

Underwriting Bulletin: UNNAT-2021-004

Date: March 4, 2021
To: ALL Agents
From: SWTIC Underwriting Department
RE: **Extension of Foreclosure Moratoriums in Connection with the ongoing COVID-19 National Emergency**

Foreclosure moratoriums were put in place at the onset of the COVID-19 National Emergency. This Bulletin provides an overview of those moratoriums and the current expiration dates.

U.S. Department of Housing and Urban Development (HUD) – Federal Housing Administration (FHA)

On March 18, 2020, HUD published ML 2020-04, through which the Secretary of HUD authorized a 60-day moratorium on foreclosures of FHA insured mortgages and evictions of persons from properties securing FHA insured mortgages, to ensure that individuals and families were not displaced during this critical period. The moratorium was extended several more times throughout the pandemic (ML 2020-13, ML 2020-19, ML 2020-27). Due to the continued national emergency resulting from the COVID-19 pandemic, HUD announced extensions of the FHA moratorium (See attachment below for HUD No. 21-023).

The extension of the foreclosure and eviction moratoriums applies to all homeowners with an FHA-insured forward or Home Equity Conversion Mortgage (HECM) loan, and homeowners with a Section 184 or Section 184A mortgage loan, except for properties that are legally vacant or abandoned, through June 30, 2021. The moratorium applies to the initiation of foreclosures and to foreclosures in process.

U.S. Department of Veterans Affairs (VA)

In Circular 26-20-29 and Circular 26-20-30, each dated August 24, 2020, the U.S. Department of Veterans Affairs (VA) extended the eviction and foreclosure moratoriums, respectively, for properties secured by VA guaranteed loans from August 31, 2020, to December 31, 2020. On February 16, 2021, the VA extended foreclosure and eviction relief on properties secured by VA-guaranteed loans, including those previously secured by VA-guaranteed loans but currently in VA's Real Estate Owned (REO) portfolio, through June 30, 2021. (See attachment below for Circular 26-21-05).

Except with respect to a vacant or abandoned property, the moratorium applies to the initiation of foreclosures, the completion of foreclosures in process, and evictions.

U.S. Department of Agriculture (USDA)

The U.S. Department of Agriculture (USDA) announced an extension of eviction and foreclosure moratoriums on USDA Single Family Housing Direct and Guaranteed loans through June 30, 2021. The moratorium does not apply in cases where USDA or the servicing lender has documented the property is vacant or abandoned. (See attachment below for Press Release No. 0026.21).

Federal Housing Finance Agency (FHFA)

On February 9, 2021, the Federal Housing Finance Agency (FHFA) announced that Fannie Mae and Freddie Mac (the Enterprises) have extended the moratoriums on single-family foreclosures and real estate owned (REO) evictions until March 31, 2021. The foreclosure moratorium applies to Enterprise-backed, single-family mortgages only. The REO eviction moratorium applies to properties that have been acquired by an Enterprise through foreclosure or deed-in-lieu of foreclosure transactions. (See attachment below for Press Release).

When insuring a transaction involving or subsequent to the foreclosure of a mortgage that may be subject to the foreclosure moratorium (and initiated or completed on or after March 1, 2020), underwriting approval should be obtained prior to closing the transaction. If a request is made to rely on the exception for vacant or abandoned property, consult with underwriting counsel with regards to what constitutes sufficient proof of vacancy or abandonment.

As always, should you have further questions, please do not hesitate to contact an SWTIC team member.



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FOR RELEASE

Tuesday
February 16, 2021

HUD ANNOUNCES EXTENSIONS AND EXPANSIONS OF COVID-19 HOMEOWNER RELIEF AND HOME RETENTION MEASURES

Extensions and expansions support the immediate and ongoing needs of homeowners who are experiencing economic impacts related to the COVID-19 pandemic.

WASHINGTON - To provide urgent economic relief to homeowners impacted by COVID-19, today the U.S. Department of Housing and Urban Development (HUD) announced extensions of the Federal Housing Administration’s (FHA) foreclosure and eviction moratoriums, as well as an extension of the initial start date of a COVID-19 Forbearance. Forbearance is an option mortgage servicers use to provide homeowners with a pause to their monthly payments for a limited period of time during a COVID-19 induced hardship.

The FHA has extended the length of forbearance for some borrowers, and will allow more borrowers access to COVID-19 loss mitigation options. These measures will provide relief to the nation’s homeowners with FHA-insured single family mortgages who continue to suffer financially because of the COVID-19 pandemic.

