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Borrower Experiences with Mortgage Servicing During the COVID-19 Pandemic

CFPB Office of Research

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Consumer Financial Protection Bureau

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1. Introduction

Millions of mortgage borrowers had difficulty making their loan payments during the COVID-19 pandemic. The majority of these distressed borrowers had the opportunity to enter into extended forbearance programs that permitted them to temporarily stop making mortgage payments.[1] Many were in contact with their servicers to access forbearance and to discuss other options to address payment difficulties. At the same time, some borrowers who had difficulty making their loan payments did not enter into forbearance or other loss mitigation even though these programs were available.[2]

While existing research has examined the characteristics and demographics of mortgage borrowers during the pandemic,[3] relatively little research has been conducted as to the experience of borrowers working with their servicer to access loss mitigation or other programs that were available during the COVID-19 pandemic. For example, some distressed borrowers may have had difficulty understanding the forbearance process while others may have entered forbearance with little or no difficulty. Evidence from servicer-provided data suggests that borrowers may have had varying experiences,[4] but little is understood about how borrowers

[1] Under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, homeowners with GSE (Fannie Mae and Freddie Mac) and other federally-backed mortgages had the right to request and obtain a forbearance for up to 180 days, and an extension for another 180 days (for a total of 360 days). Guidance from the GSEs and federal agencies allowed up to 18 months of forbearance. Privately-owned mortgages were not covered by the CARES Act, but many servicers and investors offered similar protections for those loans. ICE/Black Knight reported that roughly 8.8 million borrowers had entered temporary forbearance plans between the passage of the CARES Act in Spring 2020 and the end of 2023. ICE/Black Knight Mortgage Monitor*, February 2024 Report* at 26 (Feb. 2024)*,* https://static.icemortgagetechnology.com/pdf/ICE_MM_FEB2024_Report.pdf.

[2] ICE/Black Knight reported that as of May 2020, 10 percent of mortgages that had become past due in March, April, or May 2020 and were likely eligible for a forbearance plan had not entered one. ICE/Black Knight Mortgage Monitor*, May 2020 Report* at 8 (May 2020)*,* https://static.icemortgagetechnology.com/pdf/BKI_MM_May2020_Report.pdf.

[3] See Durbin, E., Li, G., Low, D., and Ricks, J., "CFPB Special Issue Brief: Characteristics of Mortgage Borrowers During the COVID-19 Pandemic" May 2021. Consumer Financial Protection Bureau. Available at https://files.consumerfinance.gov/f/documents/cfpb_characteristics-mortgage-borrowers-during-covid-19-pandemic_report_2021-05.pdf; Li, G. and Ricks, J., "CFPB Special Issue Brief: New Data on the Characteristics of Mortgage Borrowers During the COVID-19 Pandemic" March 2022. Consumer Financial Protection Bureau. Available at https://www.consumerfinance.gov/data-research/research-reports/new-data-characteristics-of-mortgage-borrowers-during-covid-19-pandemic/.

[4] Evidence from servicer-provided data suggests borrowers may have had different experiences with respect to call metrics, forbearance enrollments and exits, and delinquency. See "Mortgage Servicing COVID-19 Pandemic Response Metrics: Observations from Data Reported by Sixteen Servicers" August 2021. Consumer Financial Protection Bureau. Available at

perceived their experiences working with servicers. In this report, we explore evidence on the experiences of distressed mortgage borrowers trying to access loss mitigation programs during the COVID-19 pandemic. We use data from the 2020 American Survey of Mortgage Borrowers (ASMB) to analyze distressed borrower experiences. The ASMB is a survey sample derived from the National Mortgage Database (NMDB).[5] The 2020 ASMB was designed to focus on borrower experiences related to the COVID-19 pandemic by oversampling borrowers who were likely to be in distress. The survey was fielded from October 2020 to February 2021, and it measures self-reported mortgage payment distress. It also includes a number of questions that capture the experience of mortgage borrowers entering forbearance plans and their experiences working with mortgage servicers to address payment difficulties. We focus on questions related to potential challenges in accessing loss mitigation programs and borrower understanding and satisfaction with these processes.

Our analysis of the 2020 ASMB data shows the following primary findings:

- The three most common problems distressed respondents reported reflect difficulty accessing loss mitigation programs. Almost half of distressed respondents reported that they did not think they qualified for a program or that they did not know how or where to apply for programs. More than one-quarter of distressed respondents reported that the application process was too much trouble.
- Over 1 in 5 distressed respondents reported speaking a language other than English at home and around 1 in 15 reported both speaking a language other than English at home and speaking English less than very well. The survey estimates reflect similar shares to national statistics on households with limited English, suggesting a prevalence of borrowers with limited English proficiency.
- Among distressed respondents who received forbearance, more than one-third were unclear about what would happen at the end of the forbearance period and how to repay suspended payments.

https://files.consumerfinance.gov/f/documents/cfpb_mortgage-servicing-covid-19-pandemic-response-metrics_report_2021-08.pdf.

"Mortgage Servicing COVID-19 Pandemic Response Metrics: New Observations from Data Reported by Sixteen Servicers for May-December 2021." May 2022. Consumer Financial Protection Bureau. Available at https://files.consumerfinance.gov/f/documents/cfpb_mortgage-servicing-covid-19-pandemic-response-metrics_report_2022-05.pdf.

[5] See National Mortgage Database Program, Federal Housing Finance Agency. https://www.fhfa.gov/PolicyProgramsResearch/Programs/Pages/National-Mortgage-Database.aspx.

2. Data

Our analysis sample is derived from the 2020 American Survey of Mortgage Borrowers (ASMB), which focused on mortgage borrower experiences during the COVID-19 pandemic. The sampling frame of the survey was designed to oversample the population of borrowers who may have experienced difficulty with their mortgage. Based on information reported in their credit record in August 2020, the survey invited a representative random sample of borrowers who met at least one of the following criteria: mortgage was reported as being in a state of forbearance, mortgage was reported as being delinquent, or other credit lines were reported as being delinquent.[6] The survey was fielded from October 2020 to February 2021.[7] We analyze responses for a sample of 1,740 respondents, which is almost the full set of respondents.[8]

Using this sample, we classify respondents into two groups based on their survey responses. We define "distressed borrowers" as respondents who reported experiencing concerns or difficulties making their mortgage payments in 2020 (n=876) and "non-distressed borrowers" as respondents who did not report experiencing concerns or difficulties with making payments (n=864). Notably, the share of 2020 ASMB respondents who reported being in distress is larger than the share expected within the overall population of mortgage borrowers over the sampling period.[9] This is expected given the sampling frame described above. Among the group of distressed borrowers, roughly 66 percent reported entering into a forbearance plan and 58

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[6] The sampling frame is representative of the three borrower groups focused on in the survey. Because borrowers who were never delinquent or in forbearance were not sampled, the data is not representative of the overall population of borrowers.

