

June 21, 2021

The Honorable Marcia L. Fudge
Secretary
U.S. Department of Housing and Urban Development
451 7th Street N.W.
Washington, DC 20410

Dear Secretary Fudge:

On behalf of the clients and communities we represent, the **155** undersigned organizations are writing regarding the FHA foreclosure moratorium and the deadline for FHA borrowers to access COVID-19 forbearance plans, both of which expire on June 30, 2021, pursuant to Mortgagee Letter 2021-05. We urge HUD to extend the foreclosure moratorium and the deadline to access forbearance plans to August 31, 2021, for forward mortgages, and to extend this deadline to December 31, 2021, for Home Equity Conversion Mortgages (HECMs, or reverse mortgages).

Extending the foreclosure moratorium is necessary given the high numbers of seriously delinquent FHA-insured borrowers in the mortgage market. According to HUD's Neighborhood Watch data through May 2021, there are still over 840,000 seriously delinquent FHA-insured borrowers. By comparison in April of 2020, at the start of the pandemic, there were approximately 315,000 seriously delinquent FHA-insured borrowers. The current level of seriously delinquent borrowers indicates an overburdened servicing system that cannot easily process requests for relief. The significant burden on the servicing system is further illustrated by the fact that the monthly numbers of seriously delinquent borrowers are reducing at a much slower pace than the monthly reduction of borrowers in forbearance plans, per FHA's Neighborhood Watch early warning system. A significant number of borrowers are leaving plans without loss mitigation programs lined up. These borrowers should not face foreclosure.

Moreover, seriously delinquent FHA-insured borrowers should have access to the new COVID-19 loss mitigation options that HUD is currently developing. A further pause on foreclosures will provide opportunity to borrowers who are not served by the present system to obtain relief under revised rules.

An extension of the foreclosure moratorium for forward mortgages to August 31, 2021, also fits with the proposal from the CFPB, which indicated that its pre-foreclosure review period would likely become effective around September 1, 2021. By extending the moratorium to August 31, FHA will help prevent servicers from hastening foreclosure filings in advance of the CFPB's effective date.

With respect to forbearance, 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 allow them to access it. This is in line with Fannie Mae and Freddie Mac who have no deadline for requesting forbearance.

Reverse mortgage borrowers face a particularly pressing need for an extension of the foreclosure moratorium and the window to seek a forbearance (known here as a “HECM extension period”). Reverse mortgage borrowers have been severely impacted by the pandemic. As of February 2021, reverse mortgage servicers estimated that approximately 27,000 reverse mortgage borrowers were in default on property charges, and half of these defaults had occurred after March 1, 2020. The loss mitigation options that HUD allows servicers to offer for these borrowers are extremely limited. HECM borrowers need to be able to apply for Homeowner Assistance Fund programs; yet none of those programs are currently online, and most likely will not be fully operational until this fall.

Reverse mortgage borrowers also are not protected by the CFPB’s loss mitigation rule. If the moratorium ends on June 30, reverse mortgage servicers will immediately be referring these loans to attorneys to prepare to initiate (or continue) the foreclosure process. If the goal is to eventually get these borrowers brought current through state Homeowner Assistance Fund (HAF) programs, it makes no sense to run up legal and foreclosure fees before borrowers can even apply for such programs. The HAF programs may not pay the foreclosure fees as part of the cure of default, in which case those costs will be passed along to the MMI fund as part of an eventual insurance claim. Therefore, HUD should extend the foreclosure moratorium for HECMs through December 31, 2021.

We thank you for your continued work on behalf of borrowers facing COVID-19 hardships and for your continued dialogue with advocates. If you have any questions, please do not hesitate to contact Linda Jun, Senior Policy Counsel, Americans for Financial Reform Education Fund at linda@ourfinancialsecurity.org.

Sincerely,

Americans for Financial Reform Education Fund
Action Housing Inc.
Affordable Homeownership Foundation Inc.
Affordable Housing Alliance
Affordable Housing Centers of Pennsylvania
Austin Tenants Council
Brighton Park Neighborhood Council
CAF, Centro de Apoyo Familiar
California Reinvestment Coalition
CDCU
Center for Community Progress
Center for Fair Housing, Inc
Center for Responsible Lending
Central Florida Community Development Corp
CFORM | Covenant Community Development
CHES, Inc.
Chicago Lawyers' Committee for Civil Rights
CNY Fair Housing

