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Reminder Guidance for FHA-Approved Mortgagees Regarding Presidentially Declared Major Disaster Areas

In the wake of the devastation caused by Hurricane Helene, the Federal Housing Administration (FHA) reminds mortgagees about its guidance for originating and/or servicing FHA-insured forward mortgages and Home Equity Conversion Mortgages (HECM) in locations in the U.S. and its territories where the President has declared a Major Disaster under the Stafford Act. This declaration is made when natural disasters or other events are of such severity that it is beyond the combined capabilities of state and local governments to respond.

The following guidance serves as a reminder that applies to all Presidentialy-Declared Major Disaster Areas (PDMDA) which can be found in the [Single Family Housing Policy Handbook 4000.1](#) (Handbook 4000.1):

Mortgage Origination

Inspection and Repair Escrow Requirements for Mortgages Pending Closing or Endorsement

- All properties with pending mortgages or endorsements in areas under a PDMDA designated for individual assistance must have a damage inspection report that identifies and quantifies any dwelling damage.
- The damage inspection report must be completed by an FHA Roster Appraiser even if the inspection shows no damage to the property, and the report must be dated after the Incident Period (as defined by the Federal Emergency Management Association) or 14 Days from the Incident Period start date, whichever is earlier.
- If the effective date of the appraisal is on or after the date required above for an inspection, a separate damage inspection report is not necessary.
- All damages, regardless of amount, must be repaired by licensed contractors or per local jurisdictional requirements, and the Property must be restored to pre-loss condition with appropriate and applicable documentation.

Loan Servicing and Loss Mitigation

The mortgagee may offer forbearance relief to a borrower with a mortgaged property or place of employment located within a PDMDA as follows:

- **Informal Forbearance for Borrowers in PDMDAs.** The mortgagee may consider borrowers in PDMDAs for an Informal Forbearance and may offer additional Informal Forbearance periods if the foreclosure moratorium is extended, as mentioned below.
- **Formal Forbearance for Borrowers in PDMDAs.** The mortgagee may consider Formal Forbearances for borrowers in PDMDAs while they are pursuing home repairs and/or resolving verifiable financial difficulties related to the disaster, provided that:
 - The forbearance period does not exceed the estimated time needed to complete the home repairs; and
 - The total accumulated mortgage arrearages during the forbearance period does not exceed the equivalent of 12 months of principal, interest, taxes, and insurance (PITI).
- FHA-insured forward mortgages secured by properties in a PDMDA are subject to a 90-day foreclosure moratorium following the disaster declaration.
- In PDMDAs, FHA provides mortgagees an automatic 90-day extension from the foreclosure moratorium expiration date to commence or recommence a foreclosure action or evaluate the borrower under HUD's Loss Mitigation Program.
- For any buildings in a PDMDA that are substantially damaged, mortgagees must follow the guidance in Handbook 4000.1 Section III.A.3.c.iii, Monitoring of Repairs to Substantially Damaged Homes.

Mortgagees should review complete servicing guidance in [Handbook 4000.1](#), Sections III.A.2, relating to the servicing of mortgages in PDMDAs.

Mortgagees are reminded to contact affected borrowers who may require loss mitigation assistance as soon as possible post-disaster and FHA encourages mortgagees to use any permissible means to contact borrowers to provide them with needed forbearance relief. Because of the extensive destruction in connection with Hurricane Helene and disruption to modes of communication, mortgagees may offer and provide the forbearance unless the borrower affirmatively declines the offer.

Home Equity Conversion Mortgages

- HECMs that become due and payable for reasons other than the death of the last surviving borrower and eligible non-borrowing spouse are subject to a 90-day extension of HECM foreclosure timelines.
- In PDMDAs, FHA provides HECM mortgagees an automatic 90-day extension from the date of the PDMDA foreclosure extension expiration date to commence or recommence a foreclosure action.

Preparing for Longer-Term Recovery

In preparation for assisting homeowners with longer-term recovery efforts, mortgagees should also review the following:

- Guidance for FHA's 203(h) Mortgage Insurance for Disaster Victims in Section II.A.8.b of Handbook 4000.1. The 203(h) program provides mortgage insurance for mortgages used to finance the rehabilitation or reconstruction of an existing home or the purchase of another one for victims who have lost their homes due to a major disaster in a PDMDA.
- Guidance for FHA's 203(k) Rehabilitation Mortgage Insurance Program in Section II.A.8.a of Handbook 4000.1. The 203(k) program provides mortgage insurance for

financing or refinancing of a home, including the cost of repairs or renovation – structural and non-structural.

Find additional disaster resources from HUD and other Federal and state agencies to help with disaster recovery on [HUD's Disaster Resources](#) web page.

For questions or additional information, contact the FHA Resource Center, referenced below.

Need Support? Contact the FHA Resource Center.

- 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.
- 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.

About FHA INFO

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