[7] Because of the lag time between when the sample was drawn and when respondents answered the survey, the status of a borrower's loan could have changed. For example, a borrower that was in forbearance in August 2020 may not have been in forbearance in February 2021 when they responded to the survey.

[8] Our analysis sample includes all but one respondent to the 2020 ASMB. This respondent was dropped because their survey responses could not be matched to the administrative data from NMDB.

[9] While information on the share of all mortgage borrowers who would self-report distress is not available, administrative records, roughly 6.66 percent of all first lien mortgages were delinquent as of September 2020 (ICE/Black Knight Mortgage Monitor, September 2020, https://static.icemortgagetechnology.com/pdf/BKI_MM_Sept2020_Report.pdf) Table 4 in the Appendix compares the loan and borrower characteristics of the 2020 ASMB respondent sample relative to all NMDB loans that were active as of January 2020 (a nationally representative sample of mortgage borrowers). The data show that ASMB respondents relative to all NMDB loans tended to have significantly lower loan amounts, higher interest rates, a larger share of purchase loan (as opposed to refinance), a larger share of government-insured (FHA, VA, or RHS) loans as opposed to conventional loans, higher LTV ratios, higher DTIs, lower credit scores, and lower incomes at origination, and had a higher likelihood of being first-time borrowers. ASMB respondents also had a lower share of white non-Hispanic borrowers and of Asian borrowers and higher shares of Black non-Hispanic, Hispanic, and other race borrowers.

percent reported having discussions about their payment difficulties with their servicer. Overall, the findings in this report are indicative of the experience of self-reported distressed borrowers within the sample.

3. Borrower Characteristics

First, we report characteristics of borrowers and their initial mortgage terms for distressed and non-distressed borrowers from the 2020 ASMB. Throughout the report, we rely on self-reported distressed and non-distressed borrower status as defined above.

The data show that features of the loans and borrowers varied significantly between the distressed borrower and non-distressed borrower groups (Table 1). In terms of racial and ethnic composition, White non-Hispanic made up the majority of borrowers in both groups. However, the share of White non-Hispanic borrowers is significantly lower among distressed borrowers (62.4 percent) than among non-distressed borrowers (67.2 percent). Hispanic borrowers made up a larger share of the distressed borrowers (17.7 percent) than the non-distressed borrowers (11.6 percent). Shares of Black borrowers, Asian borrowers and of other race borrowers did not differ significantly across groups. Distressed borrowers also tended to have higher debt-to-income (DTI) ratios, lower credit scores, and lower income at origination compared to non-distressed borrowers. Single borrower loans made up a larger share of distressed borrowers (58.1 percent) than they did of non-distressed borrowers (48.6 percent).

Furthermore, the characteristics of mortgage loans at origination varied between distressed and non-distressed borrowers. Distressed borrowers had loan amounts of $210,000 and average interest rates of 4.6 percent. Among distressed borrowers' loans, 69.2 percent had loan-to-value (LTV) ratios at or above 80 percent, 68.8 percent were for purchase loans, and 42.5 percent were for FHA, VA, or RHS loans. Compared to non-distressed borrowers, on average, distressed borrowers had lower loan amounts, higher interest rates, were more likely to have LTVs at or above 80 percent, were more likely to be for purchase, and were more likely to be FHA, VA, or RHS.

TABLE 1: CHARACTERISTICS OF DISTRESSED BORROWER AND NON-DISTRESSED BORROWER ASMB SURVEY RESPONDENTS

	ASMB Non-Distressed Borrowers		**ASMB Distressed Borrowers**	
	Mean	**Std. Dev.**	**Mean**	**Std. Dev.**
Loan amount ($ thousands)	214.2	156.9	210.0	152.4
Original interest rate (percent)	4.38	1.19	4.58	1.26
Purpose: purchase	0.622	0.485	0.688	0.463
Purpose: refinance	0.118	0.323	0.094	0.291
Purpose: cash-out refinance	0.260	0.439	0.218	0.413
Conventional loan	0.646	0.479	0.575	0.495
FHA VA or RHS loan	0.354	0.479	0.425	0.495
LTV 80% or above	0.595	0.491	0.692	0.462
Debt-to-income (DTI) ratio	36.37	11.01	39.72	11.08
Credit score	725.4	70.4	695.0	73.6
Income ($ thousands)	93.8	99.7	78.4	53.9
Race/Ethnicity (rates)				
White non-Hispanic	0.672	0.470	0.624	0.485
Black non-Hispanic	0.127	0.334	0.121	0.326
Asian	0.059	0.236	0.039	0.193
Hispanic	0.116	0.320	0.177	0.382
Other race	0.026	0.158	0.039	0.193
Single borrower	0.486	0.500	0.581	0.494
First-time buyer	0.029	0.168	0.037	0.188
Observations	**864**		**876**	

NOTE: National Mortgage Database, version 25.0, American Survey of Mortgage Borrowers, 2020. “Distressed Borrowers” are defined as respondents who reported experiencing concerns or difficulties making their mortgage payments in 2020 (n=876) and “Non-Distressed borrowers” as respondents who did not report experiencing concerns or difficulties with making payments (n=864). All categorical variables are proportions between 0 and 1 unless otherwise noted.

Next, we compare differences in English proficiency given the racial and ethnic differences across distressed and non-distressed groups. The ASMB questionnaire asked borrowers about whether they speak a language other than English at home and how well they speak English. We use these questions to consider the role of limited English proficiency among respondents.

Figure 1 reports two measures of limited English proficiency broken down by borrower distress. The two left columns correspond to borrowers who reported speaking a language other than English at home. The two right columns correspond to borrowers who reported both speaking a language other than English at home and who did not identify as speaking English "very well".[10] These respondents may be highly literate in their preferred language but have indicated some level of limited English proficiency. Our classification for identifying borrowers with limited English proficiency is consistent with definitions from the Census Bureau.[11]

The data show some differences across distressed and non-distressed borrowers using both limited English proficiency definitions. Roughly 22.3 percent of distressed borrowers reported that they speak a language other than English at home compared to 20.7 percent of non-distressed borrowers. Using the second definition, about 6.4 percent of distressed borrowers reported that they speak another language at home and speak English less than "very well" compared to 5.8 percent of non-distressed borrowers. Distressed borrowers are more likely to report limited English proficiency using either definition compared to non-distressed borrowers. These differences are not statistically significant across distressed and non-distressed respondent groups for either definition of limited English proficiency.[12] However, the levels of limited English proficiency reported reflect similar shares to the most recently available estimates from the Census. Census's 2022 ACS 1-Year estimates indicate that 23 percent of US households speak a language other than English at home and 4 percent of US households identify all members of their household over 14 as having limited English proficiency.[13] Further,

[10] We use the joint response design of the survey instrument. Respondents who reported that they speak a language other than English at home were asked "How well do you speak English?" with possible responses of "very well", "well", "not well", and "not at all." Respondents who did not report speaking a language other than English at home were not asked the second question.

