



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 2021-05:
Extensions of Single Family Foreclosure and Eviction Moratorium
Start Date of COVID-19 Initial Forbearance and HECM Extension
Period; Expansion of COVID-19 Loss Mitigation Options**

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OFFICE OF SINGLE FAMILY HOUSING



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Summary of Changes

Updates to the FHA COVID-19 Loss Mitigation Policy announced in Mortgagee Letter (ML) 2021-05 are highlighted in red text throughout the presentation.



Summary of Changes

Key Changes to HUD's Loss Mitigation Policy for Borrowers Affected by the COVID-19 National Emergency include:

- Extending the foreclosure and eviction moratorium to June 30, 2021 and the deadline for the first legal action and the Reasonable Diligence Time Frame to 180 days;
- Extending the start dates for the COVID-19 Forbearance and HECM extension period to June 30, 2021;
- Providing up to two additional three-month COVID-19 Forbearance periods or HECM extension periods for certain Borrowers;
- Allowing additional Borrowers impacted by COVID-19, regardless of delinquency status or participation on a COVID-19 Forbearance, to utilize FHA's COVID-19 Loss Mitigation options; and
- Removing the restriction on Borrowers receiving more than one COVID-19 Home Retention option.

The policies announced in ML 2021-05 are effective immediately.



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 **June 30, 2021**.
 - The moratorium applies to the initiation of foreclosures and to foreclosures in process.
- Evictions of persons from properties securing FHA-insured Single Family Mortgages are also suspended through **June 30, 2021**.
 - Mortgagees may take actions to evict occupants of legally vacant or abandoned properties.

Extension of Deadlines

- Deadlines for the first legal action and Reasonable Diligence Time Frame are extended to **180** days from the **June 30, 2021** date of expiration of the moratorium for FHA-insured Single Family Mortgages, except for FHA-insured Mortgages secured by vacant or abandoned properties.



Update to the COVID-19 Forbearance Start Date and HECM Extension Period

Mortgagees must approve the initial COVID-19 Forbearance or the initial HECM Extension Period no later than **June 30, 2021**.



Loss Mitigation for Borrowers Affected by the COVID-19 National Emergency



Loss Mitigation for Borrowers Affected by the COVID-19 National Emergency — Overview

The COVID-19 Forbearance provides Borrowers who experience an adverse impact on their ability to make on-time Mortgage Payments due to the COVID-19 pandemic with a forbearance period, upon request, which allows for one or more periods of reduced or suspended payments without specific terms of repayment.



Loss Mitigation for Borrowers Affected by the COVID-19 National Emergency — Overview (cont'd)

The following COVID-19 Home Retention Options provide options to reinstate the Mortgage for Borrowers who are able to resume monthly or modified monthly Mortgage payments:

- Owner-Occupant Borrowers are eligible to be reviewed for the:
 - COVID-19 Standalone Partial Claim;
 - COVID-19 Owner-Occupant Loan Modification;
 - COVID-19 Combination Partial Claim and Loan Modification; and
 - COVID-19 FHA Home Affordable Modification Program (FHA-HAMP) Combination Loan Modification and Partial Claim with Reduced Documentation, which may include principal deferment and requires income documentation.
- Non-Occupant Borrowers are eligible to be reviewed for the COVID-19 Non-Occupant Loan Modification.

COVID-19 Home Disposition Options provide options for the disposition of a Property if the Borrower is unable to reinstate the Mortgage. The following COVID-19 Home Disposition Options are available to Owner-Occupant and Non-Occupant Borrowers:

- COVID-19 Pre-Foreclosure Sale (PFS); and
- COVID-19 Deed-in-Lieu (DIL) of Foreclosure.



Loss Mitigation for Borrowers Affected by the COVID-19 National Emergency — Standard Requirements

- Upon Borrower request, Mortgagees must offer an initial COVID-19 Forbearance to any Borrower that experiences an adverse impact on their ability to make on-time Mortgage Payments due to the COVID-19 pandemic, regardless of Default status.
- Owner-Occupant Borrowers must be reviewed for the COVID-19 Standalone Partial Claim, the COVID-19 Owner-Occupant Loan Modification, the COVID-19 Combination Partial Claim and Loan Modification, or the COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation.
- Non-Occupant Borrowers must be reviewed for the COVID-19 Non-Occupant Loan Modification.
- **Eligible Borrowers may receive more than one COVID-19 Home Retention Option.**
- Mortgagees must report the appropriate Loss Mitigation Option to HUD.
- COVID-19 Loss Mitigation Options are not incentivized for Mortgagees.



Loss Mitigation for Borrowers Affected by the COVID-19 National Emergency — Standard Requirements (cont'd)

For Borrowers who were on a COVID-19 Forbearance or other forbearance related to the COVID-19 Pandemic, the Mortgagee must:

- Review all Borrowers who were on a COVID-19 Forbearance or other forbearance related to the COVID-19 pandemic, for COVID-19 Loss Mitigation Home Retention and Home Disposition Options after the completion or expiration of the Borrower's forbearance period.
- Complete a Loss Mitigation Option for these Borrowers no later than 120 Days from the earlier of the date of completion or expiration of the forbearance.
 - If the Borrower's forbearance has completed or expired on or prior to February 16, 2021, the Mortgagee has 120 Days from February 16, 2021, to complete the Loss Mitigation Option.
 - For Home Disposition Options, a signed Approval to Participate (ATP) Agreement (form HUD-90045) or a signed DIL Agreement will meet this requirement.



Loss Mitigation for Borrowers Affected by the COVID-19 National Emergency — Standard Requirements (cont'd)

For Borrowers who were not on a COVID-19 Forbearance or other forbearance related to the COVID-19 Pandemic, the Mortgagee must:

- Review all Borrowers who did not participate on a COVID-19 Forbearance or other forbearance related to the COVID-19 pandemic for COVID-19 Loss Mitigation Home Retention and Home Disposition Options when the Borrower is 90 or more Days Delinquent and the Borrower affirms they have been negatively impacted by COVID-19.
 - This expansion of eligibility for the COVID-19 Loss Mitigation Options for these Borrowers is temporary and will continue until HUD issues a further notice.
- Complete a Loss Mitigation Option for these Borrowers no later than 120 Days from the date of the Borrower's request for loss mitigation assistance. The Mortgagee must document the date of the request for loss mitigation assistance in the Servicing File.

