

On April 1st, nearly a [third of renters](#) in America [didn't pay their rent](#). Tenants with both corporate and individual landlords organized and went on strike across the nation. Many have achieved rent freezes and deferrals from their landlords as they urge the federal government to enact a nationwide rent freeze during the pandemic. But while tenants have found strength in numbers, individual homeowners who cannot pay their bills have found themselves facing down their mortgage lenders on their own.

Ben Manker-Seale, a homeowner in Portland, Oregon, found himself on hold with his lender, US Bank, for over six hours last week as he attempted to get mortgage assistance. Manker-Seale owns a small business that he had to close due to COVID-19 so he currently has no source of income. "I waited on hold for three hours and they picked up and hung up randomly after 3 hours. Then I tried again and I got a hold of the wrong department and they put me on another hold for another few hours with the right department. The final time I got a hold of someone who helped me, I still waited on another three hour hold," he says.

[In the U.S., 62% of homeowners have a mortgage. The median mortgage payment is around \\$1,100](#)—so if you're waiting on that \$1,200 stimulus check, you may as well have the government direct deposit it straight to your mortgage provider. The CARES Act granted a 180 day forbearance during the pandemic to individuals with federally-backed loans and Freddie Mac and Fannie Mae, which accounts for about half of the U.S. home market, expanded forbearance programs to a year. Private banks have mostly followed suit and are offering 90 to 180 day forbearance programs.

Mortgage forbearance is not forgiveness: it's just a suspension of your loan payments for a specific period of time. During this time, most private banks are suspending fees on late payments and other penalties, as well as foreclosures and evictions. ([Here's a list](#) of what major banks are offering.) However, interest will accrue as normal and the late payments are either added to the end of your loan or expected to be paid back in a lump sum at the end of forbearance. If you missed your April 1 mortgage payment, you have until April 15 before your payment is considered late, so there's still time to apply for pandemic assistance. If you cannot pay, [it's a bad idea](#) to skip payment without notifying your bank. If you don't notify your bank, you **may not be able** to receive all the protections afforded you **by the law/CARES act, says Vano QUOTE.**

But until very recently, you had to [call your loan provider](#) for pandemic forbearance. In mid-March as banks rolled out their assistance programs, customers were greeted with not only the bank's usual red tape, but also exorbitant wait times on the phone. Hundreds of thousands of people flooded phone lines. They soon [took to Twitter](#) to [report wait times](#) from [30 minutes](#) to [three hours](#) and sudden disconnects.

[Alys Cohen](#), an attorney at the National Consumer Law Center, says the difficulty people have experienced in getting assistance from lenders during the pandemic boils down to a preoccupation with moral hazard.

“The system is set up to make it a little too hard to get assistance because there is a lot of concern about people asking for help who don’t need it,” she says.

“Moral hazard” is the idea that individuals have a lack of incentive to guard against risk where they are protected from its consequences. [In other words](#), “when people are protected from the downsides of risk, they tend to take on more of it.” Moral hazard has been invoked to [deny assistance to natural disaster survivors](#), [stymie immigration reform](#), and argue against single-payer [healthcare](#). But should we really be concerned that people are going to go out and purposely expose themselves to coronavirus just so they can get a three month deferral on their mortgages?

“The majority of people want to pay their bills and will if they can. We need to set up a system that’s easier for the people who cannot,” says Cohen. But she says that the 2008 financial crash revealed that servicers weren’t well-equipped for efficient handling of such massive volumes of homeowner requests and this has not substantially changed in 2020.

“People often needed to submit the same paperwork more than once and that often the wrong information was used to determine if someone was eligible for loan modification,” says Cohen.

Some banks may be taking note of this. Spokespeople from Wells Fargo, Chase and Bank of America did not share data on wait times with Salon. But in the past week and a half most major banks have implemented new “digital solutions” to allow customers to request pandemic assistance online. A Chase spokesperson called their new system a “one-click” process that customers can access from within their accounts online.

The [typical forbearance application process](#) requires extensive documentation and processing. But Chase’s spokesperson says the 2008 financial crisis taught the bank to prioritize speed when granting emergency assistance to customers. “Right now people just need help as quickly as possible. To go through a whole decision process would be kind of impossible given the volume” of requests, she says.

The spokesperson says Chase will not deny any requests for pandemic forbearance and that the application window will remain open indefinitely. Chase also isn’t requiring documentation to prove financial hardship caused by the pandemic, she says.

Wells Fargo says they are also granting 90-day forbearance to any mortgage customer who requests assistance. Customers who contact them for assistance won't be charged late fees or have their credit report impacted by the suspension.

Bank of America also says they aren't requiring documentation from customers who apply for forbearance. However, a spokesperson told me that if you are already behind on a mortgage payment, you don't qualify for pandemic forbearance. Bank of America customers have only the 15 days after their payment due date to apply for pandemic forbearance.

When Manker-Seale was finally able to speak with a representative at US Bank, the conversation took under an hour and he was given assurances that his mortgage payments would be suspended for the next 180 days. He wasn't required to provide any additional documentation. The phone representative promised him they would send further documentation in the mail that he would receive by April 11. His online account now says, "we are in the process of updating this page to show terms of your payment suspension" and lists a full phone number and extension to call for updates.

However, US Bank is requiring immediate payment of the suspended payments at the end of 180 days. Manker-Seale says the representative told him they could not add the payments to the end of his mortgage. Similarly, Bank of America [had been telling](#) customers they'd need to [pay a lump sum](#) after the forbearance period. A spokesperson told Salon that such reported instances were due to initial confusion during rapid training of employees on the new assistance and that Bank of America *will* be allowing people to keep their monthly payments the same and put the missed payments on the end of the loan term.

But these new "digital solutions" that make it easier to request assistance? Don't expect them to stick around after the pandemic is over. When your 90 to 180 days of forbearance are up, any long term modifications to your loan must be made on a case-by-case basis—and you can't do that with any of these new, "one-click" solutions.

"It's a process," the Chase spokesperson says. "It's not something where you have to sit on the phone to fill out a form; there's an online way to do it but there's some back and forth involved. But I don't anticipate this is going to be an issue in three months."

A Wells Fargo spokesperson says, "We'll need to talk with them [homeowners] directly to understand their circumstances and identify the best way to help them going forward."

There's no guarantee, of course, that non-essential businesses will re-open in three or even six months and homeowners will have money coming in again. And even after someone resumes work, their ability to make previous mortgage payments may be delayed.

“Why is the system still relying on the ability of homeowners to get through to servicers on the phone? We need to focus on helping people facing hardship and not overfocus on misplaced concerns about moral hazard,” Alys Cohen says. The National Consumer Law Center is instead [recommending](#) a policy that anyone who is or becomes 60 days late on mortgage payments should be automatically given an initial forbearance of 180 days—regardless of whether or not they can get through to their servicer on the phone. NCLC is also calling for a policy that [freezes all interest accrual](#) and [prevents](#) creditors, landlords, utility providers and others from demanding lump sum full payment after the forbearance period.

But for now, Manker-Seale expects that come August, he’ll be calling his bank again and—along with hundreds of thousands of other homeowners—facing the same delays and disconnects as he did in March.