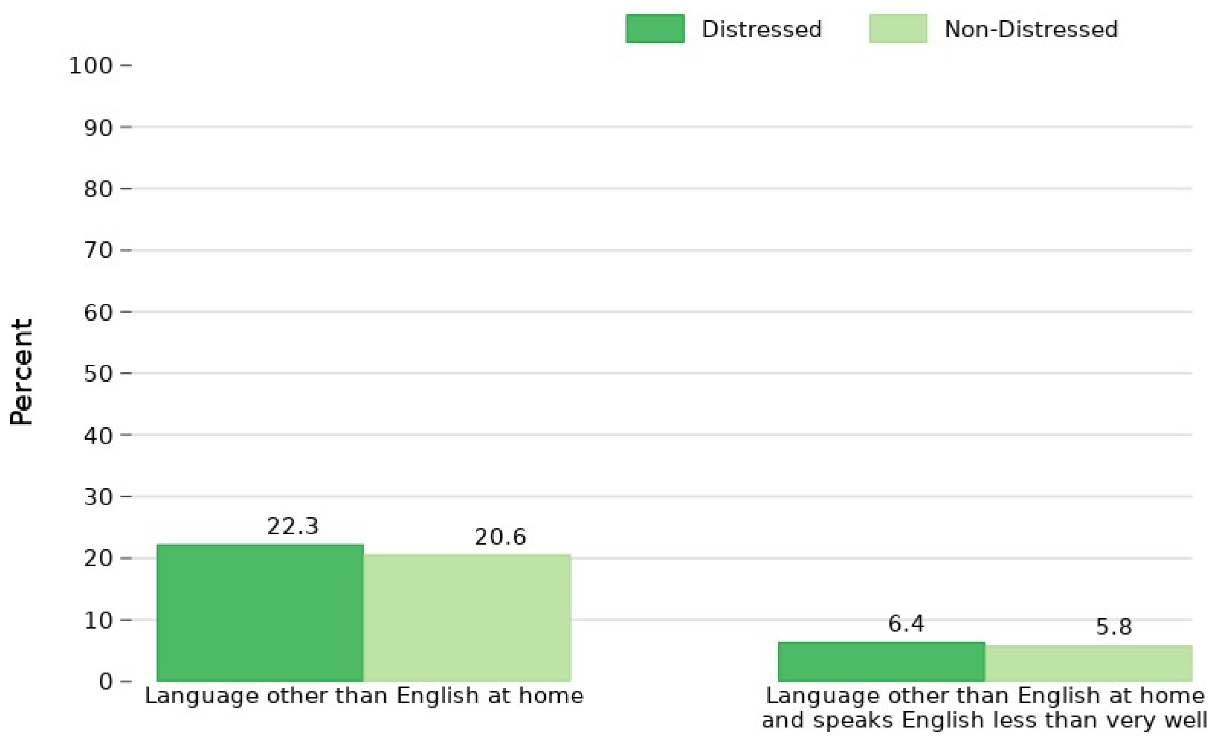
[11] The Census defines "limited English speaking households" to mean that respondents indicated another language is spoken at home and that no household members over 14 speak English "very well." See Census Bureau, 2021, "Frequently Asked Questions About Language Use." https://www.census.gov/topics/population/language-use/about/faqs.html.

[12] Statistical tests of differences in proportions of borrowers who speak a language other than English at home and of borrowers with limited English proficiency by distress yield p-values of 0.43 and 0.67, respectively.

[13] U.S. Census Bureau, 2022 American Communities Survey Estimates Data: Detailed Household Language by Household Limited English Speaking Status, American Community Survey Table B16002

because the ASMB is administered only in Spanish and English, these data may underestimate the prevalence of borrowers with limited English proficiency because borrowers with limited English proficiency and a preferred language other than Spanish may be less likely to respond to the survey.

FIGURE 1: SHARE OF BORROWERS WHO SPEAK A LANGUAGE OTHER THAN ENGLISH AT HOME, BY DISTRESS



NOTE: American Survey of Mortgage Borrowers 2020 (N = 1,740). We classify "Distressed Borrowers" as respondents who reported experiencing concerns or difficulties making their mortgage payments in 2020 (n=876) and "Non-Distressed borrowers" as respondents reported not experiencing concerns or difficulties making payments (n=864).

(last accessed on 4/9/2024) available at https://data.census.gov/table/ACSDT1Y2022.B16002?t=Language%20Spoken%20at%20Home&y=2022. (ACS 2022).

4. Borrower experiences addressing payment difficulties

In this section, we analyze the prevalence of different experiences with servicer communications and the process of addressing payment difficulties among distressed borrowers. To do this, we restrict our analysis to the same group of distressed borrower respondents defined above: those who experienced concerns or difficulties making their mortgage payments in 2020 (N = 876). We focus on challenges borrowers experienced getting help with their payment difficulties and borrower experiences communicating with their servicers.

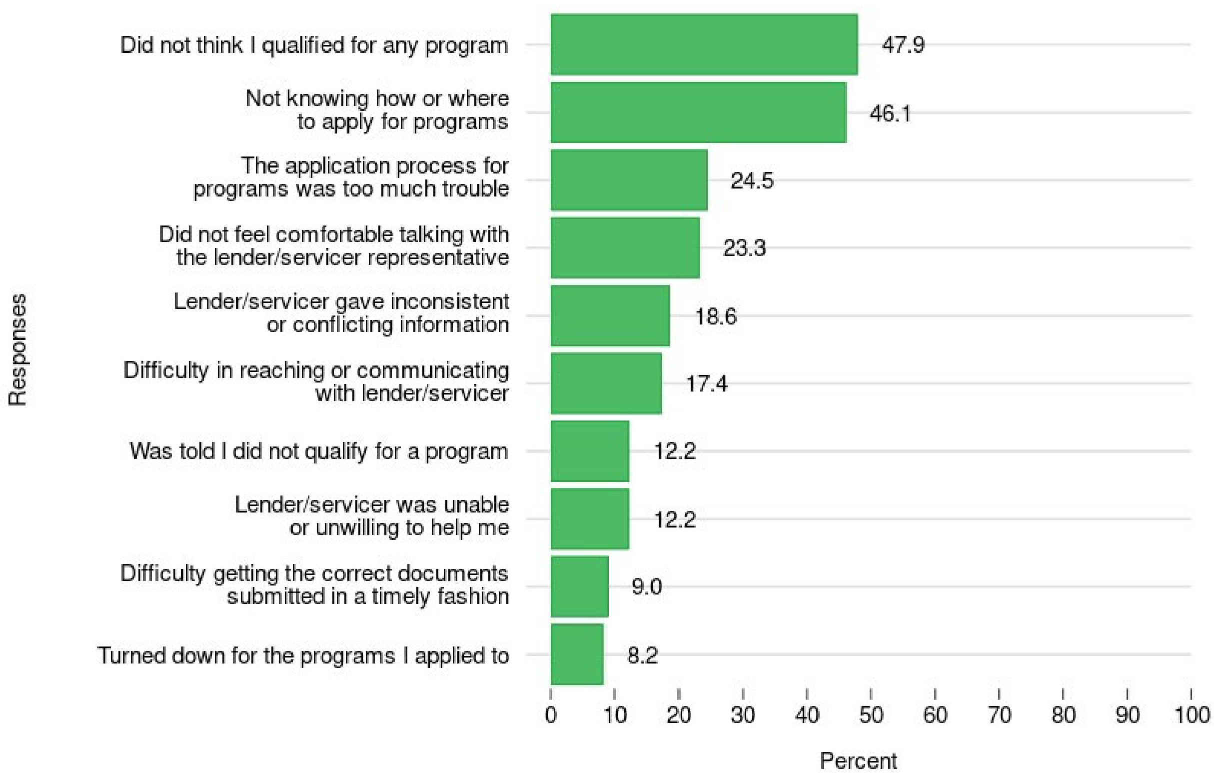
4.1 Challenges in getting help to address payment difficulties