COVID-19 Forbearance



COVID-19 Forbearance — Overview

- 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.



COVID-19 Forbearance — Communication Methods

- The Mortgagee may utilize any available method for communicating with a Borrower regarding a COVID-19 Forbearance.
 - Acceptable methods of communication include, but are not limited to:
 - Emails
 - text messages
 - fax
 - teleconferencing
 - websites, web-portals, etc.
 - If a Mortgagee sends out a general communication advising that a COVID-19 Forbearance is available, the Borrower may reply to that communication requesting a COVID-19 Forbearance, via e-mail, phone call, or any other method of communication clearly made available to the Borrower by the Mortgagee.

COVID-19 Forbearance Period

- Mortgagees must approve the initial COVID-19 Forward Forbearance no later than **June 30, 2021**.
- The initial Forbearance period may be up to 6 months. If needed, an additional COVID-19 Forbearance period of up to 6 months may be requested by the Borrower and must be approved by the Mortgagee.
- **For Borrowers who requested their initial COVID-19 Forbearance on or before June 30, 2020, if needed, the Borrower may request, and the Mortgagee must approve, up to two additional three-month COVID-19 Forbearance periods, after 12 months of COVID-19 Forbearance.**
 - The Borrower must request each three-month extension individually.
 - Neither of the two additional three-month COVID-19 Forbearance periods may extend beyond December 31, 2021.
- **No COVID-19 Forbearance period may extend beyond June 30, 2022.**
- The term of either the initial **and any additional** Forbearance period may be shortened at the Borrower's request.
- The Mortgagee must waive all Late Charges, fees, and penalties, if any, as long as the Borrower is on a COVID-19 Forbearance Plan.



COVID-19 Standalone Partial Claim



COVID-19 Standalone Partial Claim — Eligibility

For any **Owner-Occupant Borrower** who **is eligible** for COVID-19 Loss Mitigation Options, the Mortgagee must evaluate the Borrower for the COVID-19 Standalone Partial Claim. ~~no later than the end of the COVID-19 Forbearance period(s)~~

The Mortgagee must ensure the following eligibility requirements are met for a COVID-19 Standalone Partial Claim:

- ~~• The Mortgage was current or less than 30 Days past due as of March 1, 2020.~~
- The Borrower indicates they have the ability to resume making on-time Mortgage Payments; and
- The Property is owner-occupied.

~~ML 2021-05 updates the Borrower eligibility requirements removing the requirement that the Mortgage was current or less than 30 Days past due as of March 1, 2020.~~



COVID-19 Standalone Partial Claim — Terms

The Mortgagee must ensure the following terms are met for a COVID-19 Standalone Partial Claim:

- The COVID-19 Standalone Partial Claim fully reinstates the Mortgage;
- 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;**
- The COVID-19 Standalone Partial Claim amount includes only arrearages, which consists of Principal, Interest, Taxes, and Insurance (PITI); and
- The COVID-19 Standalone Partial Claim does not exceed the 30 percent maximum statutory value of all Partial Claims for an FHA-insured Mortgage, as listed in Statutory Maximum for Partial Claims (III.A.2.k.v(D)(2)(a));
- ~~The Borrower receives only one permanent COVID-19 Home Retention Option.~~

ML 2021-05 updates the terms of the COVID-19 Standalone Partial Claim removing the restriction on Borrowers receiving more than one COVID-19 Home Retention Option.

COVID-19 Standalone Partial Claim — Document Delivery Requirements

- The Mortgagee must submit all required documentation for Partial Claims as listed under Delivery of Partial Claim Documents (Sec. III.A.2.k.v(J)(6)).
- The Mortgagee is automatically granted a 90-day extension to the 6-month deadline for the recorded Mortgage.
- If a Mortgagee experiences additional delays out of their control, including past the automatic 90-day extension for the recorded Mortgage, that impact delivery of the Partial Claim documents, Mortgagees may file requests for an additional extension in accordance with Requests for Extensions of Time for Delivery of Partial Claim Documents (III.A.2.k.v(J)(7)).



Case Study — Mr. Brooks

Borrower Information	
Borrower:	Mr. Brooks
Is the Borrower currently on a COVID-19 or other Forbearance Plan?	Yes
Total number of months Borrower enrolled on a COVID-19 or other Forbearance Plan:	6
Has the Borrower confirmed ability to resume making on-time Mortgage Payments?	Yes
Is the Property Owner-Occupied?	Yes
Has the Borrower previously executed an FHA-HAMP Partial Claim, PDMDA Partial Claim or COVID-19 Partial Claim?	No

Current Principal & Interest Payment:	\$950.00
Current Escrow Payment:	\$220.00
Current Total Mortgage Payment:	\$1,170.00
Current Unpaid Principal Balance (UPB):	\$250,000.00
Arrearage:	\$7,020.00
Number of Months in Arrears:	6
Previous Partial Claim Amount:	\$0.00
UPB at time of Original Default:	\$250,000.00
Current Interest Rate:	4.000%
Partial Claim - Available Maximum Statutory Limit:	\$75,000.00
Current Market Rate:	3.50%

COVID-19 Loss Mitigation Option: COVID-19 Standalone Partial Claim (Reporting Status Code: 10)

Mr. Brooks has confirmed his ability to resume making on-time mortgage payments and the total arrearage of \$7,020 is within the available maximum Partial Claim Statutory Limit of \$75,000. Execute a COVID-19 Standalone Partial Claim in the amount of \$7,020 to bring the Mortgage current.



COVID-19 Owner-Occupant Loan Modification



COVID-19 Owner-Occupant Loan Modification — Overview

For eligible **Owner-Occupant Borrowers** who do not qualify for the COVID-19 Standalone Partial Claim, the Mortgagee must review the Borrower for a COVID-19 Owner-Occupant Loan Modification, which modifies the rate and term of the Mortgage. ~~at the end of the COVID-19 Forbearance period.~~



COVID-19 Owner-Occupant Loan Modification

The Mortgagee must ensure the following eligibility requirements are met for a COVID-19 Owner-Occupant Loan Modification:

- ~~• The Mortgage was current or less than 30 Days past due as of March 1, 2020;~~
- The Borrower indicates they have the ability to make the modified Mortgage Payment, and
- The Property is owner-occupied.

