinance your mortgage to pay out other debt (subject to qualification), restore your original amortization (which lowers your payment amount), hold a payment (during a temporary suspension of income), or offer you a reduced payment for a specific time. *Note: Interest-only payments aren't available.*

**10. Rental property investors may also be eligible.**

Property investors with tenants who have stopped making their rent payments will also be considered, and they will be assessed by the same rigorous standards. *Note: Some provincial governments have introduced tenant relief programs. Rental-property owners can also encourage their tenants who have been adversely impacted by COVID-19 to apply for these programs if available.*

Lastly, these are difficult times, and lenders are running flat out to respond to customer inquiries and to help the borrowers who are adversely impacted by COVID-19. If it's taking a long time for you to make contact, please keep that in mind when you do finally get a live person on the other end of the phone.

We're all in this together.