



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FEDERAL HOUSING ADMINISTRATION

SINGLE FAMILY HOUSING



# Update to FHA's COVID-19 Loss Mitigation Policy Mortgagee Letter 2021-15:

*Extension of the Foreclosure and Eviction Moratorium in Connection with the Presidentially-Declared COVID-19 National Emergency, Further Expansion of the COVID-19 Forbearance and the COVID-19 Home Equity Conversion Mortgage (HECM) Extensions, and Establishment of the COVID-19 Advance Loan Modification (COVID-19 ALM)*

July 12, 2021

Presented by:

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National Servicing Center

Last Updated 6/30/2021



OFFICE OF SINGLE FAMILY HOUSING



# Agenda

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Moratorium on Foreclosures and Evictions

COVID-19 Forbearance

COVID-19 Advance Loan Modification

COVID-19 ALM Single Family Default Monitoring System Reporting Requirements

Resources



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# Moratorium on Foreclosures and Evictions and Extension of Deadlines



# Moratorium on Foreclosures and Evictions and Extension of Deadlines

## Moratorium on Foreclosures and Evictions

- FHA-insured Single Family Mortgages, excluding vacant or abandoned properties, are subject to an extension to the moratorium on foreclosure through **July 31, 2021**.
- Evictions of persons from properties securing FHA-insured Single Family Mortgages are also suspended through **July 31, 2021**.

## Extension of Deadlines

- Deadlines for the first legal action and Reasonable Diligence Time Frame are extended 180 Days from the date of expiration of the moratorium for FHA-insured Single Family Mortgages, except for FHA-insured Mortgages secured by vacant or abandoned properties.

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# Forbearance for Borrowers Affected by the COVID-19 National Emergency



# COVID-19 Forbearance — Overview

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- If a Borrower is experiencing a financial hardship negatively impacting their ability to make on-time Mortgage Payments due to COVID-19 and makes a request for a COVID-19 Forbearance, the Mortgagee must offer the Borrower a COVID-19 Forbearance.
- The COVID-19 Forbearance allows for one or more periods of reduced or suspended payments without specific terms of repayment.
- All FHA-insured Borrowers are eligible for a COVID-19 Forbearance, regardless of the delinquency status of the Mortgage.
- The term of either the initial and any additional Forbearance period may be shortened at the Borrower's request.
- Mortgagees must waive all Late Charges, fees, and penalties, if any, as long as the Borrower is on a COVID-19 Forbearance Plan.





# Updates to COVID-19 Forbearance

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- Mortgagees must approve the initial COVID-19 Forbearance no later than **September 30, 2021**.
- Borrowers who request their initial COVID-19 Forbearance between July 1, 2021 and September 30, 2021 may receive up to 6 months of forbearance.
- Borrowers who requested their initial COVID-19 Forbearance between July 1, 2020 and September 30, 2020 may receive one additional 3-month Forbearance extension, after their 12 months of forbearance.
  - This additional 3-month COVID-19 Forbearance must not extend beyond December 31, 2021.



# COVID-19 Forbearance Period, Based on Start Date

Initial Forbearance Start Date	Initial Forbearance Period	Additional Forbearance Period	Forbearance Extension	Maximum Forbearance Period
March 1, 2020 – June 30, 2020	Up to 6 months	Up to 6 months	Up to 6 months (in 3-month increments)	Up to 18 months
July 1, 2020 – Sept. 30, 2020	Up to 6 months	Up to 6 months	Up to 3 months	Up to 15 months
Oct. 1, 2020 – June 30, 2021	Up to 6 months	Up to 6 months	0	Up to 12 months
July 1, 2021 – Sept. 30, 2021	Up to 6 months	0	0	Up to 6 months





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# COVID-19 Advance Loan Modification (COVID-19 ALM)



# COVID-19 Advance Loan Modification (COVID-19 ALM)

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- A COVID-19 Advance Loan Modification (COVID-19 ALM) is a permanent change in one or more terms of a Borrower's Mortgage that achieves a 25 percent reduction to the Borrower's Principal and Interest, which does not require Borrower contact.