ML 2021-05 updates the Borrower eligibility requirements removing the requirement that the Mortgage was current or less than 30 Days past due as of March 1, 2020.



COVID-19 Owner-Occupant Loan Modification — Terms

Mortgagee must ensure the following terms are met for a COVID-19 Owner-Occupant Loan Modification:

The Mortgagee must modify the Mortgage as follows:

- The Mortgagee **must ensure** that 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;**
- The Mortgagee must only capitalize into a COVID-19 Owner-Occupant Loan Modification:
 - Arrearages for unpaid accrued interest,
 - Mortgagee advances for escrowed items, **and**
 - **An escrow shortage that falls below the target balance, calculated during an escrow analysis, that exceeds the amount of the Mortgagee’s advances already capitalized in the modified Mortgage.**
- The COVID-19 Owner-Occupant Loan Modification must fully reinstate the Mortgage.
- The modified Mortgage must be a fixed rate Mortgage.



COVID-19 Owner-Occupant Loan Modification — Terms (cont'd)

Mortgagee must ensure the following terms are met for a COVID-19 Owner-Occupant Loan Modification:

- The interest rate must not be greater than the Market Rate as defined by HUD.
- The term for the modified Mortgage is 360 months.
 - The term may be less than 360 months if requested by the Borrower.
- The Borrower's Principal and Interest (P&I) may not increase under the COVID-19 Owner-Occupant Loan Modification unless:
 - The Borrower has exhausted the 30 percent maximum statutory value of all Partial Claims for an FHA-insured Mortgage.
- The FHA-insured modified Mortgage must remain in first lien position and is legally enforceable.
- ~~The Borrower(s) receives only one permanent COVID-19 Home Retention Option.~~

ML 2021-05 updates the terms of the COVID-19 Owner-Occupant Loan Modification removing the restriction on Borrowers receiving more than one COVID-19 Home Retention Option.



Case Study — Mr. Bono

Borrower Information	
Borrower:	Mr. Bono
Is the Borrower currently on a COVID-19 or other Forbearance Plan?	Yes
Total number of months Borrower enrolled on a COVID-19 or other Forbearance Plan:	7
Has the Borrower confirmed ability to resume making on-time Mortgage Payments?	No
Is the Property Owner-Occupied?	Yes
Has the Borrower previously executed an FHA-HAMP Partial Claim, PDMDA Partial Claim or COVID-19 Partial Claim?	No

Current Principal & Interest Payment:	\$1,377.00
Current Escrow Payment:	\$255.00
Current Total Mortgage Payment:	\$1,632.00
Current Unpaid Principal Balance (UPB):	\$271,605.00
Arrearage:	\$6,713.00
Number of Months in Arrears:	7
Previous Partial Claim Amount:	\$0.00
UPB at time of Original Default:	\$271,605.00
Current Interest Rate:	4.25%
Partial Claim - Available Maximum Statutory Limit:	\$81,481.50
Current Market Rate:	3.50%

Mr. Bono has sufficient available Partial Claim funds to bring the Mortgage current but has confirmed he does NOT have the ability to resume on-time Mortgage Payments. **The Borrower must be reviewed for the COVID-19 Owner-Occupant Loan Modification.**



Case Study — Mr. Bono (cont'd)

Existing Loan Summary	
Current Principal & Interest Payment:	\$1,377.00
Current Escrow Payment:	\$255.00
Current Total Mortgage Payment:	\$1,632.00
Current Unpaid Principal Balance (UPB):	\$271,605.00
Arrearage:	\$6,713.00

COVID-19 Loan Modification Results	
Total Amt. to be resolved (UPB+ Arrearage):	\$278,318.00
Proposed Market Rate:	3.50%
Amortization Term:	360
Modified Principal & Interest Payment:	\$1,249.77
Escrow Payment:	\$255.00
Modified Mortgage Payment:	\$1,504.77

COVID-19 Loss Mitigation Option: COVID-19 Owner-Occupant Loan Modification (Reporting Status Code: 28)

The modified mortgage Payment of \$1,504.77 is less than the current total Mortgage Payment of \$1,632.00. Mr. Bono has confirmed his ability to make the modified Mortgage Payment. Execute a COVID-19 Owner-Occupant Loan Modification in the amount of \$278,318 to bring the Mortgage current.



COVID-19 Combination Partial Claim and Loan Modification



COVID-19 Combination Partial Claim and Loan Modification — Overview

For Owner-Occupant Borrowers **who do not meet the eligibility and term requirements for a COVID-19 Standalone Partial Claim or a COVID-19 Owner-Occupant Loan Modification**, the Mortgagee must review the Borrower for a COVID-19 Combination Partial Claim and Loan Modification.



COVID-19 Combination Partial Claim and Loan Modification — Eligibility

The Mortgagee must ensure the following eligibility requirements are met for a COVID-19 Combination Partial Claim and Loan Modification:

- ~~• The Mortgage was current or less than 30 Days past due as of March 1, 2020;~~
- The Borrower has not exceeded the 30 percent statutory maximum value of all Partial Claims for an FHA-insured Mortgage, as listed in Statutory Maximum for Partial Claims (III.A.2.k.v(D)(2)(a));
- The Borrower indicates they have the ability to make the modified Mortgage Payments; and
- The Property is owner-occupied.

ML 2021-05 updates the Borrower eligibility requirements removing the requirement that the Mortgage was current or less than 30 Days past due as of March 1, 2020.

