



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING –  
FEDERAL HOUSING COMMISSIONER

**Date:** May 16, 2018

**Mortgagee Letter 2018-03**

**To:** All FHA-Approved Mortgagees  
All Single-Family Servicing Managers  
All FHA Roster Inspectors  
All HUD-Approved Housing Counselors

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**Subject** Extension of Disaster Foreclosure Moratoriums for Specified Areas Impacted by Hurricane Maria in Puerto Rico and the U.S. Virgin Islands

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**Purpose** On March 1, 2018, HUD issued Mortgagee Letter 2018-02 extending foreclosure moratoriums through May 18, 2018 for Hurricane Maria impacted areas that the U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) has declared to be eligible for Individual Assistance (Affected Counties). This Mortgagee Letter communicates guidance that further extends the Foreclosure Moratorium for Borrowers with FHA-insured mortgaged properties in Affected Counties in Puerto Rico and the U.S. Virgin Islands if the Conditional Extension of the Foreclosure Moratorium requirements set forth in this Mortgagee Letter have been satisfied.

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**Effective Date** This Mortgagee Letter is effective immediately.

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**Public Feedback** HUD welcomes feedback from interested parties for a period of 30 calendar days from the date of issuance of this Mortgagee Letter. To provide feedback on this document, please send it to the FHA Resource Center at [answers@hud.gov](mailto:answers@hud.gov). HUD will consider the feedback in determining the need for future updates.

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**Affected Programs** This guidance applies to FHA Title II forward mortgages secured by properties in Affected Counties due to Puerto Rico's Hurricane Maria DR-4339 and U.S. Virgin Islands' Hurricane Maria DR-4340.

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### Background

HUD Handbook 4000.1, Section III.A.3.c.ii requires an initial moratorium on foreclosures of insured mortgages secured by properties within a Presidentially-Declared Major Disaster Area (PDMDA) for a ninety (90) day period from the date of each PDMDA declaration. The initial moratorium applies to the initiation of foreclosures and foreclosures already in process. Pursuant to Section III.A.3.c.ii.(A), HUD may communicate further specific guidance for extension of moratorium periods for individual disasters.

Information on the above-referenced Hurricane Affected Counties can be found on FEMA's website at [www.fema.gov](http://www.fema.gov) or by calling a regional FEMA office. The FEMA Regional Contacts' page [www.fema.gov/fema-regional-contacts](http://www.fema.gov/fema-regional-contacts), has links to phone numbers for their regional offices.

Mortgagees should direct affected borrowers with additional questions to FHA's "Disaster Relief Options for FHA Homeowners" page, which may be accessed at: [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/nsc/qaho0121](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/nsc/qaho0121)

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### Summary of Changes

HUD is extending its current Foreclosure Moratorium, expiring on May 18, 2018, for a maximum additional 90-day period for certain properties impacted by Hurricane Maria in Puerto Rico and the U.S. Virgin Islands. This extension is *only* applicable for FHA-insured mortgaged properties in Affected Counties in Puerto Rico and the U.S. Virgin Islands if the Conditional Extension of the Foreclosure Moratorium requirements specified in the section below have been satisfied.

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### Conditional Extension of the Foreclosure Moratorium in Puerto Rico and the U.S. Virgin Islands

Due to the extensive damage in FEMA-designated Individual Assistance Areas within the PDMDAs for Hurricane Maria, HUD is exercising its authority to provide a 90-day extension of the current Foreclosure Moratorium in Affected Counties if the mortgage was no more than 60-days past due as of the date of the Presidentially-declared Major Disaster Declaration and the Borrowers have not already been approved for Forbearances or other Loss Mitigation options. The requirements for the Foreclosure Moratorium extension are as follows:

- On or before July 18, 2018, the Mortgagee must:
  - Assess the status, condition, and habitability of the mortgaged property (e.g., by using a property inspection report, repair estimate, etc.);
  - Determine the Borrower has not previously been approved for Forbearances or Loss Mitigation Options and communicate with the Borrower(s) to obtain information needed for the evaluation in

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accordance with FHA's Single-Family Policy Handbook 4000.1, Section III.A.3.c.iv and Mortgagee Letter 2018-01;

- Determine if the Borrower has unrepaired home damage and, if so, obtain the Borrower's commitment to work with the Mortgagee to develop and implement a viable plan to repair or rebuild the damaged mortgaged property, resolve the mortgage delinquency, and occupy the mortgaged property. (See Model Document, *Exhibit A*, for use.); and
- Have the Borrower(s) complete and execute all required documents for approved loss mitigation options.

If the above criteria have been met, the Foreclosure Moratorium may be extended for the Borrower through August 16, 2018.

For details on why HUD selected these specific criteria, please refer to the justifications set forth at:

[https://www.hud.gov/program\\_offices/housing/sfh/lender/lossmitig](https://www.hud.gov/program_offices/housing/sfh/lender/lossmitig)

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### **Borrowers already approved for Forbearances or other Loss Mitigation options**

Mortgagees must not initiate or continue a foreclosure proceeding on an FHA-insured mortgage while the Borrower is performing under an approved Forbearance or other Loss Mitigation Agreement. Upon expiration of an approved Forbearance period, the Mortgagee must evaluate the Borrower for possible additional Forbearance and other Loss Mitigation options in accordance with FHA Single Family Policy Handbook 4000.1, Section III.A.3.c.iv and Mortgagee Letter 2018-01.

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### **Mortgagee Action Before Initiation of Foreclosure**

Mortgagees are reminded that in accordance with FHA's Single-Family Policy Handbook 4000.1, Section III.A.2.r.i.(C), a Mortgagee may initiate a foreclosure for monetary default only after at least three consecutive full monthly Mortgage Payments are due but unpaid and one of the following conditions has been met:

- The Mortgagee has completed its review of the Borrower's loss mitigation request, determined that the Borrower does not qualify for a Loss Mitigation Option, properly notified the Borrower of this decision, and rejected any available appeal by the Borrower.
  - The Borrower has failed to perform under an agreement on a Loss Mitigation Option, and the Mortgagee has determined that the Borrower is ineligible for other Loss Mitigation Options.
  - The Mortgagee has been unable to make a determination of the Borrower's eligibility for any Loss Mitigation Option due to the Borrower not responding to the Mortgagee's efforts to contact the Borrower.
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**Paperwork  
Reduction Act**

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB Control Number 2502-0429, 2502-0583 and 2502-0584. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB Control Number.

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**Questions**

Any questions regarding this Mortgagee Letter may be directed to the HUD National Servicing Center at 1-877-622-8525. Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339. For additional information on this Mortgagee Letter, please visit [www.hud.gov/answers](http://www.hud.gov/answers).

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**Signature**

Dana T. Wade  
General Deputy Assistant Secretary for Housing

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**Borrower Certification for Properties Impacted by Hurricane Maria in Puerto Rico**

I/We certify that our property, located at \_\_\_\_\_ was impacted by Hurricane Maria. The referenced property is our principal residence and I/we affirm the following:

- I/We have applied for applicable hazard and flood insurance recoveries related to damage of my/our mortgaged property, and I/we have also notified the Mortgagee (lender/servicer) of any expected or pending proceeds; and
- I/We are working with the Mortgagee to develop and implement a plan to repair or rebuild my/our home and resolve the FHA-insured mortgage loan delinquency;

I/We certify that the above statements are true and accurate. I/we acknowledge that HUD may prosecute Borrowers for false claims and statements related to the information provided herein and such prosecutions may result in conviction, which come with criminal and/or civil penalties.

\_\_\_\_\_  
Borrower's Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Co-Borrower's Name

\_\_\_\_\_  
Date