TO: All FHA-Approved Mortgagees and Servicers; All Other Interested Stakeholders in FHA Transactions

CARES Act Provides Additional Loss Mitigation Options for FHA-Insured Homeowners

Today, the Federal Housing Administration (FHA) published Mortgagee Letter (ML) 2020-06, FHA’s Loss Mitigation Options for Single Family Borrowers Affected by the Presidentially-Declared COVID-19 National Emergency in Accordance with the CARES Act. This ML implements the mortgage forbearance provisions provided in the Coronavirus Aid, Relief, and Economic Security (CARES) Act that President Trump signed into law on March 27, 2020. Read today’s Press Release.

The loss mitigation options for borrowers experiencing a financial hardship negatively impacting their ability to make on-time mortgage payments due to the COVID-19 national emergency include:

- Availability of up to six-months of mortgage payment forbearance for affected borrowers and an additional six-month period, if needed.
- Extends certain due and payable, foreclosure, and claim timeframes for Home Equity Conversion Mortgages (HECM) affected by the COVID-19 national emergency.

Today’s Mortgagee Letter also informs servicers of the use of the new COVID-19 loss mitigation tools for borrowers impacted by the national emergency in place of the guidance on Presidentially-Declared Major Disaster Areas in FHA’s Single Family Housing Policy Handbook 4000.1.

This guidance applies to all FHA Title II Single Family mortgage programs. Mortgagors are strongly encouraged to read ML 2020-06 in its entirety.

In addition to the COVID-19-related loss mitigation options announced in today’s ML, FHA will continue to review its policies in its efforts to provide servicers with the tools needed to assist homeowners with FHA-insured mortgages with even more flexibilities/relief efforts during this national emergency.

Information for Mortgagors and Borrowers
The FHA Single Family COVID-19 Q&A for mortgagors and other interested parties in FHA has been updated and is available on the Single Family main page on hud.gov.
FHA has launched a new consumer-oriented Q&A to help homeowners better understand what loss mitigation options are available to them during this national emergency. It is available on the Loss Mitigation Services for FHA Homeowners page on hud.gov.

Industry Webinar
FHA’s Office of Single Family Housing plans to develop a webinar that focuses on the COVID-19-related loss mitigation options available to assist borrowers since the CARES Act became effective. Details about the upcoming webinar will be communicated at a future date.

Quick Links *(You should use a different web browser if you encounter issues opening documents in Internet Explorer)*
- View Mortgagee Letter 2020-06 and all other archived Mortgagee Letters at: https://www.hud.gov/program_offices/administration/hudclips/letters/mortgagee
- Access the HUD Press Room at: https://www.hud.gov/press
- View the FHA COVID-19 Q&A on the Single Family main page on hud.gov at: https://www.hud.gov/program_offices/housing/sfh
- Access the Loss Mitigation Services for FHA Homeowners consumer page on hud.gov at: https://www.hud.gov/program_offices/housing/sfh/nsc/lossmit

Resources
Contact the FHA Resource Center:
- Visit our online knowledge base to obtain answers to frequently asked questions 24/7 at: www.hud.gov/answers.
- E-mail the FHA Resource Center at: answers@hud.gov. Emails and phone messages will be responded to during normal hours of operation, 8:00 AM to 8:00 PM (Eastern), Monday through Friday on all non-Federal holidays.
- Call 1-800-CALLFHA (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.

FHA INFO Archives:
Visit the FHA INFO Archives to access FHA INFO messages issued from 2012 to the present.

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