COVID-19 Combination Partial Claim and Loan Modification — Terms

The Mortgagee must ensure the following terms are met for a COVID-19 Combination Partial Claim and Loan Modification:

- 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.**
- The Mortgagee must only capitalize into the modified Mortgage of the COVID-19 Combination Partial Claim and Loan Modification:
 - Arrearages for unpaid accrued interest,
 - Mortgagee advances for escrowed items, **and**
 - **an escrow shortage that falls below the target balance, calculated during an escrow analysis, that exceeds the amount of the Mortgagee’s advances already capitalized in the modified mortgage.**
- The Mortgagee must determine the maximum Partial Claim amount available that does not exceed the 30 percent maximum statutory value of all Partial Claims for an FHA-insured Mortgage.
 - The Mortgagee must apply any remaining available Partial Claim amount toward the arrearage first, and then capitalize the remaining arrearage into the modified Mortgage.



COVID-19 Combination Partial Claim and Loan Modification — Terms (cont'd)

Mortgagee must ensure the following terms are met for a COVID-19 Combination Partial Claim and Loan Modification:

- The COVID-19 Combination Partial Claim and Loan Modification must fully reinstate the Mortgage.
- The modified Mortgage must be a fixed rate Mortgage.
- The interest rate is no greater than the Market Rate as defined by HUD.
- The term for the modified Mortgage is 360 months.
 - The term may be less than 360 months if requested by the Borrower.
- The Borrower's monthly Mortgage Payment may increase.
- The FHA-insured modified Mortgage must remain in first lien position and is legally enforceable.
- ~~The Borrower(s) receives only one permanent COVID-19 Home Retention Option.~~

ML 2021-05 updates the terms of the COVID-19 Combination Partial Claim and Loan Modification removing the restriction on Borrowers receiving more than one COVID-19 Home Retention Option.

COVID-19 Combination Partial Claim and Loan Modification — Document Delivery Requirements

- The Mortgagee must submit all required documentation for Partial Claims as listed under Delivery of Partial Claim Documents (Sec. III.A.2.k.v(J)(6)).
- The Mortgagee is automatically granted a 90-day extension to the 6-month deadline for the recorded Mortgage.
- If a Mortgagee experiences additional delays out of their control, including past the automatic 90-day extension for the recorded Mortgage, that impact delivery of the Partial Claim documents, Mortgagees may file requests for an additional extension in accordance with Requests for Extensions of Time for Delivery of Partial Claim Documents (III.A.2.k.v(J)(7)).



Case Study — Ms. Ross

Borrower Information	
Borrower:	Ms. Ross
Is the Borrower currently on a COVID-19 or other Forbearance Plan?	Yes
Total number of months Borrower enrolled on a COVID-19 or other Forbearance Plan:	11
Has the Borrower confirmed ability to resume making on-time Mortgage Payments?	Yes
Is the Property Owner-Occupied?	Yes
Has the Borrower previously executed an FHA-HAMP Partial Claim, PDMDA Partial Claim, or a COVID-19 Partial Claim?	Yes

Current Principal & Interest Payment:	\$822.13
Current Escrow Payment:	\$265.00
Current Total Mortgage Payment:	\$1,087.13
Current Unpaid Principal Balance (UPB):	\$192,299.00
Arrearage:	\$4,778.00
Number of Months in Arrearage:	11
Previous Partial Claim Amount:	\$43,400.00
UPB at time of Original Default:	\$160,000.00
Current Interest Rate:	3.00%
Partial Claim 30% Statutory Limit = \$48,000 Available Maximum Statutory Limit:	\$4,600.00
Current Market Rate:	3.50%

The arrearage of \$4,778 is greater than the available amount of PC funds of \$4,600 making Ms. Ross ineligible for a COVID-19 Standalone PC. **The Borrower must be reviewed for the COVID-19 Owner-Occupant Loan Modification.**



Case Study — Ms. Ross (cont'd)

Existing Loan Summary	
Current Principal & Interest Payment:	\$822.13
Current Escrow Payment:	\$265.00
Current Total Mortgage Payment:	\$1,087.13
Current Unpaid Principal Balance (UPB):	\$192,299.00
Arrearage:	\$4,778.00
Partial Claim 30% Statutory Limit = \$48,000	
Available Maximum Statutory Limit:	\$4,600.00

COVID-19 Loan Modification Results	
Total Amt. to be resolved (UPB+ Arrearage):	\$197,077.00
Proposed Market Rate:	3.50%
Amortization Term:	360
Modified Principal & Interest Payment:	\$885.00
Escrow Payment:	\$265.00
Modified Mortgage Payment:	\$1,150.00

The modified Mortgage Payment of \$1,150.00 is greater than the current total Mortgage Payment of \$1,087.13. The Borrower's P&I may not increase under the COVID-19 Owner-Occupant Loan Modification unless the Borrower has exhausted the 30 percent maximum statutory value of all Partial Claims for an FHA-insured Mortgage. **The Borrower must be reviewed for the COVID-19 Combination Partial Claim and Loan Modification.**



Case Study — Ms. Ross (cont'd)

Existing Loan Summary	
Current Principal & Interest Payment:	\$822.13
Current Escrow Payment:	\$265.00
Current Total Mortgage Payment:	\$1,087.13
Current Unpaid Principal Balance (UPB):	\$192,299.00
Arrearage:	\$4,778.00
Partial Claim 30% Statutory Limit = \$48,000	
Available Maximum Statutory Limit:	\$4,600.00

COVID-19 Combo Partial Claim and Loan Modification Results	
Total Amt. to be resolved (UPB+ Arrearage):	\$197,077.00
Partial Claim Amount:	\$4,600.00
Loan Modification Amount:	\$192,477.00
Proposed Market Rate:	3.50%
Amortization Term:	360
Modified Principal & Interest Payment:	\$864.00
Escrow Payment:	\$265.00
Modified Mortgage Payment:	\$1,129.00

COVID-19 Loss Mitigation Option: COVID-19 Combination Partial Claim and Loan Modification (Reporting Status Code: 53)

The Combo includes a Partial Claim for \$4,600.00 (Maximum available PC Funds); the outstanding arrearage of \$178.00 is capitalized in the Loan Modification for a total amount of \$192,477.00. The modified Mortgage Payment of \$1,129.00 is greater than the current total Mortgage Payment of \$1,087.13. Ms. Ross has confirmed she can make the modified Mortgage Payment.



COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim



COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation — Overview

Borrowers may provide income documentation to be reviewed for an affordable monthly payment under a COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation, which may include a Principal Deferment.



COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation — Eligibility

Mortgagee must ensure the following eligibility requirements are met for a COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation:

- ~~The Mortgage was current or less than 30 Days past due as of March 1, 2020;~~
- The Property is owner-occupied;
- The Borrower has not exhausted the 30 percent statutory maximum value of all Partial Claims for an FHA-insured Mortgage; and
- The Borrower is not eligible for the COVID-19 Home Retention Options due to the following:
 - The Borrower is not eligible for the COVID-19 Standalone Partial Claim because the Borrower indicates they are unable to resume the existing monthly Mortgage Payments after the COVID-19 Forbearance; or
 - The Borrower is not eligible for the COVID-19 Combination Partial Claim and Loan Modification because the Borrower indicates they are unable to make the modified monthly Mortgage Payment under the COVID-19 Combination Partial Claim and Loan Modification.

ML 2021-05 updates the Borrower eligibility requirements removing the requirement that the Mortgage was current or less than 30 Days past due as of March 1, 2020.



COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation — Terms

The Mortgagee must ensure the following terms are met for a COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation:

- The Mortgagee must review the Borrower for an affordable monthly Mortgage Payment using the FHA-HAMP calculations in Step 5 of the Loss Mitigation Home Retention Waterfall Options (III.A.2.j.iii).
- If required, a Principal Deferment may be utilized. No portion of the Partial Claim may be used to bring the modified PITI monthly payment below the targeted payment.

COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation — Terms (cont'd)

The Mortgagee must ensure the following terms are met for a COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation:

- The following reduced income documentation requirements are adequate to review the Borrower for a COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim:
 - The Borrower’s most recent pay stub for wage income reflecting year-to-date earnings; or
 - The Borrower’s most recent bank statement reflecting deposits of income amounts from applicable sources; or
 - Other documentation (e.g., monthly statement of Social Security benefits, monthly pension statement) reflecting the amount of income.

COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation — Terms (cont'd)

Mortgagee must ensure the following terms are met for a COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation:

- All Late Charges, fees, and penalties must be waived except that Mortgagees are not required to waive Late Charges, fees, and penalties, if any, accumulated prior to March 1, 2020.
- The Mortgagee must only capitalize into the modified Mortgage:
 - Arrearages for unpaid accrued interest,
 - Mortgagee advances for escrowed items, and
 - an escrow shortage that falls below the target balance, calculated during an escrow analysis, that exceeds the amount of the Mortgagee's advances already capitalized in the modified mortgage.
- The Mortgagee must determine the maximum Partial Claim amount available that does not exceed the 30 percent maximum statutory value of all Partial Claims for an FHA-insured Mortgage as listed in Statutory Maximum for Partial Claims (III.A.2.k.v(D)(2)(a).

COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation — Terms (cont'd)

Mortgagee must ensure the following terms are met for a COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation:

- The COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim must fully reinstate the Mortgage.
- The modified Mortgage must be a fixed rate Mortgage.
- The interest rate is no greater than the Market Rate as defined by HUD.
- The term for the modified Mortgage is 360 months.
- The Borrower's monthly Mortgage Payment may increase.
- The FHA-insured modified Mortgage must remain in first lien position and is legally enforceable.

COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation — Terms (cont'd)

Mortgagee must ensure the following terms are met for a COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation:

- To allow adequate time to complete the COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation, obtain all required signatures and provide adequate notice to the Borrower of the new payment, Mortgagees may include an additional month in the total outstanding debt to be resolved.
 - The Mortgagee must not provide the Borrower with any cash from the COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation.

COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation — Document Delivery Requirements

- The Mortgagee must submit all required documentation for Partial Claims as listed under Delivery of Partial Claim Documents (Sec. III.A.2.k.v(J)(6)).
- The Mortgagee is automatically granted a 90-day extension to the 6-month deadline for the recorded Mortgage.
- If a Mortgagee experiences additional delays out of their control, including past the automatic 90-day extension for the recorded Mortgage, that impact delivery of the Partial Claim documents, Mortgagees may file requests for an additional extension in accordance with Requests for Extensions of Time for Delivery of Partial Claim Documents (III.A.2.k.v(J)(7)).



Case Study — Ms. Gaga

Borrower Information	
Borrower:	Ms. Gaga
Is the Borrower currently on a COVID-19 or other Forbearance Plan?	Yes
Total number of months Borrower enrolled on a COVID-19 or other Forbearance Plan:	9
Has the Borrower confirmed ability to resume making on-time Mortgage Payments?	No
Is the Property Owner-Occupied?	Yes
Has the Borrower previously executed an FHA-HAMP Partial Claim, PDMDA Partial Claim, or a COVID-19 Partial Claim?	No

Current Principal & Interest Payment:	\$1,487.00
Current Escrow Payment:	\$310.00
Current Total Mortgage Payment:	\$1,797.00
Current Unpaid Principal Balance (UPB):	\$318,076.00
Arrearage:	\$8,904.00
Number of Months in Arrearage:	9
Previous Partial Claim Amount:	\$0.00
UPB at time of Original Default:	\$318,076.00
Current Interest Rate:	3.75%
Partial Claim - Available Maximum Statutory Limit:	\$95,422.80
Current Market Rate:	3.25%

Ms. Gaga has sufficient available Partial Claim funds to bring the Mortgage current but she has confirmed she does **NOT** have the ability to resume on-time Mortgage Payments. **The Borrower must be reviewed for the COVID-19 Owner-Occupant Loan Modification.**



Case Study — Ms. Gaga (cont'd)

Existing Loan Summary	
Current Principal & Interest Payment:	\$1,487.00
Current Escrow Payment:	\$310.00
Current Total Mortgage Payment:	\$1,797.00
Current Unpaid Principal Balance (UPB):	\$318,076.00
Arrearage:	\$8,904.00
Partial Claim - Available Maximum Statutory Limit:	\$95,422.80

COVID-19 Loan Modification Results	
Total Amt. to be resolved (UPB+ Arrearage):	\$326,980.00
Proposed Market Rate:	3.25%
Amortization Term:	360
Modified Principal & Interest Payment:	\$1,423.00
Escrow Payment:	\$310.00
Modified Mortgage Payment:	\$1,733.00