First, we report on the challenges that borrowers experienced in getting help to address their payment concerns or difficulties. We focus on a question that asked all distressed borrowers about ten potential challenges they may have faced. Figure 2 reports the share of respondents who reported each challenge.

The data show that distressed borrower respondents faced various difficulties accessing loss mitigation programs during the COVID-19 pandemic (Figure 2). The two most common challenges were reported by almost half of distressed respondents: "did not think that [they] qualified for any program" (47.9 percent) and "not knowing how or where to apply for programs" (46.1 percent). The next most common challenges were that "the application process for programs was too much trouble" (24.5 percent) and that they "did not feel comfortable talking with the lender/servicer representative" (23.3 percent). Meanwhile, 18.6 percent reported the "lender/servicer gave inconsistent or conflicting information" and 17.4 percent reported "difficulty in reaching or communicating with the lender/servicer." Distressed borrowers who communicated with their servicer also reported challenges. Roughly 12.2 percent of respondents reported each of the following: "was told I did not qualify for a program" and "lender/servicer was unable or unwilling to help me." Taken together, the data suggest that borrowers struggle both to access loss mitigation programs and to complete the application process.

Furthermore, the challenges reported by distressed borrowers suggest that the complexity of the loss mitigation application process is costly to distressed borrowers. Almost one-quarter of distressed borrowers reported that the application process was too much trouble, which could have deterred some borrowers from applying in the first place. Related to the application process itself, distressed borrowers reported having difficulty getting the correct documents submitted in a timely fashion (9.0 percent). This suggests that many borrowers never got to the point of completing a loss mitigation application with different borrowers dropping out of the process at different points. A meaningful share of borrowers reported that they were turned down for the programs they applied to (8.2 percent), suggesting that these borrowers also may have experienced challenges.

FIGURE 2: SHARE OF DISTRESSED BORROWERS WHO EXPERIENCED CHALLENGES IN GETTING HELP TO ADDRESS PAYMENT DIFFICULTIES



NOTE: American Survey of Mortgage Borrowers 2020. Percent of distressed borrowers replying to "Were any of the following a challenge to you in getting help to address your payment concerns/difficulties in 2020?" (N = 876).

To better understand how potential challenges related to language, we analyze the share of borrowers with each challenge within two groups: borrowers with limited English ("Limited English")—defined consistent with the Census definition[14] as those who speak a language other than English at home *and* reported speaking English less than "very well"—and "Not Limited

[14] Census Bureau, 2021, "Frequently Asked Questions About Language Use." https://www.census.gov/topics/population/language-use/about/faqs.html.

English" borrowers, who do not meet those conditions. The data show that distressed borrowers with limited English proficiency were more likely to experience some challenges relative to their counterparts without limited English proficiency (Table 2). Roughly 41 percent of distressed borrowers with limited English proficiency reported that "the application process for programs was too much trouble," a significantly higher share than the 23 percent among their non-Limited English proficiency counterparts. Distressed borrowers with limited English proficiency also were more likely to experience challenges that the "lender/servicer was unable or unwilling to help me," "not knowing how to apply for programs," "turned down for the programs I applied to," "did not think I qualified for any program," and "did not feel comfortable talking with the lender/servicer representative." Overall, conditional on distress, borrowers with limited English proficiency were more likely to experience at least one challenge getting help to address their distress (76.8 percent) than borrowers without limited English proficiency (71.5 percent). However, we caution that the latter differences are not statistically significant from one another.

TABLE 2: SHARE OF DISTRESSED BORROWERS WHO EXPERIENCED CHALLENGES BY LIMITED ENGLISH STATUS

	Not Limited English	Limited English	Test (p-value)
Were any of the following a challenge to you in getting help to address your payment concerns/difficulties in 2020?			
Not knowing how to apply for programs	0.456	0.536	0.248
The application process for programs was too much trouble	0.234	0.411	0.003
Did not think I qualified for any program	0.477	0.518	0.553
Did not feel comfortable talking with the lender/servicer rep.	0.232	0.250	0.754
Was told I did not qualify for a program	0.124	0.089	0.438
Turned down for the programs I applied to	0.080	0.107	0.483
Lender/servicer was unable or unwilling to help me	0.118	0.179	0.183
Difficulty in reaching or communicating with lender/servicer	0.171	0.214	0.406
Lender/servicer gave inconsistent or conflicting information	0.188	0.161	0.615
N	820	56	

