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In this announcement:

- FHA Provides Additional COVID-19 Forbearance Extension and COVID-19 Home Equity Conversion Mortgage Extensions
- Proposed 40-Year Loan Modification Policy for COVID-19 Recovery Options Posts on Single Family Housing Drafting Table for Feedback

See below for details.

FHA Provides Additional COVID-19 Forbearance and COVID-19 Home Equity Conversion Mortgage Extensions

Today, the Federal Housing Administration (FHA) published [Mortgagee Letter \(ML\) 2021-24, Extension for COVID-19 Forbearance and COVID-19 Home Equity Conversion Mortgage \(HECM\) Extensions](#).

This ML provides:

- Up to six months of COVID-19 Forbearance for borrowers requesting their initial COVID-19 Forbearance on October 1, 2021, through the end of the COVID-19 National Emergency, and an additional six months if the forbearance is exhausted or expires before the end of the COVID-19 National Emergency.

This new option is meant to assist those borrowers who may be newly affected financially by the COVID-19 pandemic and may need relief through the end of the National Emergency.

- An additional six months of forbearance for borrowers **who requested their initial COVID-19 Forbearance between July 1, 2021, and September 30, 2021.**

This ML also provides the opportunity for additional periods of COVID-19 HECM Extension for HECMs when the initial request is made on October 1, 2021, through the end of the COVID-19 National Emergency, and **when the initial COVID-19 HECM Extension request was made between July 1, 2021, and September 30, 2021.**

Due to the continuing impacts of the COVID-19 pandemic, particularly the Delta variant, FHA recognizes the need to provide these extension opportunities for the COVID-19 Forbearance and HECM Extension to help those still impacted by the pandemic and who only recently requested assistance or who may need assistance through the end of the COVID-19 National Emergency.

The policies regarding COVID-19 Forbearance and COVID-19 HECM Extensions announced today are effective immediately. Mortgagees and other interested stakeholders are encouraged to thoroughly review ML 2021-24.

More information can also be found in the [Single Family Housing Policy Handbook 4000.1](#), Section III.A.2.o.i — *Forbearance for Borrowers Affected by the COVID-19 National Emergency* — and in MLs [2020-06](#), [2020-34](#), [2020-44](#), [2021-04](#), [2021-05](#), and [2021-15](#).

Proposed 40-Year Loan Modification Policy for COVID-19 Recovery Options Posts on Single Family Housing Drafting Table for Feedback

Today, the Federal Housing Administration (FHA) posted a draft Mortgagee Letter (ML) proposing a future addition of a 40-year loan modification combined with a partial claim. The modification is being considered for inclusion in FHA's COVID-19 Recovery Loss Mitigation Options. The draft ML posted today on FHA's [Single Family Housing Drafting Table](#) (Drafting Table) for public feedback.

The proposed addition of this 40-year loan modification is intended to help certain borrowers reach the targeted reduction of 25 percent of the monthly principal and interest portion of their mortgage payments.

Interested stakeholders are encouraged to thoroughly review and provide feedback on the draft ML during a 30-calendar day period from September 27, 2021, through October 27, 2021. Instructions for viewing the ML and providing feedback are available on the [Drafting Table](#). FHA will carefully consider all feedback received.

As a reminder, this draft ML is not official departmental policy and may not be used in connection with any FHA-insured mortgages. FHA's existing policies remain in effect until amended.

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