

HOW MORTGAGE PAYMENT OPTIONS AFFECT CREDIT HEALTH

MORTGAGE PAYMENT OPTION	HOW IT WORKS	QUALIFICATIONS	CREDIT IMPACT
FORBEARANCE	A borrower suspends or lowers monthly payments for a specified time period.**	Claim of financial hardship, no specific proof needed	According to the CFPB, forbearance will be recorded on a borrower's credit report but not identified as TDR*, unless extended after the national state of emergency ends.
DEFERMENT	A borrower delays payment of overdue principal & interest to a later date.**	Proof of financial hardship	Recorded on a credit report but not classified as TDR, as long as subsequent payments are made on-time.
LOAN MODIFICATION	When a lender changes the terms of a mortgage following default to avoid foreclosure. This can include adding time to the end of the loan or changing payment amount.**	Typically, mortgage servicers require that a borrower must be at a certain level of delinquency before a loan modification becomes an option.	Loan modifications themselves do not affect credit scores, but if payments were missed prior to the loan modification, those delinquencies will lower a credit score.
MISSED PAYMENT: 15 DAYS LATE	Although a borrower's payment is due on the first of the month, no late fees are incurred until after the 15th of the month.	N/A	A payment that is 30-days late will have a significant negative impact on a credit score.
MISSED PAYMENT: 30 DAYS LATE	If a payment is 30 days late and a borrower has not contacted the mortgage servicer to request alternate payment options or permission to forgo payment, this is considered a missed payment.	N/A	A payment that is 30-days late will have a significant negative impact on a credit score.
MISSED PAYMENT: 30+ DAYS LATE	Every subsequent month's payment that is late, following the first 30 days, will be considered an additional missed payment.	N/A	Each successive late payment continues to hurt a credit score, but does so to a lesser extent each time (i.e. the first might drop a score by 60 points, the second by 30, the third by another 17 points).

*TDR - Troubled Debt Restructuring - is a negative designation on a credit report that affects the overall credit score and remains on the credit history.

** Borrowers should contact their loan servicer for more information.