# COVID-19 ALM - Eligibility

**The Mortgagee must ensure the following eligibility requirements are met for a COVID-19 ALM:**

- The Borrower must be **90 or more Days Delinquent.**
- A 30 year loan modification at the most recent Freddie Mac Weekly Primary Mortgage Market Survey (PMMS) Rate rounded to the nearest one-eighth of 1 percent (0.125 percent) will achieve a minimum **25% reduction in the Borrower's monthly P&I.**

The Property may be owner-occupied or non-owner occupied.

# COVID-19 ALM - Standard

Mortgagees must review the following eligible Borrowers for the COVID-19 ALM:

- All Borrowers on a COVID-19 Forbearance within 30 days of the expiration of the Forbearance.
- No later than August 24, 2021, the Mortgagee must review the following Borrowers where the Mortgagee has not yet sent out the final documents to the Borrower to complete a Loss Mitigation Option as of June 25, 2021:
  - Borrowers who have exited or requested to exit their COVID-19 Forbearance;
  - Borrowers whose COVID-19 Forbearance has expired or will expire by August 24, 2021; or
  - Borrowers who were not on a COVID-19 Forbearance.



## COVID-19 ALM — Standard (cont.)

If the Borrower is eligible for the COVID-19 ALM, the Mortgagee must:

- Prepare and send out the loan modification documents to the Borrower; and
- Provide a cover letter that includes:
  - an explanation of terms including the modified Mortgage Payment amount;
  - the date the next payment is due;
  - a statement that no lump sum payment is required;
  - a statement that if the Borrower does not accept this offer, this does not keep them from obtaining another loss mitigation option to bring their mortgage current;
  - a statement that the Borrower must sign and return the loan modification documents within 30 Days of receipt of the documents; and
  - information for the Borrower to contact the Servicer, if needed.

## COVID-19 ALM — Standard (cont.)

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- Mortgagees do not have to contact the Borrower prior to reviewing the Borrower for the COVID-19 ALM or sending out the modification documents.
- Borrowers who do not qualify for the COVID-19 ALM must be evaluated for the other COVID-19 Loss Mitigation Options.



# COVID-19 ALM — Terms

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## **The Mortgagee must ensure the following Terms:**

- The COVID-19 ALM must achieve a minimum 25 percent P&I monthly payment reduction;
- The modified Mortgage must be a fixed rate Mortgage;
- The interest rate of the modified Mortgage is the PMMS Rate rounded to the nearest one-eighth of 1 percent (0.125 percent);
- The term for the modified Mortgage is 360 months.



# COVID-19 ALM — Terms (cont.)

- The COVID-19 ALM only capitalizes arrearages, which refers to any amounts needed to bring the Borrower current and includes:
  - unpaid accrued interest;
  - Mortgagee advances for escrow items;
  - projected escrow shortage amount;
  - related legal fees and foreclosure and bankruptcy costs not higher than the foreclosure-related fees and costs HUD has identified as customary and reasonable; and
  - Mortgagees may include an additional month in the total outstanding debt to be resolved to allow time for the Borrower to return the executed Mortgage modification documents before the modified Mortgage Payment begins;
- The COVID-19 ALM fully reinstates the Mortgage; and
- All Late Charges, fees, and penalties are waived except that Mortgagees are not required to waive Late Charges, fees, and penalties, if any, accumulated prior to March 1, 2020.

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# COVID-19 ALM

## Single Family Default Monitoring System

### Reporting Requirements



# COVID-19 ALM Default Status Code Reporting

- Mortgagees must report the use of the COVID-19 ALM in the Single Family Default Monitoring System (SFDMS) using:
  - Default Reason Code 055 and Default Status Code 3A – Advance Modification Started.
- If the Borrower does not return the executed documents within 30 days, the Mortgagee must report Default Status Code AQ – Option Failure.
- The Mortgagee must report the characteristics of the non-incentivized COVID-19 ALM including the rate and term in FHA Connection (FHAC) within 60 Days of the executed COVID-19 ALM.