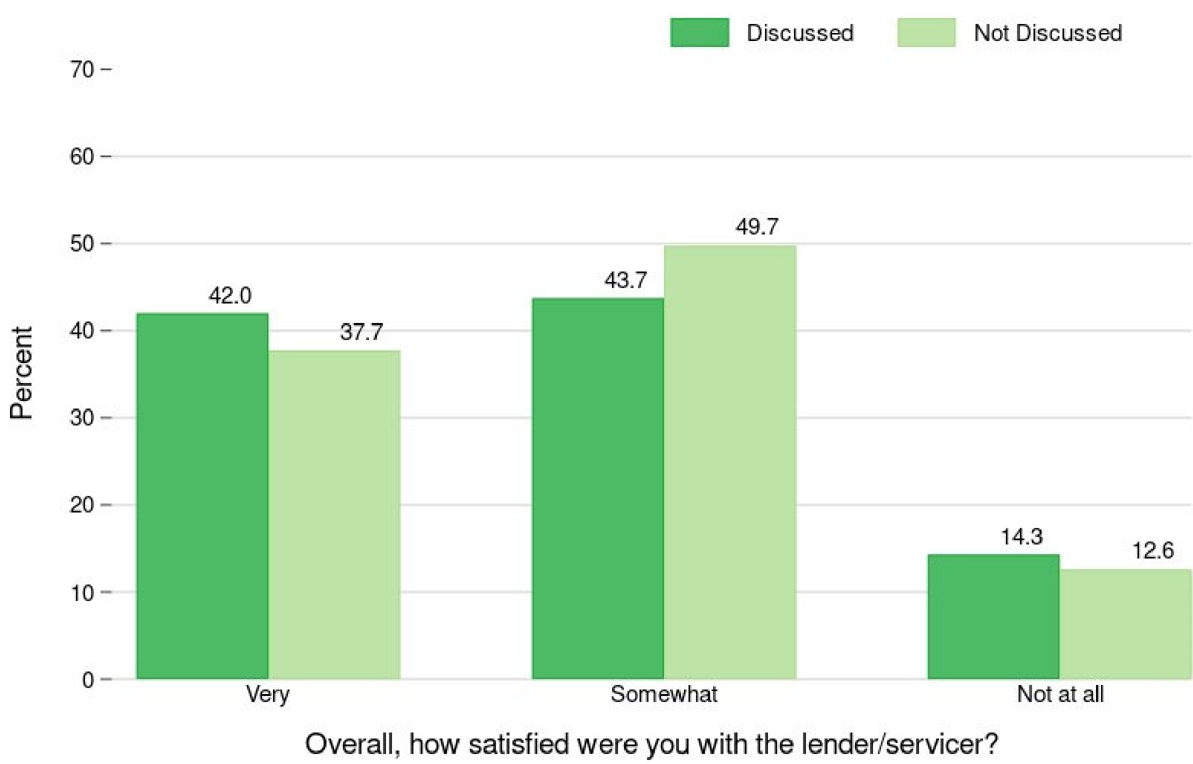
NOTE: American Survey of Mortgage Borrowers 2020. This table summarizes the share of distressed borrowers who reported experiencing each challenge in addressing their payment concerns/difficulties across two groups: (1) "Not Limited English" borrowers who either reported speaking no language other than English at home or speaking a language other than English at home *and* speaking English "very well." and (2) "Limited English" borrowers who reported speaking a language other than English at home and speaking English less than "very well." The third column reports results of a statistical test of the null hypothesis that proportions are equal across the two groups.

4.2 Communicating with servicers

In this section, we report on whether distressed borrowers communicated about their payment difficulties with their servicers. We also analyze distressed borrowers' satisfaction with their servicers and the offers of help they received from their servicers across two communication groups: those who "had any discussions with a representative of [their] lender/servicer regarding [their] payment concerns/difficulties" ("Discussed") and those who had concerns or difficulties but reported having no discussions of them with their servicer ("Not Discussed"). The purpose of these analyses is to understand how experiences may have differed for borrowers who had made direct contact with their servicers about payment difficulties.

The data show that more than half of distressed borrowers (58 percent) discussed their difficulties with their servicer and indicate different outcomes across the groups that had discussions and those who did not. First, we consider distressed borrowers' satisfaction with their servicer across communication groups (Figure 3). Borrowers who discussed their payment difficulties with their servicer were slightly more likely to express being "very" satisfied with their lender/servicer (42.0 percent) than those who had not had such discussions (37.7 percent) and less likely to report being "somewhat" satisfied (43.7 percent among those who discussed, 49.7 percent among those who did not discuss). Borrowers who held discussions were also slightly more likely to report being "not at all" satisfied (14.7 percent) than their counterparts (12.3 percent).

FIGURE 3: DISTRESSED BORROWER SATISFACTION WITH LENDER/SERVICER BY COMMUNICATION GROUP



NOTE: American Survey of Mortgage Borrowers 2020. Reported satisfaction levels for two groups of self-reported distressed borrowers: Respondents who reported discussions with their lender/servicer about their payment difficulties ("Discussed) and respondents who reported having no discussions with their lender/servicer about their payment difficulties "Not Discussed"). (N = 876).

Next, we compare the types of offers from servicers that borrowers received for addressing payment difficulties depending on whether they had directly discussed their difficulties (Table

3). The data show that borrowers who discussed payment difficulties with their servicer were significantly more likely to receive all of the types of offers addressed in the questionnaire: a "repayment plan to make up missed payments," "a pre-approved plan to modify your mortgage payment permanently," a way to "apply to modify your mortgage payment permanently," "a way to sell the property to satisfy the mortgage," and "a way to give the property to the lender to satisfy the mortgage." Overall, roughly 33 percent of distressed borrowers reported receiving at least one of these offers and, conditional on receiving any offer, the median borrower received only one such offer.[15] This suggests that borrowers who directly communicate with their servicers about payment difficulties receive more loss mitigation offers than those who do not communicate directly with their servicer about these difficulties.

TABLE 3: DISTRESSED BORROWER OUTCOMES BY COMMUNICATION WITH LENDER/SERVICER

	Not Discussed	Discussed	Test (p-value)
Since the beginning of 2020, have you been offered any of the following by your lender/servicer?			
Repayment plan to make up missed payments	0.150	0.343	<0.001
Pre-approved plan to modify mortgage payment	0.071	0.169	<0.001
Way to apply to modify mortgage payment	0.098	0.218	<0.001
Way to sell property to satisfy mortgage	0.015	0.044	0.019
Way to give property to lender to satisfy mortgage	0.009	0.036	0.015
N	366	510	

