



FHA INFO 2022-38

April 18, 2022

FHA Adds 40-Year Loan Modification with Partial Claim to its COVID-19 Recovery Loss Mitigation Options

Today, the Federal Housing Administration (FHA) published [Mortgagee Letter \(ML\) 2022-07, Update to the COVID-19 Recovery Loss Mitigation Options](#). The ML adds to FHA's COVID-19 Recovery Loss Mitigation Options, a loan modification with a 40-year term used together with a partial claim. Read today's [press release](#) for more information.

This ML enables mortgagees to provide a 40-year loan modification with a partial claim option to assist struggling homeowners that are behind on their mortgage payments. The policy is designed to help homeowners reach the targeted 25 percent reduction on the monthly principal and interest portion on their mortgage payment when other COVID-19 Recovery Loss Mitigation Options are unable to do so. Through the 40-year loan modification with a partial claim, more homeowners can retain their homes and avoid foreclosure.

The ML may be implemented immediately; however, it must be implemented no later than 90 calendar days from the publication date of this ML. Additionally, the policy does not affect the effective dates for the COVID-19 Recovery Loss Mitigation Options announced in [Mortgagee Letter 2021-18](#). Mortgagees are encouraged to review this ML in its entirety for detailed policy guidance.

These updates will be incorporated into a future version of the [Single Family Housing Policy Handbook 4000.1](#).

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- Visit our knowledge base to obtain answers to frequently asked questions 24/7 at www.hud.gov/answers.
- E-mail 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.
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