October 11, 2013

As most of you are aware, at midnight on September 30, 2013, funding for operations of numerous agencies and organizations within the Federal Government, including the Department of Housing and Urban Development, expired and these agencies were forced to partially shut down. The lack of funding also resulted in many government contractors receiving orders to stop work on Federal contracts. Impacted Federal agencies and their contractors have been forced to furlough many employees and remain unable to pay others. These dedicated public servants, through no fault of their own, are now forced to find a way to meet their ongoing financial obligations without their usual salaries. In many instances these are the same employees who have already lost pay during recent sequestration related furloughs.

FHA is therefore calling on all approved mortgagees and lenders to be sensitive to the financial hardships faced by borrowers as a result of the shutdown. This includes those borrowers subject to furlough, layoff, or a reduction in income related to the shutdown. FHA expects all approved mortgagees and lenders to make every effort to communicate with and assist affected borrowers to the greatest extent possible by:

- extending informal forbearance plans to borrowers facing financial hardship as a result of the shutdown, and
- fully evaluating borrowers for available loss mitigation options to avoid foreclosure whenever possible.

FHA also strongly encourages all approved mortgagees and lenders to waive late fees for affected borrowers and to suspend credit reporting on borrowers nationwide who have been affected by the shutdown.

Along with our partners at Fannie Mae, Freddie Mac and the Veterans’ Administration, FHA is working to ensure that the hard won improvements in the housing market are not substantially compromised by the government shutdown and, in particular, that responsible FHA borrowers impacted by the shutdown receive the support they need. Thank you for your continued support for the housing market during this pivotal time.

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