

July 1, 2021

Lopa P. Kolluri
Principal Deputy Assistant Secretary
Office of Housing – Federal Housing Administration
Department of Housing and Urban Development
451 7th St S.W.
Washington, D.C. 20410

RE: Comment to Mortgagee Letter 2021-15

Dear Deputy Assistant Secretary Kolluri:

On behalf of the clients and communities we represent, we urge HUD to give FHA-insured borrowers who start forbearance plans after July 1, 2021 access to a full twelve months of forbearance in line with policies from the Government Sponsored Enterprises (GSEs), the Department of Veterans Affairs (VA), and the Department of Agriculture (USDA).

In Mortgage Letter 2021-15, HUD extended the deadline for borrowers to access initial COVID-19 forbearance plans from June 30, 2021 to September 30, 2021. In doing so, HUD rightfully recognized the continued economic turmoil from the pandemic. HUD's decision, however, unnecessarily limited forbearance for borrowers accessing plans after June 30, 2021 by providing only six months of relief instead of the standard twelve months pursuant to the CARES Act. The VA and USDA did not include a similar six-month limitation in their announcements to extend the forbearance deadline. The GSEs also have no such limit.

HUD's limit on forbearance for reverse mortgage borrowers (through "HECM extension periods") is problematic for the additional reason that many reverse mortgage borrowers will have to rely on Homeowner Assistance Fund (HAF) programs that are not yet operational. Servicer concerns about how they may be financially penalized by HUD for delaying foreclosures may create a further incentive to foreclose.

HUD should not be alone in imposing an unnecessary time limit on forbearance especially given how hard FHA-insured borrowers have been hit by the COVID-19 pandemic. While it is true that COVID-19 cases have reduced, the ripple effects of the pandemic have continued, and we do not yet have a full recovery. Borrowers may still have COVID-19 hardships that require forbearance, and HUD should not limit their access.

We thank you for your continued work on behalf of borrowers facing COVID-19 hardships and for your continued dialogue with advocates.

Sincerely,

Advocates for Basic Legal Equality, Inc.
Americans for Financial Reform Education Fund
Atlanta Legal Aid Society, Inc.
California Reinvestment Coalition
Center for Civil Justice (MI)
Center for Community Progress
Center for Responsible Lending
Civil Justice, Inc. (MD)

Community Legal Services of Philadelphia
Connecticut Fair Housing Center
Consumer Action
Greater Boston Legal Services, on behalf of its low-income clients
Jacksonville Area Legal Aid, Inc.
Legal Aid Chicago
Legal Aid Society of Southwest Ohio, LLC
Legal Services of New Jersey
Legal Services Center of Harvard Law School
Michigan Poverty Law Program
Mountain State Justice (WV)
NHS Brooklyn, CDC, Inc.
National Association of Consumer Advocates
National Fair Housing Alliance
National Housing Law Project
National Consumer Law Center (on behalf of its low-income clients)
National Housing Resource Center
North Carolina Justice Center
Philadelphia Unemployment Project
Prosperity Now
Public Citizen
Vermont Legal Aid
Woodstock Institute