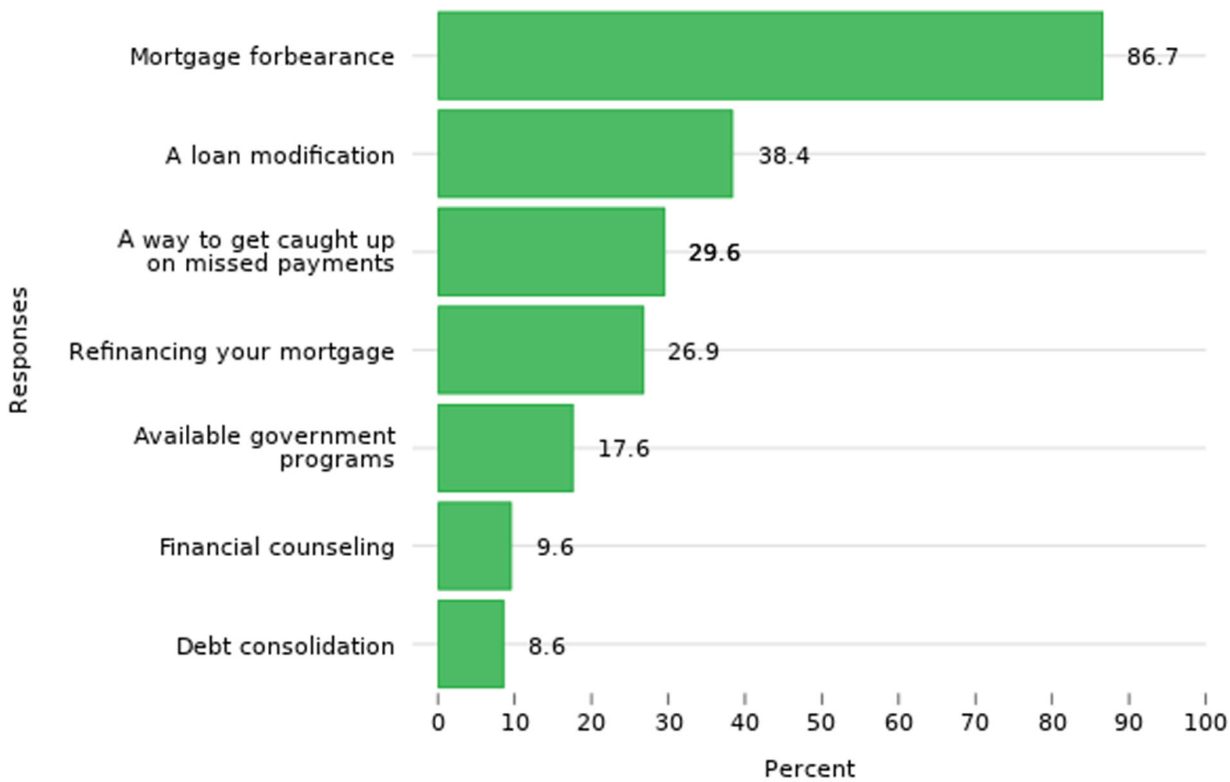
NOTE: American Survey of Mortgage Borrowers 2020. This table summarizes the share of distressed borrowers who reported being offered each option within two groups: (1) those who "[had] any discussions with a representative of your lender/servicer regarding your payment concerns/difficulties in 2020" ("Discussed") and (2) those who reported not having any such discussions ("Not Discussed"). The third column reports results of a statistical test of the null hypothesis that the share of offers is equal across the two communication groups.

Finally, we focus on the group of distressed borrowers who discussed payment difficulties with their servicer and reported on the topics they discussed (Figure 4). The most common topics were: "mortgage forbearance" (86.7 percent), "a loan modification" (38.4 percent), "a way to get caught up on missed payments" (29.6), "refinancing your mortgage" (26.9 percent), and "available government programs" (17.6 percent). All of these represent potential options that were broadly available to borrowers experiencing payment difficulties. It also suggests that communicating with the servicer made it very likely that the borrower would learn more about

[15] This question was only asked of borrowers who self-reported distress. Thus, some borrowers who received offers of forbearance or other help from their servicers are not captured by this measure.

loss mitigation programs available during the COVID-19 pandemic. Topics like “debt consolidation” (8.6 percent) and “selling or giving up the property” (5.7 percent) were reported less frequently.

FIGURE 4: TOPICS IN DISCUSSIONS WITH SERVICER ABOUT PAYMENT CONCERNS



NOTE: American Survey of Mortgage Borrowers 2020. Responses from borrowers who reported having discussions with their lender/servicer about loan payment concerns or difficulties after the prompt “Were the discussions about…” (N = 510).

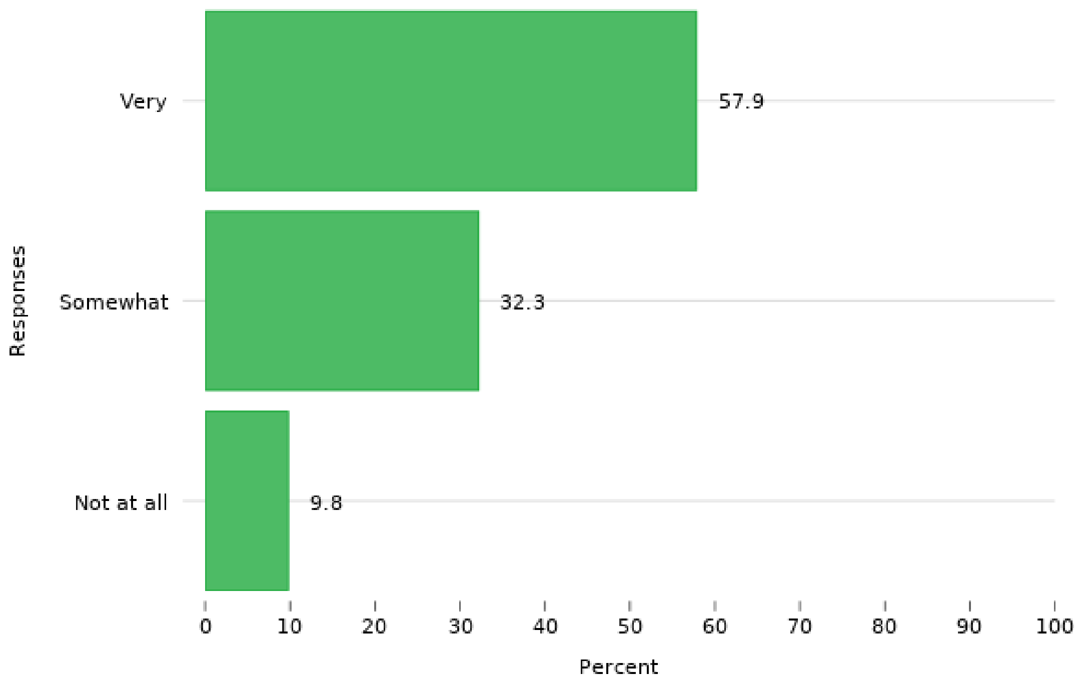
5. Borrower experiences with forbearance

This section provides evidence on the experiences of borrowers who self-reported having received a forbearance in 2020 (n=762).[16] We focus on borrower satisfaction with the process, what information and options they received at the outset, and their understanding of resolutions after exiting forbearance.

Turning to borrower satisfaction first, the data show that more than half of borrowers who received forbearance were "very" satisfied with the process of getting and working through the forbearance (57.9 percent), while nearly a third were "somewhat" satisfied, and only a small minority (9.8 percent) were "not at all" satisfied (Figure 5). This suggests that efforts during the COVID-19 pandemic to make forbearances broadly available resulted in generally positive experiences for those borrowers who received forbearances.

[16] Table 5 in the Appendix reports characteristics of the borrowers and loans in this sample of survey respondents self-reporting forbearance and the sample of respondents who self-reported not having entered forbearance at the time of the survey. Among the group of borrowers self-reporting forbearance, roughly 76 percent self-reported that they had concerns or difficulties making their loan payments in 2020.