# COVID-19 Default Status Codes

***Mortgagees should report the correct Default Status Code for the appropriate COVID-19 Home Retention Option:***

Status Code 06	Formal Forbearance Plan for the COVID-19 Forbearance
Status Code 10	Partial Claim Started for the COVID-19 Standalone Partial Claim
<b>Status Code 3A</b>	<b>Advance Modification Started</b>
Status Code 28	Modification Started with an occupancy Status Code 1 (Occupied by Borrower) for the COVID-19 Owner-Occupant Loan Modification
Status Code 53	Combination Partial Claim/Modification Started (Non-FHA-HAMP) for the COVID-19 Combination Partial Claim and Loan Modification
Status Code 28	Modification Started with the applicable occupancy Status Code that indicates the type of non-borrower occupancy for the COVID-19 Non-Occupant Loan Modification
Status Code 41	FHA-HAMP Modification/Partial Claim Started for the COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim Reduced Documentation Option



# COVID-19 Default Status Code Reporting (cont.)

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- No Trial Payment Plan (TPP) is required for the COVID-19 Loss Mitigation Options.
  - Mortgagees are not required to report Status Code 08 – TPP prior to reporting Status Codes 3A, 10, 28, or 53.
  - Status Code 39 – FHA-HAMP TPP is also not required to be reported prior to Status Code 41 – FHA-HAMP Modification/Partial Claim Started.

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# Resources



# Online Loss Mitigation Resources

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- HUD COVID-19 Resources: <https://www.hud.gov/coronavirus>
  - Single Family Housing Handbook: <https://www.hud.gov/sites/dfiles/OCHCO/documents/4000.1hsgh.pdf>
  - Single Family Handbook Supplemental Documents: [https://www.hud.gov/program\\_offices/housing/sfh/handbook\\_references](https://www.hud.gov/program_offices/housing/sfh/handbook_references)
  - HUD Approved Counseling Agencies: <https://apps.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>
  - Extension and Variance Automated Requests System (EVARS): <https://evars.hudnsc.org/index.cfm?login=true>
  - FHA Info Announcements Archives: [https://www.hud.gov/program\\_offices/housing/sfh/FHA\\_info\\_messages](https://www.hud.gov/program_offices/housing/sfh/FHA_info_messages)
  - Single Family Default Reporting Codes: <https://www.hud.gov/sites/dfiles/SFH/documents/SFDMSCODES.pdf>
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# FHA Resource Center

Option	Point of Contact	Hours Available	Comments
1 FHA Knowledge Base – FAQs	www.hud.gov/answers	24/7/365	Knowledge Base web page includes option to email questions.
2 Email	answers@hud.gov	24/7/365	
3 Telephone	1-800-CALL-FHA (1-800-225-5342) Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339.	8:00 AM to 8:00 PM Eastern M-F	Voicemail is available after hours or during extended wait periods.

*FHA INFO* emails: Frequent email notifications of new policies and training opportunities for anyone who signs up. Subscribe at: [https://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/FHA\\_INFO\\_subscribe](https://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/FHA_INFO_subscribe)



# NSC Contact Information

U.S. Department of HUD  
FHA National Servicing Center  
301 NW 6<sup>th</sup> Street  
Oklahoma City, OK 73102  
1-800-225-5342

## QUESTIONS:

- Secretary Held Servicing Contractor: 1-800-225-5342
- Home Equity Conversion Mortgage (HECM) Servicing: [hecm.servicing@novadconsulting.com](mailto:hecm.servicing@novadconsulting.com)
- EVARS (general questions only): [extensionrequests@hud.gov](mailto:extensionrequests@hud.gov)
- Training issues: [eclass@hud.gov](mailto:eclass@hud.gov)
- TRS, Data, Default Reporting: [sfdatarequests@hud.gov](mailto:sfdatarequests@hud.gov)
- Single Family FHA - Claims Processing: [FHA\\_SFClaims@hud.gov](mailto:FHA_SFClaims@hud.gov)

# Thank You!

For joining us today

