



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

ASSISTANT SECRETARY FOR HOUSING –
FEDERAL HOUSING COMMISSIONER

Date: May 14, 2020

Mortgage Letter 2020-13

To: All FHA-Approved Mortgagees
All Direct Endorsement Underwriters
All FHA Roster Appraisers
All FHA-Approved 203(k) Consultants
All HUD-Approved Housing Counselors
All HUD-Approved Nonprofit Organizations
All Governmental Entity Participants
All Real Estate Brokers
All Closing Agents

Subject Extension of Foreclosure and Eviction Moratorium in connection with the Presidentially-Declared COVID-19 National Emergency and New Reporting Requirements Related to FHA Single Family’s CARES Act Loss Mitigation Options

Purpose The purpose of this Mortgagee Letter (ML) is to inform mortgagees of an extension to the foreclosure and eviction moratoriums originally issued in Mortgagee Letter 2020-04 for borrowers with FHA-insured Single Family mortgages covered under the Coronavirus Relief, and Economic Security (CARES) Act for an additional period through June 30, 2020, and to announce new Single Family Default Monitoring System (SFDMS) Reporting Requirements.

Effective Date The extension of the moratorium announced in this Mortgagee Letter is effective immediately upon the expiration of the moratorium announced in Mortgagee Letter 2020-04, for all FHA-insured mortgages except for FHA-insured mortgages secured by vacant or abandoned properties.

Mortgagees must begin the new SFDMS reporting as described below.

Public Feedback HUD welcomes feedback from interested parties for a period of 30 calendar days from the date of issuance. To provide feedback on this policy document, please send feedback to the FHA Resource Center at 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 all FHA Title II Single Family mortgage programs.

Affected Topics

This guidance applies to all FHA Title II Single Family forward and Home Equity Conversion Mortgage (reverse) mortgage programs except for FHA-insured mortgages secured by vacant or abandoned properties.

Background

On March 18, 2020, HUD published Mortgagee Letter 2020-04, through which the Secretary of HUD authorized a moratorium on foreclosures of FHA-insured mortgages and evictions of persons from properties securing FHA-insured mortgages, to ensure that individuals and families were not displaced during this critical period. Due to the continued national emergency resulting from the COVID-19 pandemic, HUD is issuing this ML to extend the moratorium issued in ML 2020-04 for all FHA-insured mortgages except those secured by vacant or abandoned properties.

Moratorium on Foreclosures and Evictions and Extension of Deadlines

FHA-insured Single Family mortgages, excluding vacant or abandoned properties, are subject to an extension to the moratorium on foreclosure through June 30, 2020. The moratorium applies to the initiation of foreclosures and to foreclosures in process.

Separate from any eviction moratorium applicable to lessors provided under the CARES Act, evictions of persons from properties securing FHA-insured Single Family mortgages, excluding actions to evict occupants of legally vacant or abandoned properties, are also suspended through June 30, 2020.

Deadlines for the first legal action and reasonable diligence timelines are extended by 90 days from the date of expiration of this moratorium for FHA-insured Single Family mortgages, except for FHA-insured mortgages secured by vacant or abandoned properties.

Servicing - SFDMS Reporting Requirements for all Endorsed Mortgages utilizing the *Forbearance for Borrowers Affected by the*

Mortgagees must report the Default/Delinquency Reason Codes that apply to the Borrower at the end of each reporting cycle and must update the code as the Borrower's circumstances change.

Default Status Code Reporting

For all endorsed mortgages utilizing the *Forbearance for Borrowers Affected by the COVID-19 National Emergency*, Mortgagees must begin reporting immediately Status Code 06 – *Formal Forbearance*.

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COVID-19 National Emergency

If Mortgagees were previously reporting any other code for the *Forbearance for Borrowers Affected by the COVID-19 National Emergency*, Mortgagees should stop reporting that Status Code immediately and begin reporting Status Code 06 – *Formal Forbearance*. Mortgagees must maintain the same default status date as the date the borrower was approved for the forbearance if changing Status Code.

If the mortgage is newly defaulted (no open default episode in SFDMS), Mortgagees must report Status Code 42 – *Delinquent*, and then Status Code 06 – *Formal Forbearance*.

Default Reason Code Reporting

To assist in identifying delinquencies that are a result of a National Emergency Declaration in which the physical property is not impacted, FHA has implemented a new Delinquency and Default Reason (DDR) code that is available for use by Mortgagees. The new DDR code 055 – *Related to National Emergency Declaration* must be used to report that the delinquency is a result of impacts of the COVID-19 pandemic. This new code may be used beginning on May 1, 2020, for the April 2020 reporting cycle.

In the interim, all mortgagees that are unable to report DDR Code 055 – *Related to National Emergency Declaration* for the April 2020 cycle must report DDR Code 010 – *Neighborhood Problem* until they can begin reporting DDR Code 055.

Mortgagees must fully implement reporting of DDR code 055 – *Related to National Emergency Declaration* no later than the July 2020 reporting cycle. That data is due to HUD no later than August 7, 2020, which is the fifth business day of August 2020.

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 Numbers 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.

Mortgagee Letter 2020-13, Continued

Questions

Any questions regarding this Mortgagee Letter may be directed to the FHA Resource Center at 1-800-CALL-FHA. 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.

Signature

Brian D. Montgomery
Assistant Secretary for Housing –
Federal Housing Commissioner