

FHA Letter To Mortgagees and Lenders Re: Shutdown

As most of you are aware, at midnight on December 21, 2018, 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.

FHA approved mortgagees and lenders are reminded of their ongoing obligation to offer special forbearance to borrowers experiencing loss of income (Handbook 4000.1 Section III.A.2.j). In accordance with its longstanding policy, FHA expects mortgagees to assist borrowers experiencing a loss of income to the greatest extent possible by:

- extending special forbearance plans to borrowers impacted by 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. Thank you for your assistance.