The modified Mortgage Payment of \$1,733.00 is less than the current total Mortgage Payment of \$1,797.00 but Ms. Gaga has confirmed she does **NOT** have the ability to make the modified Mortgage Payment. **The Borrower must be reviewed for the COVID-19 Combination Partial Claim and Loan Modification.**

Case Study — Ms. Gaga (cont'd)

Existing Loan Summary	
Current Principal & Interest Payment:	\$1,487.00
Current Escrow Payment:	\$310.00
Current Total Mortgage Payment:	\$1,797.00
Current Unpaid Principal Balance (UPB):	\$318,076.00
Arrearage:	\$8,904.00
Partial Claim - Available Maximum Statutory Limit:	\$95,422.80

COVID-19 Combo Partial Claim and Loan Modification Results	
Total Amt. to be resolved (UPB+ Arrearage):	\$326,980.00
Partial Claim Amount:	\$8,904.00
Loan Modification Amount:	318,076.00
Proposed Market Rate:	3.25%
Amortization Term:	360
Modified Principal & Interest Payment:	\$1,384.29
Escrow Payment:	\$310.00
Modified Mortgage Payment:	\$1,694.29

The COVID-19 Combination Partial Claim and Loan Modification includes a Partial Claim for the Arrearage amount of \$8,904.00, and a Loan Modification reamortizing the Unpaid Principal Balance of \$318,076.00 to a 30-year term at market rate. The modified Mortgage Payment of \$1,694.29 is less than the current total Mortgage Payment of \$1,797.00 but Ms. Gaga has confirmed she can not make the modified Mortgage Payment. Ms. Gaga will provide reduced income documentation to be reviewed for a possible Principal Deferment. **The Borrower must be reviewed for the COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation.**



Case Study — Ms. Gaga

COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim

COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation				
<i>Partial Claim Calculation - The amount of the Partial Claim will be the lesser of: Step 1: UPB as of the date of default associated with the initial PC. If none, the UPB as of the date of the current default. Step 2: Total amount required to meet the Target Payment</i>				
Partial Claim - Step 1:	30% of outstanding UPB (\$318,076), less any outstanding PC:		\$95,422.80	Partial Claim Results Maximum Allowable Partial Claim: (Includes Arrearage of \$8,904.00, and Principal Deferment of \$58,980.50) \$67,884.50
Partial Claim - Step 2:	Arrearage:		\$8,904.00	
	Amount required to meet Target Payment:		\$67,884.50	
Step 5.1:	Step 5.1.A	31% of Gross Monthly Income:	\$5,100.00	\$1,581.00
	Step 5.1.B	80% of Current Monthly Pymt:	\$1,797.00	\$1,437.60
	Step 5.1.C	25% of Gross Monthly Income:	\$5,100.00	\$1,275.00
	Step 5.1.D	Greater of 5.1.B or 5.1.C		\$1,437.60
	Step 5.1.E	Target Monthly Payment (Lesser of 5.1.A or 5.1.D):		\$1,437.60
Step 5.2:	Proposed Market Interest Rate:		3.25%	
	Total Amt. to be resolved (UPB + Arrearage):		\$326,980.00	
	Term:		360	
	Proposed Modified Monthly Payment (PITI):		\$1,733.04	
Step 5.3:	<i>Is result of Step 5.2 (Proposed Modified Monthly Payment), lower than result from Step 5.1.E (Target Monthly Payment)?</i>		<i>NO – Proposed Monthly Payment of \$1,733.04 is greater than the Target Monthly Payment of \$1,437.60. Proceed to Step 5.4.A</i>	
Step 5.4.A:	Target Loan Amount: (includes proposed market interest rate, estimated target payment - Step 5.1.E less Escrows, 360 mo. term):		\$259,095.50	Proceed – Target Loan Amount is within allowable maximum Partial Claim
Step 5.4.B:	Maximum Modified Loan Amount (Total Amt. to Resolve-Max Allowable PC):		N/A	Total Modified Mortgage Payment (PITI): \$1,437.60

COVID-19 Loss Mitigation Option: COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim (Reporting Status Code: 41)

The COVID-19 FHA-HAMP Combo includes a Partial Claim for \$67,884.50 (Amount Required to meet the Target Payment) and a Loan Modification for a total amount of \$259,095.50. Ms. Gaga has confirmed she can make the modified Mortgage Payment.

COVID-19 Non-Occupant Loan Modification



COVID-19 Non-Occupant Loan Modification — Overview

~~At the expiration of the COVID-19 Forbearance period,~~

The Mortgagee must review Non-Occupant Borrowers for a COVID-19 Non-Occupant Loan Modification, which modifies the rate and term of the Mortgage.



COVID-19 Non-Occupant Loan Modification — Eligibility

The Mortgagee must ensure the following eligibility requirements are met for a COVID-19 Non-Occupant Loan Modification:

- ~~• The Mortgage was current or less than 30 Days past due as of March 1, 2020.~~
- The Borrower indicates they have the ability to make the modified Mortgage Payments; and
- The Property is not owner-occupied.
 - The Property can be used as a Rental Property, Secondary Residence, or Vacation Home for the Borrower.

ML 2021-05 updates the Borrower eligibility requirements removing the requirement that the Mortgage was current or less than 30 Days past due as of March 1, 2020.

COVID-19 Non-Occupant Loan Modification — Terms

The Mortgagee must ensure the following terms are met for a COVID-19 Non-Occupant Loan Modification:

The Mortgagee must modify the Mortgage as follows:

- 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;**
- The Mortgagee must only capitalize into a COVID-19 Non-Occupant Loan Modification:
 - Arrearages for unpaid accrued interest;
 - Mortgagee advances for escrowed items; **and**
 - **an escrow shortage that falls below the target balance, calculated during an escrow analysis, that exceeds the amount of the Mortgagee’s advances already capitalized in the modified mortgage.**
- The COVID-19 Non-Occupant Loan Modification must fully reinstate the Mortgage.
- The modified Mortgage is modified to a fixed rate Mortgage.

