



Dear Lender Letter (DLL) 2022-01 Frequently Asked Questions (FAQs)

March 15, 2022

Q1: Will the FHA waivers of its Mortgage Letters 2021-15 and 2021-18 regarding the re-review of Borrowers apply to DLL 2022-01?

A1: No because FHA Mortgagee Letter waivers do not apply to the Section 184 and Section 184A program. However, ONAP is amending DLL 2022-01 to, among other things, adopt the FHA waivers.

Q2: How should Lenders address the following implementation discrepancy in DLL 2022-01? The implementation date for the DLL is “no later than 60 days from the date of the DLL publication”, however, the COVID-19 Native Advance Loan Modification (Native ALM) “requires all Borrowers who are 90 days or more delinquent must be reviewed within 45 days of the DLL’s publication date.”

A2: HUD will be issuing an amendment to DLL 2022-01 that removes the 45-day requirement and ties it to the DLL’s effective date (no later than March 20, 2022).

Q3. Should the Native ALM be included in the COVID-19 relief waterfall options?

A3. The Native ALM is a pre-waterfall step for COVID-19 relief. It is available to Borrowers exiting their COVID-19 Forbearance, who are 90 days or more delinquent; and to Borrowers not on a COVID-19 Forbearance, but who are 90 days or more delinquent, and is an available option up to the end of the COVID-19 National Emergency.

Q4: Are Lenders/Servicers required to evaluate Borrowers for the COVID-19 Recovery Loss Mitigation Advance and the COVID-19 Recovery Native Loan Modification if the Borrower rejects or does not qualify for the COVID-19 Native ALM?

A4. Yes, as part of the COVID-19 loss mitigation waterfall, Borrowers must be evaluated for the COVID-19 Recovery Loss Mitigation Advance and the COVID-19 Recovery Native Loan Modification in addition to the traditional loss mitigation options.

Q5: What evidence should be submitted with the Servicing File to evidence Lenders/Servicers’ use of the Freddie Primary Mortgage Market Survey (PMMS) rate?

A5: Lenders/Servicers should include a snap shot of the dated weekly average PMMS rate used, which can be found at <http://www.freddiemac.com/pmms/>.

Q6. Can missed payment and interest payments be included in the COVID-19 Recovery Loss Mitigation Advance and the COVID-19 Recovery Native Loan Modification?

A6: Yes, both of these options can include arrearages, which is defined in DLL 2022-01 as “any amounts needed to bring the Borrower current.” This includes missed principal and interest payments.

Q7: Are Borrowers, who are 90 days or more delinquent, but not in a COVID-19 Forbearance, who request a COVID-19 Recovery loss mitigation on or before the end of COVID-19 National Emergency permitted to finalize a COVID-19 Recovery loss mitigation after the end of the National Emergency?

A7: Borrowers who started a COVID-19 Recovery option before the end of the National Emergency can complete the loss mitigation option within the allowable timeframe after the end of the emergency. However, HUD strongly encourages that these transactions be finalized as close to the deadline as possible.

Q8: According to DLL 2022-01, loss mitigation must occur within 120 days. Are COVID-19 Recovery loss mitigation options available to Borrowers who have exceeded this timeframe?

A8: If Loss mitigation does not occur within 120 days, the Borrower is still eligible for all the COVID-19 loss mitigation options. Borrowers are eligible for the COVID-19 Loss mitigation options until the end of the National Emergency, with the exception of those Borrowers whose COVID-19 Forbearance ends after the National Emergency. These Borrowers are eligible for the COVID-19 loss mitigation options for 120 days after they have exited their COVID-19 Forbearance.

Q9: Will ONAP allow for extension requests beyond the 120-day timeframe for loss mitigation

A9: If a Lender needs additional time for loss mitigation and the loss mitigation will not be complete before reaching the 180 days to file for first legal, then ONAP recommends the Lender request an extension to the filing of first legal date due to active loss mitigation.