



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

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

**Date:** May 22, 2023

**Mortgagee Letter 2023-11**

**To:** All FHA-Approved Mortgagees  
All Direct Endorsement Underwriters  
All Eligible Submission Sources for Condominium Project Approvals  
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** Update to ML 2023-03 Regarding Loss Mitigation Options for Non-Borrowers Who Acquired Title through an Exempted Transfer

---

**Purpose** This Mortgagee Letter (ML) clarifies loss mitigation options for non-borrowers who acquired title through an exempted transfer.

---

**Effective Date** The provisions of this ML may be implemented immediately but must be implemented no later than July 21, 2023.

All updates will be incorporated into a forthcoming update of the HUD Handbook 4000.1, *FHA Single Family Housing Policy Handbook* (Handbook 4000.1).

---

**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](mailto:answers@hud.gov) or call 1-800-CALLFHA (1-800-225-5342). HUD will consider the feedback in determining the need for future updates.

---

**Affected Programs** The provisions of this ML apply to all FHA Title II Single Family forward mortgage programs.

---

**Background**

Mortgage Letter (ML) 2023-03 expanded the COVID-19 Recovery Loss Mitigation Options and temporarily suspended the use of Federal Housing Administration Home Affordable Modification Program (FHA-HAMP) Loss Mitigation for all Borrowers. Consequently, after publication of ML 2023-03, Mortgagees could no longer review non-borrowers who acquired title through an exempted transfer for FHA-HAMP Loss Mitigation, effectively making them temporarily ineligible for FHA Loss Mitigation. Through this ML, FHA is reinstating FHA-HAMP Loss Mitigation for Mortgagees to review non-borrowers who acquired title through an exempted transfer and are in Default or Imminent Default.

---

**Summary of Changes**

- This ML updates:
- HUD’s Loss Mitigation Program – Definitions (III.A.2.j.i);
  - FHA-HAMP – Eligibility (III.A.2.k.v(B));
  - COVID-19 Advance Loan Modification (Pre-Waterfall Step) (III.A.2.o.ii.); and
  - COVID-19 Recovery Loss Mitigation Options – Standard (III.A.2.o.iii).
- 

**FHA Single Family Housing Policy Handbook 4000.1**

The policy changes will be incorporated into Handbook 4000.1 as follows:

**HUD’s Loss Mitigation Program (III.A.2.j)**

**i. Definitions**

HUD’s Loss Mitigation Options are intended to minimize economic impact to the MMIF and to avoid foreclosure, when possible. The Loss Mitigation Options are:

- Informal or Formal Forbearance
- Special Forbearance (SFB)-Unemployment
- FHA-Home Affordable Modification Program (FHA-HAMP) Loan Modification, FHA-HAMP Standalone Partial Claim, and FHA-HAMP Combination Loan Modification/Partial Claim
  - All FHA-HAMP Options are temporarily suspended and must not be offered through October 30, 2024, except for Non-Borrowers Who Acquired Title through an Exempted Transfer (III.A.2.j.ii(A)(4)(b)). Mortgagees must evaluate all other Borrowers for the [COVID-19 Recovery Home Retention Options](#).
- Pre-Foreclosure Sale (PFS)

## Mortgagee Letter 2023-11, Continued

- Standard PFS is temporarily suspended and must not be offered through October 30, 2024, except for Non-Borrowers Who Acquired Title through an Exempted Transfer (III.A.2.j.ii(A)(4)(b)). Mortgagees must evaluate all other eligible Borrowers for the [COVID-19 PFS](#) (III.A.2.o.iii(D)(1)).
- Deed-in-Lieu (DIL) of Foreclosure
  - Standard DIL is temporarily suspended and must not be offered through October 30, 2024, except for Non-Borrowers Who Acquired Title through an Exempted Transfer (III.A.2.j.ii(A)(4)(b)). Mortgagees must evaluate all other eligible Borrowers for the [COVID-19 DIL](#) (III.A.2.o.iii(D)(2)).

For Borrowers affected by a non-COVID-19 Presidentially-Declared Major Disaster Area (PDMDA) or a COVID-19 PDMDA and National Emergency, the Mortgagee must comply with the Loss Mitigation requirements in [Loss Mitigation for Borrowers in PDMDAs](#) (III.A.2.n.iv(A)).

### **FHA-HAMP (Temporarily Suspended) (III.A.2.k.v)**

#### **(B) Eligibility**

All FHA-HAMP Options are temporarily suspended and must not be offered through October 30, 2024, except for Non-Borrowers Who Acquired Title through an Exempted Transfer (III.A.2.j.ii(A)(4)(b)). Mortgagees must evaluate all other Borrowers for the [COVID-19 Recovery Home Retention Options](#).

### **Presidentially-Declared COVID-19 National Emergency (III.A.2.o)**

#### **ii. COVID-19 Advance Loan Modification (Pre-Waterfall Step)**

The Mortgagee must review eligible Borrowers for a COVID-19 Advance Loan Modification (COVID-19 ALM).

Non-Borrowers Who Acquired Title through an Exempted Transfer (III.A.2.j.ii(A)(4)(b)) are not eligible for the COVID-19 ALM and must be evaluated for FHA's standard Loss Mitigation Options (III.A.2.j).

### **COVID-19 Recovery Loss Mitigation Options (III.A.2.o.iii)**

#### **(B) Standard**

The Mortgagee must review eligible Borrowers for the COVID-19 Recovery Options. Eligible Borrowers may receive more than one COVID-19 Recovery Option.

**Mortgage Letter 2023-11, Continued**

Non-Borrowers Who Acquired Title through an Exempted Transfer (III.A.2.j.ii(A)(4)(b)) are not eligible for the COVID-19 Recovery Options and must be evaluated for FHA's standard Loss Mitigation Options (III.A.2.j).

---

**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 (PRA) of 1995 (44 U.S.C. 3501-3520) and assigned OMB control numbers 2502-0005; 2502-0059; 2502-0117; 2502-0189; 2502-0302; 2502-0306; 2502-0322; 2502-0358; 2502-0404; 2502-0414; 2502-0429; 2502-0494; 2502-0496; 2502-0524; 2502-0525; 2502-0527; 2502-0538; 2502-0540; 2502-0556; 2502-0561; 2502-0566; 2502-0570; 2502-0583; 2502-0584; 2502-0589; 2502-0595; 2502-0600; 2502-0610; and 2502-0611. In accordance with the PRA, 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.

---

**Questions**

Any questions regarding this ML may be directed to the FHA Resource Center at 1-800-CALLFHA (1-800-225-5342), [answers@hud.gov](mailto:answers@hud.gov), or [www.hud.gov/answers](http://www.hud.gov/answers). The FHA Resource Center is prepared to accept calls from persons who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. Information on how to make an accessible phone call is available at <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>.

---

**Signature**

Julia R. Gordon  
Assistant Secretary for Housing -  
FHA Commissioner

---