



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

September 28, 2015

MORTGAGEE LETTER 2015-21

To	All FHA-Approved Mortgagees
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Subject	Automatic Extensions to HUD's Initiation of Foreclosure Timeline
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Purpose	<p>This Mortgagee Letter provides guidance relating to HUD's regulatory requirement for mortgagees to utilize a Loss Mitigation Option or initiate foreclosure within six months of the date of default. Specifically, this Mortgagee Letter:</p> <ul style="list-style-type: none">• reiterates the existing eight automatic extensions available to mortgagees when they are unable to initiate foreclosure within the allotted timeframe; and• introduces two new automatic extensions to align with the Consumer Financial Protection Bureau's Regulation X.
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Affected Policy	The policies set forth in this Mortgagee Letter affect the extension request guidance in Mortgagee Letters 2013-38 and 2013-40.
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Effective Date	This Mortgagee Letter is effective for all FHA-insured mortgages in default on or after October 1, 2015.
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Automatic Extensions for Loss Mitigation Denials	<p>The Consumer Finance Protection Bureau (CFPB), under the Real Estate Settlement Procedures Act (Regulation X) at 12 CFR 1024.41, requires an appeal process for loan modification denials when a complete loss mitigation application has been received under the requirements of the regulation.</p> <p>Accordingly, HUD now provides an automatic 90-day extension to the initiation of foreclosure timeline for those cases in which the mortgagee needs additional time to comply with the appeals process required by the CFPB. The 90-day extension begins on the date the mortgagee denies loss mitigation and sends the borrower the notice required under CFPB regulations.</p>
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Automatic Extension for Federal Regulation

Where a federal regulation requires a delay in the initiation of foreclosure and such delays are not otherwise covered by any other available automatic extensions, the mortgagee must initiate foreclosure no later than 90 days after the expiration of the time during which foreclosure is prohibited.

Automatic Extension to Foreclosure-Related Deadlines

Mortgagees must utilize a Loss Mitigation Option or initiate foreclosure within six months of the date of default. HUD provides automatic 90-day extensions to these deadlines under certain circumstances. These extensions are available to mortgagees without the requirement for mortgagees to obtain HUD approval via the Extensions and Variances Automated Requests System (EVARS).

Mortgagees may use these extensions, as outlined in *Appendix A – Automatic Extensions to HUD’s Initiation of Foreclosure Timeline*, provided that they meet the criteria for such usage and follow the documentation requirements in the “Required Documentation for Automatic Extensions” section of this Mortgagee Letter.

Required Documentation for Automatic Extensions

The mortgagee must document the use of an automatic extension as follows:

- in the Claim Review File, note the reason for the automatic extension and relevant dates that necessitated the extension, and retain documentation supporting the reason and dates;
 - report the applicable status codes in the Single Family Default Monitoring System (SFDMS); and
 - report on form HUD-27011, Part A:
 - the dates relating to the automatic extension, and
 - in the Mortgagee’s Comment’s section, the reason for the extension and a certification that the mortgagee met all applicable deadlines within its control.
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Curtailement of Claims

The mortgagee must self-curtaile interest when it fails to meet HUD’s reasonable diligence or reporting requirements as of the date on which the required action should have been taken.

To avoid curtailement of claims, the mortgagee must:

- comply with all HUD documentation and reporting requirements; and
- provide adequate documentation evidencing that the reason for any delay was beyond the mortgagee’s control.

If a time requirement is missed and there are no applicable extensions or there is insufficient documentation supporting such extensions, the mortgagee must calculate interest for the claim payment to the earliest missed timeframe requirement.

**Information
Collection
Requirements**

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB Control Number 2502-0584. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB Control Number.

Questions

Any questions regarding this Mortgagee Letter may be directed to the HUD National Servicing Center at (877) 622-8525. Persons with hearing or speech impairments may reach this number by calling the Federal Information Relay Service at (800) 877-8339. For additional information on this Mortgagee Letter, please visit www.hud.gov/answers.

Signature

Edward L. Golding
Principal Deputy Assistant Secretary for Housing

Attachment

Appendix A – Automatic Extensions to HUD’s Initiation of Foreclosure Timeline

Extension	Description
Bankruptcy	Mortgagees are allowed an automatic 90-day extension from the date of the applicable release of stay or bankruptcy discharge date.
Presidentially-Declared Major Disaster Areas	Mortgagees are allowed an automatic 90-day extension from the date the foreclosure moratorium expires.
Loss Mitigation	Mortgagees are allowed an automatic 90-day extension from the first legal action initiating foreclosure if they have evaluated and approved a Borrower for loss mitigation before the expiration of that first legal timeframe and need additional time to send and receive back the executed documents or to initiate foreclosure.
Special Forbearance	Mortgagees are allowed an automatic 90-day extension from the failure of a Special Forbearance (SFB) – Unemployment or completion of a SFB to review for additional loss mitigation options or to initiate foreclosure.
Pre-Foreclosure Sale (PFS or short sale)	Mortgagees are allowed an automatic 90-day extension from the expiration of the PFS marketing period to pursue a deed-in-lieu (DIL) of foreclosure or to initiate foreclosure if a qualified offer is not obtained.
State Law Prohibition	Mortgagees are allowed an automatic 90-day extension from the expiration of the time during which the foreclosure is prohibited or delayed due to state law prohibitions.
Trial Payment Plans	Mortgagees are allowed an automatic 90-day extension from the date the trial payment plan fails.
Servicemembers Civil Relief Act (SCRA)	Mortgagees are allowed an automatic 90-day extension from the date the SCRA foreclosure moratorium expires.
Loss Mitigation Denial	Mortgagees are allowed an automatic 90-day extension, from the date the borrower has been denied loss mitigation, to comply with the appeals process required by federal regulation.
Federal Regulation	Mortgagees are allowed up to a 90-day extension after the expiration of the time during which foreclosure is prohibited by federal regulation.