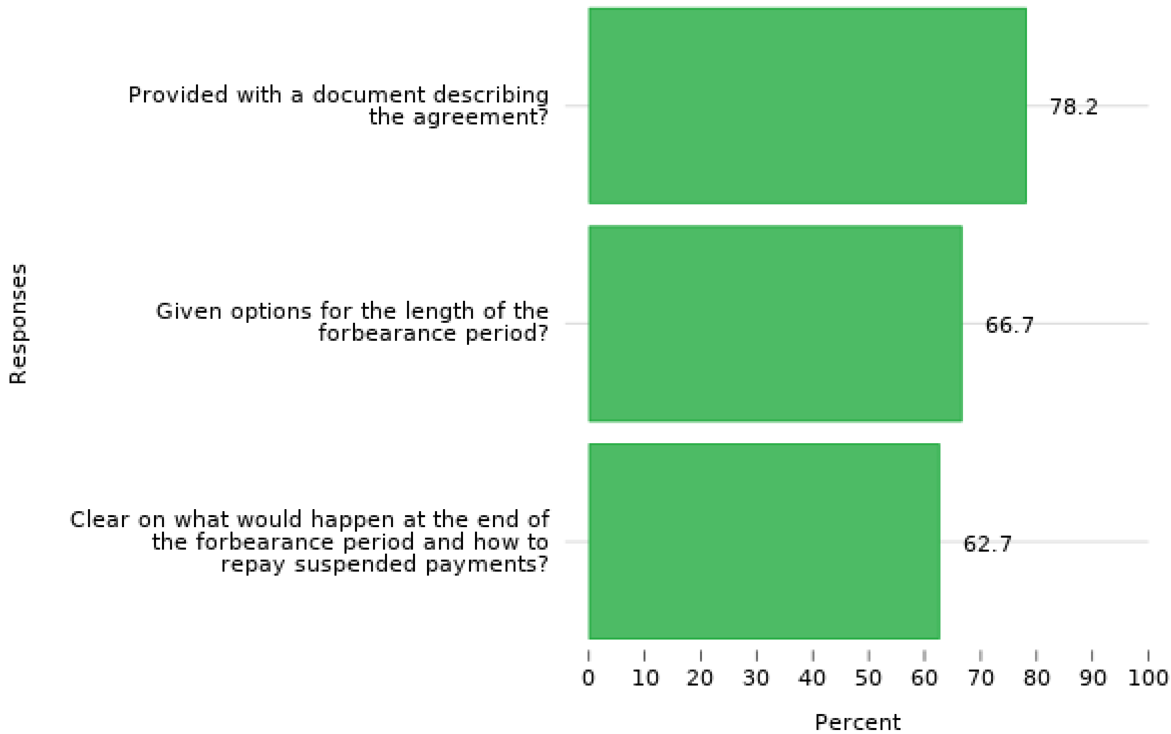
FIGURE 5: SATISFACTION WITH FORBEARANCE PROCESS



NOTE: American Survey of Mortgage Borrowers 2020. Responses of borrowers who received forbearance after the prompt, "How satisfied were you with the process of getting and working through the forbearance?" (N = 762).

Second, we consider the information and options borrowers had when first entering forbearance using a question that asked borrowers who received forbearance about three specific outcomes (Figure 6). The data show that the majority of borrowers who received forbearance were "given options for the length of their forbearance period" (66.7 percent), were "clear on what would happen at the end of the forbearance period and how to repay suspended payments" (62.7 percent), and a larger majority were "provided with a document describing the agreement" (78.2 percent). One implication of these data is that more than one in three (37.3 percent) of respondents who received forbearance were unclear about what would happen at the end of forbearance. This could reflect in part the fact that the servicer and borrower may not finalize a specific repayment plan or other loss mitigation option until near the end of the forbearance period. It also suggests a possible gap in the information borrowers received about the process they would face when exiting forbearance, even for those borrowers who received a document describing the agreement.

FIGURE 6: INFORMATION AND OPTIONS WHEN BORROWERS FIRST RECEIVED FORBEARANCE



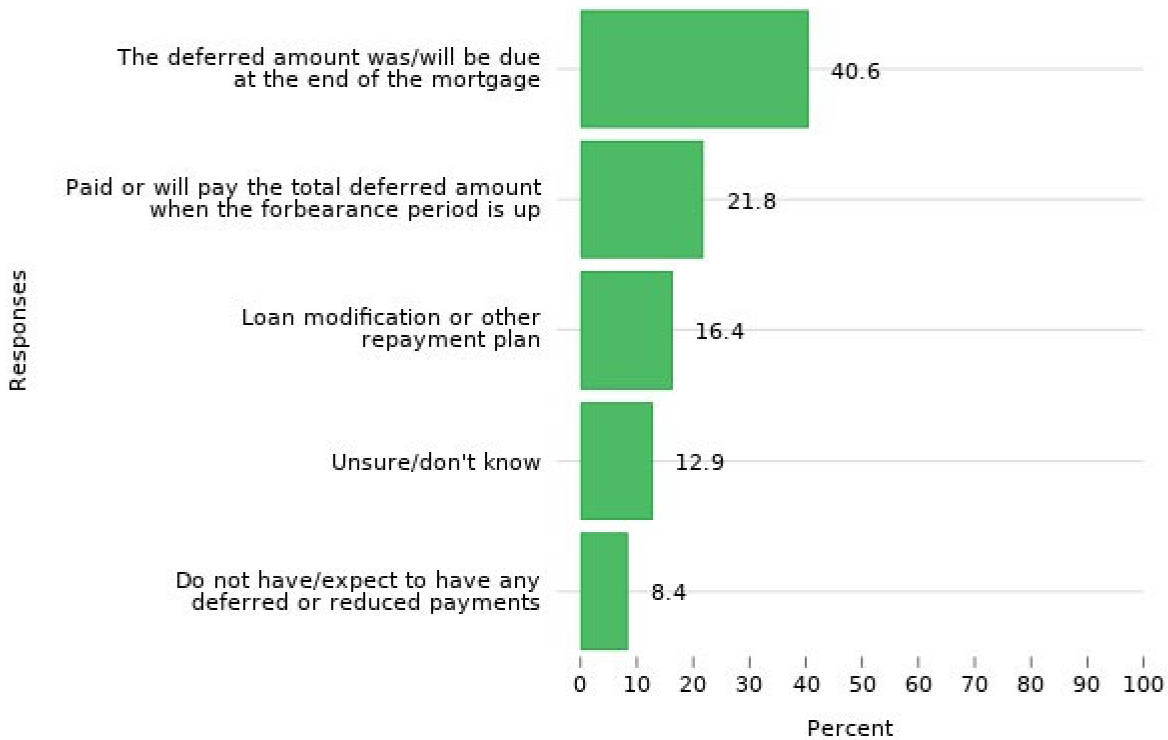
NOTE: American Survey of Mortgage Borrowers 2020. This plot shows responses of borrowers who received forbearance after the prompt "When you first got forbearance were you…" (N = 762).

Finally, we consider borrower understanding of how deferred payments would be dealt with at the time of the survey, since borrowers who were unclear at the outset may have gained this information after entering forbearance. We focus on a question that asks all respondents who reported receiving forbearance, "[w]hich one of the following best describes how your deferred/reduced payments will be repaid when your forbearance period is or was up?" Figure 7 displays the share of respondents who selected each of the five options. The most common expectation was that "the deferred amount was/will be due at the end of the mortgage" (40.6 percent), followed by the expectation of a lump sum of "the total deferred amount when the forbearance period is up" (21.6 percent), and a "loan modification or other repayment plan" (16.4 percent). Meanwhile, 8.4 percent did not expect to have any deferred amount to make up when exiting forbearance.