COVID-19 Non-Occupant Loan Modification — Terms (cont'd)

The Mortgagee must ensure the following terms are met for a COVID-19 Non-Occupant Loan Modification:

- The interest rate is no greater than the Market Rate as defined by HUD.
- The term for the modified Mortgage is 360 months.
 - The term may be less than 360 months if requested by the Borrower.
- The Borrower's total monthly Mortgage Payment may increase.
- The Mortgagee must ensure the FHA-insured Mortgage remains in first lien position and is legally enforceable.
- ~~The Borrower(s) receives only one permanent COVID-19 Home Retention Option.~~

ML 2021-05 updates the terms of the COVID-19 Non-Occupant Loan Modification removing the requirement that the Borrower(s) receives only one COVID-19 Home Retention Option.

COVID-19 Non-Occupant Loan Modification — Required Documentation

The Mortgagee must document the following in the **Servicing File for the COVID-19 Non-Occupant Loan Modification:**

- A copy of the rental agreement for each rental unit, if applicable; and
- A written statement from the Borrower stating:
 - They are the landlord of the Property and their renter is impacted, directly or indirectly, by the COVID-19 pandemic and is either unable to make rent payments or has vacated the Property; or
 - The Property is used as a Secondary Residence or a Vacation Home for the Borrower.

COVID-19 Home Disposition Options



COVID-19 Home Disposition Options

- COVID-19 Home Disposition Options provide options for the disposition of a Property if the Borrower is unable to reinstate the Mortgage using the COVID-19 Home Retention Options. They are:
 - COVID-19 Pre-Foreclosure Sale, and
 - COVID-19 Deed-In-Lieu of Foreclosure
- Mortgagees must review Borrowers that are impacted, directly or indirectly, by COVID-19, that do not qualify for a COVID-19 Home Retention Option or indicate that they cannot resume making the monthly or modified monthly Mortgage Payment, for the COVID-19 Home Disposition Options.
- COVID-19 Home Disposition Options are available to Owner-Occupant and Non-Occupant Borrowers.

COVID-19 Pre-Foreclosure Sale (PFS)



COVID-19 Pre-Foreclosure Sale (PFS) — Overview

- A COVID-19 Pre-Foreclosure Sale (COVID-19 PFS) option is available for Borrowers who are experiencing a hardship affecting their ability to sustain the Mortgage due to COVID-19.
- To evaluate Borrowers for the COVID-19 PFS option, Mortgagees must follow the Streamlined PFS requirements (III.A.2.1.ii), except as noted in the eligibility requirements.

COVID-19 PFS — Eligibility

The Mortgagee must ensure that the Borrower and the FHA-insured Mortgage meet the following eligibility requirements for a COVID-19 PFS:

- ~~• The Mortgage was current or less than 30 Days past due as of March 1, 2020;~~
- The Borrower indicates a financial hardship affecting their ability to sustain the Mortgage;
- The Borrower does not qualify for any COVID-19 Home Retention Options; and
- The Borrower and Mortgage must meet all PFS eligibility requirements except the Mortgagee is not required to review the Borrower for Borrower Eligibility (III.A.2.l.ii(B)(3)).

ML 2021-05 updates the Borrower eligibility requirements removing the requirement that the Mortgage was current or less than 30 Days past due as of March 1, 2020.

COVID-19 PFS — Eligibility (cont'd)

- The Mortgagee must ensure the COVID-19 PFS meets all other Streamlined PFS program requirements outlined in Pre-Foreclosure Sales (III.A.2.I.ii), with the following exceptions:
 - Under PFS Outreach Requirements (III.A.2.I.ii(C)), Mortgagees may utilize any available means of communication to provide the Borrower with form HUD-90035.
 - Mortgagee PFS Incentive (III.A.2.I.ii(P)) does not apply to COVID-19 PFS.

COVID-19 Deed-in-Lieu of Foreclosure (DIL)



COVID-19 Deed-In-Lieu of Foreclosure (DIL) — Overview

- A COVID-19 Deed-in-Lieu (DIL) of Foreclosure (COVID-19 DIL) is a COVID-19 Home Disposition Option in which a Borrower voluntarily offers the deed as collateral Property to HUD in exchange for a release from all obligations under the Mortgage.
- A COVID-19 DIL option is available for Borrowers who are experiencing a hardship affecting their ability to sustain the Mortgage due to the COVID-19 pandemic, and who were unable to complete a COVID-19 PFS transaction at the expiration of the PFS marketing period.
- The Mortgagee must ensure that the Borrower and the FHA-insured Mortgage meet the eligibility and program requirements.
 - To evaluate Borrowers for the COVID-19 DIL, Mortgagees must follow the Streamlined DIL requirements outlined in Deed-in-Lieu of Foreclosure (III.A.2.I.iii), except as noted in the eligibility requirements.



COVID-19 Deed-In-Lieu of Foreclosure — Eligibility

The Mortgagee must ensure that the Borrower and the FHA-insured Mortgage meet the following eligibility requirements for a COVID-19 DIL:

- Meet the requirements for COVID-19 PFS transaction;
- Was unable to complete a COVID-19 PFS transaction by the expiration of the PFS marketing period; and
- Meet all Streamlined DIL eligibility requirements except:
 - the Borrower Eligibility Streamlined DIL Standards (III.A.2.I.iii(B)(2)(a)(ii)), which are not required for the COVID-19 DIL; and
 - Mortgagees are not required to submit a request for NSC approval via Extensions and Variances Automated Requests System (EVARS) for approval to offer a COVID-19 DIL Option to a Borrower who owns more than one FHA-insured Property as outlined in DIL Exceptions for Borrowers with More than One FHA-Insured Mortgage (III.A.2.I.iii.(B)(2)(d)).

COVID-19 Deed-In-Lieu of Foreclosure — Terms

- The Mortgagee must ensure the COVID-19 DIL meets all other Streamlined DIL program requirements outlined in Deed-in-Lieu of Foreclosure (III.A.2.I.iii), with the following exceptions:
 - Mortgagee DIL Compensation (III.A.2.I.iii(H)) does not apply to COVID-19 DIL.
 - Extensions for Foreclosure Time Frames (III.A.2.I.iii(I)):
 - If the DIL follows a failed COVID-19 PFS, it must be completed or foreclosure must be initiated within 90 Days of **the termination or expiration of the PFS ATP Agreement (form HUD-90045)**.