Additionally, the Office of Public and Indian Housing is planning to announce similar relief for Native American and Native Hawaiian homeowners assisted under the Section 184 Indian Home Loan Guarantee Program and the Section 184A Native Hawaiian Housing Loan Guarantee Program.

HUD’s actions align with President Biden’s priority to provide economic relief and support to working families by providing urgently-needed housing relief for homeowners and renters.

“As President Biden has made clear, it is urgent that we help homeowners throughout the nation who are struggling financially from this unprecedented national emergency,” said Acting HUD Secretary Matthew Ammon. “The steps we are taking today will provide both immediate relief to those in desperate need of assistance and help more homeowners keep

their homes and resume their payments when the pandemic subsides.”

The extension of the foreclosure and eviction moratoriums applies to all homeowners with an FHA-insured forward or Home Equity Conversion Mortgage (HECM) loan, and homeowners with a Section 184 or Section 184A mortgage loan, except for properties that are legally vacant or abandoned, through June 30, 2021. HUD prohibits servicers from initiating or proceeding with foreclosure and foreclosure-related eviction actions during the moratoriums. HUD also extended the deadlines for the first legal action and reasonable diligence timeframes for servicers to 180 days from the date of expiration of the foreclosure and eviction moratorium.

To address the ongoing need to expand mortgage payment assistance solutions for homeowners, for all FHA-insured forward mortgages, today HUD:

- Extended the timeframe for homeowners to request the start of a COVID-19 Forbearance from their mortgage servicer through June 30, 2021. This extension provides homeowners with additional time to request a forbearance from their mortgage servicer.
- Expanded the COVID-19 Forbearance to allow up to two forbearance extensions of up to three months each for homeowners who requested a COVID-19 Forbearance on or before June 30, 2020. These additional forbearance extensions will provide relief to homeowners in this situation who will be nearing the end of their maximum 12-month forbearance period and have not yet stabilized their financial situation.
- Expanded the use of FHA’s streamlined COVID-19 loss mitigation home retention and home disposition options to all homeowners who are behind on their mortgage payments by at least 90 days. This expansion will require mortgage servicers to assess more homeowners for a streamlined waterfall of loss mitigation home retention options, starting with FHA’s COVID-19 Standalone Partial Claim.

To assist seniors with HECMs, FHA has extended the timeframe for the start of an initial COVID-19 HECM extension through June 30, 2021. For HECMs that entered an initial extension period on or before June 30, 2020, up to two additional three-month extension periods are available.

HUD urges all homeowners who are able to make their mortgage payments to continue to do so. However, homeowners who need COVID-19 mortgage payment assistance should contact their mortgage servicer immediately or consider contacting a HUD-approved housing counseling agency. Homeowners may also visit HUD’s Coronavirus Relief for Homeowners web page or HUD’s COVID-19 Resources for Native Americans webpage for additional information and resources.

Homeowners and renters can visit [consumerfinance.gov/housing](https://www.consumerfinance.gov/housing) for up-to-date information on their relief options, protections, and key deadlines.

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*HUD's mission is to create strong, sustainable, inclusive communities and quality affordable homes for all.
More information about HUD and its programs is available at www.hud.gov and <https://espanol.hud.gov>.*

You can also connect with HUD on social media or sign up for news alerts on HUD's Email List.

HUD COVID-19 Resources and Fact Sheets



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**Extended Foreclosure and Eviction Relief for Borrowers Affected by
COVID-19**

1. Background and Purpose. Under chapter 37 of title 38, United States Code, and Executive Orders related to the COVID-19 national emergency, VA has taken numerous steps to help Veterans who are experiencing financial hardships, directly or indirectly, as a result of the COVID-19 pandemic. The purpose of this Circular is to extend foreclosure and eviction relief on properties secured by VA-guaranteed loans, including those previously secured by VA-guaranteed loans but currently in VA's Real Estate Owned (REO) portfolio.

2. Moratorium on Foreclosure and Eviction. Due to the ongoing COVID-19 national emergency and its impact on Veteran borrowers, all properties secured by VA-guaranteed loans, including those previously secured by VA-guaranteed loans but currently in VA's REO portfolio, are subject to a moratorium on foreclosure and eviction through June 30, 2021. Except with respect to a vacant or abandoned property, the moratorium applies to the initiation of foreclosures, the completion of foreclosures in process, and evictions.