More than one in eight respondents (12.9 percent) said they did not know or were unsure of how deferred payments would be made up. While many respondents had clarity about repayment at the time of their survey response relative to when they first received forbearance, a meaningful share of borrowers remained confused about what would happen at the end of their forbearance period. These estimates are comparable to survey data from the Federal Reserve Bank of

Philadelphia about how payments will be made up with a similar share of confusion reported for a sample of borrowers in forbearance as of January 2021.[17]

FIGURE 7: FORBEARANCE REPAYMENT PLAN EXPECTATIONS



NOTE: American Survey of Mortgage Borrowers 2020. Responses of borrowers who received a temporary forbearance after the prompt: "Which one of the following best describes how your deferred payments will be repaid when your forbearance period is or was up?" (N = 762)

[17] The Federal Reserve Bank of Philadelphia survey included roughly 120 respondents with forbearance experience, among whom 31 percent expected that, "Skipped payments are added to the end of my loan term. As a result I will not have to repay them until I pay off my mortgage or sell the home"; 13 percent expected that, "Repayment of skipped payments will be delayed for a period of time (e.g., a year, two years), but are due before the end of my loan term"; 23 percent expected to "Start repaying skipped payments immediately after the forbearance ends, but I will be allowed to make the payments over time," 17 percent expected that "All skipped payments are due in a lump sum immediately after forbearance ends," and 13 percent answered that they did not know. See Federal Reserve Bank of Philadelphia, Consumer Finance Institute (May 2021), https://www.philadelphiafed.org/-/media/frbp/assets/consumer-finance/reports/21_02_cfi_research-brief-mortgage-forbearance.pdf.

6. Conclusion

During 2020, millions of mortgage borrowers experienced difficulties making payments on their loan.[18] Survey responses on the 2020 ASMB indicate that many distressed borrowers communicated with their loan servicers about getting help to address their payment difficulties.

The results of the survey shed light on numerous aspects about borrower experiences trying to access loss mitigation programs available during the COVID-19 pandemic. Many respondents faced challenges accessing these programs even among those who reported communicating with their servicer. Our findings suggest that the complexity of processes for receiving help with payment difficulties may have created barriers to accessing loss mitigation for some borrowers, and these barriers may have been relatively higher for distressed borrowers with limited English proficiency. Many respondents who received temporary forbearance on their loans were satisfied with the experience, but many remained unclear about what would happen and how they would make up deferred payments when they exited forbearance. Nevertheless, respondents who were able to communicate with their servicer tended to receive more information and resulted in a wider range of options for the borrower. Communication with servicers appears to play an important role for distressed borrowers to get the help they need.

[18] ICE/Black Knight reported that 3.57 million mortgage borrowers became seriously delinquent (90+ days past due) in 2020. ICE/Black Knight Mortgage Monitor, December 2020. Available at https://static.icemortgagetechnology.com/pdf/BKI_MM_Dec2020_Report.pdf.

APPENDIX A: SUPPLEMENTARY ANALYSES

TABLE 4: CHARACTERISTICS OF ASMB 2020 SURVEY RESPONDENTS AND ALL NMDB BORROWERS WITH LOANS OPEN AS OF JANUARY 2020

	NMDB Open Jan 2020 Borrowers		ASMB All	
	Mean	**Std. Dev.**	**Mean**	**Std. Dev.**
Loan amount ($ thousands)	226.2	200.0	212.1	154.6
Original interest rate (percent)	4.37	1.29	4.48	1.23
Purpose: purchase	0.487	0.500	0.655	0.475
Purpose: refinance	0.189	0.392	0.106	0.308
Purpose: cash-out refinance	0.324	0.468	0.239	0.427
Conventional loan	0.761	0.426	0.610	0.488
FHA VA or RHS loan	0.239	0.426	0.390	0.488
LTV 80% or above	0.522	0.500	0.644	0.479
Debt-to-income (DTI) ratio	35.46	11.76	38.06	11.17
Credit score	733.6	70.2	710.1	73.6
Income ($ thousands)	101.6	108.2	86.07	80.4
Race/Ethnicity (rates)				
White non-Hispanic	0.740	0.439	0.648	0.478
Black non-Hispanic	0.0737	0.261	0.124	0.330
Asian	0.0598	0.237	0.0489	0.216
Hispanic	0.111	0.314	0.147	0.354
Other race	0.0160	0.126	0.0322	0.177
Single borrower	0.525	0.499	0.534	0.499
First-time buyer	0.026	0.158	0.033	0.178
Observations	**2,754,864**		**1,740**	

NOTE: National Mortgage Database, version 25.0, American Survey of Mortgage Borrowers, 2020. NMDB Sample excludes loans opened prior to 1994 for consistency with the range of open dates among ASMB respondents. All categorical variables are proportions between 0 and 1 unless otherwise noted.

TABLE 5: CHARACTERISTICS OF ASMB 2020 SURVEY RESPONDENTS BY FOREBARANCE

	ASMB Forbearance		**ASMB No Forbearance**	
	Mean	**Std. Dev.**	**Mean**	**Std. Dev.**
Loan amount ($ thousands)	232.8	178.3	196.0	131.1
Original interest rate (percent)	4.44	1.13	4.52	1.30
Purpose: purchase	0.672	0.470	0.642	0.480
Purpose: refinance	0.104	0.305	0.107	0.310
Purpose: cash-out refinance	0.224	0.417	0.251	0.434
Conventional loan	0.635	0.482	0.591	0.492
FHA VA or RHS loan	0.365	0.482	0.409	0.492
LTV 80% or above	0.652	0.477	0.637	0.481
Debt-to-income (DTI) ratio	39.54	11.35	36.90	10.89
Credit score	708.7	72.2	711.1	74.62
Income ($ thousands)	86.3	65.8	85.92	90.15
Race/Ethnicity (rates)				
White non-Hispanic	0.618	0.486	0.672	0.470
Black non-Hispanic	0.123	0.329	0.125	0.331
Asian	0.053	0.223	0.0460	0.210
Hispanic	0.171	0.376	0.128	0.334
Other race	0.035	0.185	0.0297	0.170
Single borrower	0.579	0.494	0.499	0.500
First-time buyer	0.032	0.175	0.0337	0.181
Observations	**762**		**978**	

NOTE: National Mortgage Database, version 25.0, American Survey of Mortgage Borrowers, 2020. Table summarizes characteristics for two groups of respondent borrowers: (1) those who self-reported having received forbearance (“ASMB Forbearance”) and (2) those who self-reported not having received forbearance at the time of the survey (“ASMB No Forbearance”). All categorical variables are proportions between 0 and 1 unless otherwise noted.