



ASSISTANT SECRETARY FOR H  
FEDERAL HOUSING COMMISSION

## **Temporary Waiver of 24 CFR § 203.602 -- Delinquency Notice to Mortgagor on a COVID-19 Forbearance**

Pursuant to § 7(q) of the Department of Housing and Urban Development Act (codified at 42 U.S.C. § 3535(q)), and the waiver authority contained in 24 CFR § 5.110, I hereby temporarily waive the requirements of 24 CFR § 203.602 – Delinquency Notice to Mortgagor, as provided in more detail below. Through this waiver, for borrowers provided a COVID-19 Forbearance, I temporarily waive the requirement that a mortgagee shall give notice to any mortgagor in default no later than the end of the second month of any delinquency in payments under the mortgage during the period of the COVID-19 Forbearance. This waiver is being issued to address potential confusion and uncertainty surrounding policy changes enacted due to the Coronavirus Disease 2019 (COVID-19) pandemic.

In support of the temporary waiver, I make the following Findings and Determinations:

### **FINDINGS**

1. HUD requires that mortgagees give notice to each mortgagor in default on a form supplied by the Secretary or, if the mortgagee wishes to use its own form, on a form approved by the Secretary, no later than the end of the second month of any delinquency in payments under the mortgage. In the case of borrowers provided forbearance specifically related to the spread of COVID-19, this requirement is potentially confusing. Borrowers who are provided a COVID-19 Forbearance are technically delinquent; however, they are granted a period of reduced or suspended payments and do not face adverse actions, such as foreclosure, during that period.
2. HUD recognizes that providing delinquency notices to borrowers on a COVID-19 Forbearance will likely confuse borrowers about their payment obligations and create uncertainty about the overall status of their mortgages during the forbearance period. Additionally, mortgagees who comply with the notice requirement may appear to be acting contrary to the provisions of Mortgagee Letters 2020-06 and 2022, as well as subsequent guidance setting forth the COVID-19 Forbearance requirements. The borrower confusion and uncertainty stemming from delinquency notices, and the resulting misperception about noncompliance with COVID-19 Forbearance requirements, creates legal and financial uncertainty for mortgagees.
3. A temporary waiver is necessary to allow mortgagees to forego transmission of delinquency notices to borrowers who are technically delinquent but are not subject to an adverse action (e.g. foreclosure) arising from their delinquency during the COVID-19 Forbearance period.
4. Without the waiver, there will be increased potential for borrower confusion and mortgagee uncertainty.

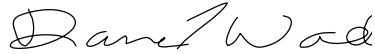
DETERMINATIONS

1. To prevent borrower confusion and uncertainty, and mortgagee uncertainty, in the case of mortgages provided a COVID-19 Forbearance, a waiver of the notice requirements prescribed under 24 CFR § 203.602 must be granted.
2. The granting of the waiver is consistent with the Department’s objectives to promote homeownership and avoid foreclosure.
3. All other requirements and guidance concerning FHA servicing requirements in 24 CFR § 203 remain in effect.
4. Pursuant to the authority contained in 24 CFR §5.110, the above findings constitute good cause for the granting the waiver of 24 CFR § 203.602.
5. The waiver does not violate any statutory requirements.
6. This waiver shall be in effect for all mortgages on a COVID-19 Forbearance pursuant to the provisions of Mortgagee Letters 2020-06 and 2020-22.

12/11/2020

Issued 

December 17, 2020
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Signed by: DANA WADE

Dana T. Wade  
Assistant Secretary for Housing  
-Federal Housing Commissioner