

HUD ISSUES NEW CARES ACT MORTGAGE PAYMENT RELIEF FOR FHA SINGLE FAMILY HOMEOWNERS

Mortgage servicers instructed to offer deferred or reduced mortgage payments by as much as 6 months to start

WASHINGTON - The U.S. Department of Housing and Urban Development today announced a tailored set of mortgage payment relief options for single family homeowners with FHA-insured mortgages who are experiencing financial hardship as a result of the COVID-19 National Emergency. Also included is an extension period for seniors with Home Equity Conversion Mortgages. Read today's Mortgagee Letter.

Effective immediately for borrowers with a financial hardship that makes them unable to pay their mortgage due to the COVID-19 National Emergency, mortgage servicers must extend deferred or reduced mortgage payment options - called forbearance - for up to six months, and must provide an additional six months of forbearance if requested by the borrower. This mandate implements provisions contained in the landmark Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which President Trump signed into law on March 27, 2020.

"The last thing any of us wants is for Americans to lose their homes unnecessarily while we continue to fight this invisible enemy. If you're struggling, immediate help is now available. The FHA will continue to work with stakeholders to ensure that the loss mitigation options that are offered for both forward and reverse borrowers are appropriately tailored for the present situation," said HUD Secretary Ben Carson.

In addition to special COVID-19 forbearance, FHA also implemented today the COVID-19 National Emergency Partial Claim, an option to be used by servicers when the COVID-19 forbearance period ends. This partial claim will help eligible homeowners who have been granted special COVID-19 National Emergency forbearance to reinstate their loans by authorizing servicers to advance funds on behalf of homeowners. The partial claim will defer the repayment of those advances through an interest-free subordinate mortgage that the borrower does not have to pay off until their first mortgage is paid off.

Further, FHA today instructed mortgage servicers to: Delay submitting Due and Payable requests for Home Equity Conversion Mortgages by six months, with an additional six-month delay available with HUD approval; and Extend any flexibility they may have under the Fair Credit Reporting Act relative to negative credit reporting actions.

"For American families impacted by the COVID-19 virus and unable to pay their FHA-insured mortgage, imminently losing their homes is now one less fear they should have. Today's actions will ease the immediate pressures faced by many Americans who, through no fault of their own, are struggling with financial uncertainty," said Assistant Secretary for Housing and Federal Housing Commissioner Brian Montgomery

Borrowers who are not currently impacted and able to make their monthly mortgage payments should continue doing so. However, those who are experiencing financial hardship as a result of the COVID-19

National Emergency should immediately contact their mortgage servicer - the entity to which they make their monthly mortgage payments - to discuss forbearance or other options that may be available to them. Borrowers who are not experiencing an income reduction due to COVID-19 are asked to avoid contacting their mortgage servicer about these options, as these questions will divert resources from serving those truly in need.

To assist homeowners with FHA-insured mortgages in understanding these options, FHA has also published a Q&A for consumers at <https://www.hud.gov/sites/dfiles/SFH/documents/COVID-19HomeownerHelp.pdf>.