Single Family Default Reporting Requirements for Borrowers Affected by the COVID-19 National Emergency in Loss Mitigation



Default Reporting Requirements for Borrowers Affected by the COVID-19 National Emergency in Loss Mitigation

Mortgagees must report the Delinquency/Default Reason (DDR) codes that apply to the Borrower at the end of each reporting cycle and must update the code as the Borrower's circumstances change.

- **Default Reason Code Reporting**

- **Mortgagees must use** Default Reason Code 055 – Related to National Emergency Declaration to report that the delinquency is a result of impacts of the COVID-19 pandemic.
 - **Default Reason Code 055 must be reported for all Borrowers utilizing COVID-19 Loss Mitigation options, regardless of prior delinquency status and participation on a COVID-19 or other Forbearance related to the COVID-19 pandemic.**

COVID-19 Default Status Code Reporting

- Mortgagees must report the Default Status Codes detailed in ML 2021-05 for all FHA-insured Mortgages utilizing the COVID-19 Loss Mitigation Options.
- If the Mortgage is newly defaulted Mortgagees must report Status Code 42 – Delinquent prior to reporting any other Status Codes.

COVID-19 Default Status Codes

Mortgagees should report the correct Status Code as follows:

Status Code 06	Formal Forbearance Plan for the COVID-19 Forbearance
Status Code 10	Partial Claim Started for the COVID-19 Standalone Partial Claim
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
Status Code 15	Pre-foreclosure Acceptance Plan Available for the COVID-19 PFS
Status Code 44	Deed-in-Lieu Started for the COVID-19 DIL
Status Code AH	Streamlined Financials Received and In Review should be reported prior to Status Codes 41, 15, and 44 as appropriate.



COVID-19 Default Status Code Reporting (cont'd)

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



Extension of First Legal Deadline Date

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

Required Financial Evaluation for other Loss Mitigation Home Retention Options

- The Mortgagee must evaluate any Borrower who is not eligible for a COVID-19 Home Retention or Disposition Option, ~~because the Mortgage was not current or less than 30 Days past due as of March 1, 2020,~~ for HUD's standard Loss Mitigation Home Retention Options (III.A.2.k) and Home Disposition Options (III.A.2.l).

ML 2021-05 updates the Borrower eligibility requirements for the COVID-19 Loss Mitigation options to include all Borrowers impacted by COVID-19 regardless of prior delinquency status.



Terms of the Mortgage are Unaffected

- Nothing in Mortgage Letter 2021-05 or Section III.A.3.d of the 4000.1 SF Handbook confers any right to a Borrower to any loss mitigation or any other action by HUD or the Mortgagee. Further, nothing in this section interferes with any right of the Mortgagee to enforce its private contractual rights under the terms of the Mortgage. All private contractual rights and obligations remain unaffected by anything in this section. Where a Mortgagee chooses to enforce its contractual rights after expiration of the COVID-19 Forbearance, the standard time frames to initiate foreclosure and reasonable diligence in prosecuting foreclosure following expiration of a foreclosure moratorium will apply.

Reporting to Consumer Reporting Agencies of Borrowers Impacted by COVID-19 National Emergency

- Any Borrower who is granted a COVID-19 Forbearance and is otherwise performing as agreed is not considered to be delinquent for purposes of credit reporting.
- FHA requires Servicers to comply with the credit reporting requirements of the Fair Credit Reporting Act (FCRA); FHA encourages Servicers to consider the impacts of the COVID-19 National Emergency on Borrowers' financial situations and any flexibilities a Servicer may have under the FCRA when taking any negative credit reporting actions.

Exclusion of COVID-19 from FHA's Presidentially-Declared Major Disaster Areas (PDMDA)

- For Borrowers impacted by the COVID-19 National Emergency and whose Mortgaged Property is located in a COVID-19 PDMDA, the COVID-19 Loss Mitigation policy guidance applies in lieu of FHA's PDMDA guidance listed in *Presidentially-Declared Major Disaster Areas* (III.A.3.c), for the purposes of this National Emergency only.
- Mortgagees that have begun using FHA's PDMDA Loss Mitigation Options (III.A.3.c), must convert to the COVID-19 National Emergency Loss Mitigation Options.

Borrowers Impacted by COVID-19 and a PDMDA

- For Borrowers impacted by a PDMDA during the COVID-19 pandemic:
 - For Borrowers who are already on a COVID-19 Loss Mitigation Option, including a COVID-19 Forbearance, before the date of a new PDMDA disaster declaration, the Mortgagee must continue to follow the COVID-19 Loss Mitigation guidance.
 - For all other Borrowers, the Mortgagee must evaluate the Borrower for all Loss Mitigation Options available to them, including any PDMDA or COVID-19 Loss Mitigation Options, based on their reason for hardship.
- For any buildings in a PDMDA that are substantially Damaged, Mortgagees must follow the PDMDA guidance in Monitoring of Repairs to Substantially Damaged Homes (III.A.3.ciii). This requirement applies to all Properties covered by a non-COVID-19 PDMDA during the COVID-19 pandemic, including those already under a COVID-19 Loss Mitigation Option, such as COVID-19 Forbearance.

Resources



Online Loss Mitigation Resources

- [HUD COVID-19 Resources](#)
- [4000.1 Single Family Housing Handbook](#)
- [Single Family Handbook Supplemental Documents](#)
- [HUD Approved Counseling Agencies](#)
- [Extension and Variance Automated Requests System \(EVARS\)](#)
- [FHA Info Announcements Archives](#)
- [Single Family Default Reporting Codes](#)



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



NSC Contact Information

U.S. Department of HUD
FHA National Servicing Center
301 NW 6th 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
- EVARS (general questions only): extensionrequests@hud.gov
- Training issues: eclass@hud.gov
- TRS, Data, Default Reporting: sfdatarequests@hud.gov
- Single Family FHA - Claims Processing: FHA_SFClaims@hud.gov



Thank You!

For joining us today