3. Questions. Any questions regarding this Circular should be submitted via email to valerihelpdesk.vbaco@va.gov.

4. Rescission: This Circular is rescinded July 1, 2021.

By Direction of the Under Secretary for Benefits

Jeffrey F. London
Executive Director, Loan Guaranty Service

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Biden Administration Announces Another Foreclosure Moratorium and Mortgage Forbearance Deadline Extension That Will Bring Relief to Rural Residents

USDA Extends Evictions and Foreclosure Moratorium to June 30, 2021 and Provides Additional Guidance for Servicing Loans Impacted by COVID-19

Press Release

Release No. 0026.21

Contact: USDA Press**Email:** press@usda.gov

WASHINGTON, Feb. 16, 2021 — The U.S. Department of Agriculture announced an extension of eviction and foreclosure moratoriums on USDA Single Family Housing Direct and Guaranteed loans through June 30, 2021. The actions announced today will bring relief to residents in rural America who have housing loans through USDA.

“USDA recognizes that the COVID-19 pandemic has triggered an almost unprecedented housing affordability crisis in the United States. That’s why USDA is taking this important action today to extend relief to the hundreds-of-thousands of individuals and families holding USDA Single Family Housing loans,” USDA Deputy Under Secretary for Rural Development Justin Maxson said. “While today’s actions are an important step for them, we need to do more. The Biden Administration is working closely with Congress to pass the American Rescue Plan to take more robust and aggressive actions to bring additional relief to American families and individuals impacted by the pandemic.”

A [recent Census Bureau survey](#) showed that 8.2 million homeowners are currently behind on mortgage payments, and of that 8.2 million, 3 million homeowners behind on payments were Black or Hispanic.

This effort underscores a commitment by USDA to bring relief and assistance to farmers, families and communities across the country who are in financial distress due to the coronavirus pandemic. In January, USDA took action to bring relief to more than 12,000 distressed borrowers of USDA farm loans by temporarily suspending past-due debt collections, foreclosures, non-judicial foreclosures, debt offsets or wage garnishments, and more. Learn more at the following link: [USDA Temporarily Suspends Debt Collections, Foreclosures and Other Activities on Farm Loans for Several Thousand Distressed Borrowers Due to Coronavirus](#).

Visit www.rd.usda.gov/coronavirus for additional information on USDA's Rural Development COVID-19 relief efforts, application deadline extensions and more. USDA Rural Development will keep our customers, partners and stakeholders continuously updated as additional actions are taken to bring relief and development to rural America.

Homeowners and renters can also visit www.consumerfinance.gov/housing for up-to-date information on their relief options, protections, and key deadlines from USDA, the Department of Housing and Urban Development, the Department of Veterans Affairs, the Federal Housing Finance Agency, and the Consumer Financial Protection Bureau.

BACKGROUND:

Foreclosure Moratorium Extension

The actions announced today make it possible for the foreclosure and eviction moratorium announced by USDA, Single Family Housing Direct Loan Program (SFHDLP) and the Single Family Housing Guaranteed Loan Program (SFHGLP) on Jan. 20, 2021, to be extended until June 30, 2021. The moratorium does not apply in cases where USDA or the servicing lender has documented the property is vacant or abandoned.

Forbearance Options

Lenders may continue to provide impacted borrowers relief by offering forbearance of the borrower guaranteed loan payment for up to 180 days. In addition, the initial forbearance period may be extended up to an additional 180 days at the borrower's request. Lenders may approve the initial 180-day COVID-19 forbearance no later than June 30, 2021. SFHGLP borrowers that received a COVID-19 forbearance prior to June 30, 2020, may be granted up to two additional three-month payment forbearances. Lenders should outline potential solutions that may be available at the end of the forbearance period and explain to borrowers that a lump sum payment of the arrearage will not be required.

During the forbearance options outlined above, no accrual of fees, penalties or interest should be charged to the borrower beyond the amounts calculated as if the borrower had made all contractual payments in a timely fashion.

Post Forbearance Options

Upon completion of the forbearance, the lender shall work with the borrower to determine if they can resume making regular payments and, if so, either offer an affordable repayment plan or term extension to defer any missed payments to the end of the loan. If the borrower is unable to resume making regular payments, the lender should evaluate the borrower for special relief measures, which include Term Extensions, Capitalization and Term Extensions, and a Mortgage Recovery Advance.

Questions regarding program policy and this announcement may be directed to the National Office Division at sfhglpServicing@usda.gov or (202) 720-1452.

USDA Rural Development provides loans and grants to help expand economic opportunities and create jobs in rural areas. This assistance supports infrastructure improvements; business development; housing; community facilities such as schools, public safety and health care; and high-speed internet access in rural areas. For more information, visit www.rd.usda.gov.

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