Coalition on Human Needs
Coastal Enterprises, Inc.
Community Development Network of Maryland
Community Housing Council of Fresno
Community Housing Solutions
Community Legal Services of Philadelphia
Congregation of Our Lady of Charity of the Good Shepherd
Connecticut Fair Housing Center
Consumer Action
Consumer Credit and Budget Counseling, Inc d/b/a National Foundation for Debt Management
Consumer Credit Counseling Service of the Savannah Area, Inc.
Consumer Federation of America
Consumers for Auto Reliability and Safety
CRHDC
Denver Metro Fair Housing Center
Detroit Hispanic Development Corporation
DevNW
Eden Council for Hope and Opportunity
Empire Justice Center
Equal Rights Center
Fair Housing Advocates Association
Fair Housing Advocates of Northern California
Fair Housing Center of Central Indiana
Fair Housing Center of Northern Alabama
Fair Housing Center of the Greater Palm Beaches
Fair Housing Center of West Michigan
Fair Housing Contact Service
Fair Housing Council of Greater San Antonio
Fair Housing Council of Riverside County, Inc.
Fair Housing Partnership of Greater Pittsburgh
Fair Housing Resource Center, Inc.
Fair Housing Rights Center In Southeastern Pennsylvania
Faith in Action
Family Housing Resources
Greater Boston Legal Services on behalf of its low income clients
Greater Houston Fair Housing Center
Greater Napa Valley FHC
HARBEL Community Organization Inc. DBA HARBEL Housing Partnership
High Plains Fair Housing Center
Home Repair Resource Center-Cleveland Heights Ohio
Hope Through Divine Intervention
Housing & Community Development Network of NJ
Housing Action Illinois
Housing and Family Services of Greater New York, Inc.
Housing Opportunities Made Equal of Virginia
Housing Opportunities of Fort Worth, Inc.

Housing Opportunities Project for Excellence, Inc.
Housing Options & Planning Enterprises, Inc.
Housing Rights Center (California)
HPP CARES CDE
Integra Home Counseling, Inc.
Integrated Community Solutions, Inc
Intermountain Fair Housing Council
Jacksonville Area Legal Aid, Inc.
Jewish Family and Children's Service of Minneapolis
Keuka Housing Council, Inc.
La Casa de Don Pedro
Lamoille Housing Partnership
Latino Economic Development Center
Lawrence CommunityWorks
Lawyers' Committee for Better Housing
Legal Aid of North Carolina, Inc.
Legal Aid Society of Southwest Ohio, LLC
Liberty Resources Inc.
Lifelines Counseling Services
Longhorn Youth Program
Louisiana Fair Housing Action Center
Margert Community Corporation
Maryland Consumer Rights Coalition
Massachusetts Affordable Housing Alliance
Massachusetts Communities Action Network
Metro Fair Housing Services, Inc.
Miami Valley Fair Housing Center, Inc.
MICAH- Metropolitan Interfaith Council on Affordable Housing
Michigan Poverty Law Program
Mississippi Homebuyer Education Center/Mississippi Housing Initiative
Money Management International
Morningstar Urban Development Inc
Mt. Airy CDC
NAACP Legal Defense and Educational Fund, Inc. (LDF)
National Advocacy Center of the Sisters of the Good Shepherd
National Association for Latino Community Asset Builders
National CAPACD- National Coalition for Asian Pacific American Community Development
National Community Reinvestment Coalition (NCRC)
National Community Stabilization Trust
National Consumer Law Center (on behalf of its low-income clients)
National Fair Housing Alliance
National Housing Law Project
National Housing Resource Center
Neighborhood Housing Services of South Florida
New Jersey Citizen Action
NEWSED CDC Housing Counseling Non Profit Organization

Newtown Community Development Corporation
North Carolina Justice Center
North Texas Fair Housing Center
Nueva Esperanza, Inc
NWCS, Inc.
Olive Hill Community Economic Development Corporation, Inc
OnTrack WNC Financial Education & Counseling
Our Casas Resident Council Inc.
PA Save Our Home Coalition/ Unemployment Information Center.
Pennsylvania Council of Churches
Philadelphia Unemployment Project
Piedmont Housing Alliance
Project BRAVO Community Action Agency
Project Sentinel
Prosperity Now
Public Citizen
Public Counsel
Public Good
Putnam County Housing Corporation
Rensselaer County Housing Resources, Inc.
Rockaway Development & Revitalization Corporation
Sandhills Community Action Program
Savannah-Chatham County Fair Housing Council, Inc.
SC State Conference NAACP
South Carolina Appleseed Legal Justice Center
South Suburban Housing Center
SouthFair Community Development Corporation
Southwest CDC
Southwest Fair Housing Council
Sowing Empowerment & Economic Development, Inc.
St. Petersburg Neighborhood Housing Services, Inc. dba Neighborhood Home Solutions
Strycker's Bay Neighborhood Council
The Fair Housing Center of Southwest Michigan
The Fair Housing Council of Riverside County, Inc.
The Fair Housing Council of San Diego
The Housing Partnership, Inc.
Troy Rehabilitation and Improvement Program, Inc.
United South Broadway Corporation
Universal Housing Solutions CDC
Urban League of the Upstate
Ventura County Community Development Corporation
Westchester Residential Opportunities, Inc.
Western Arizona Council of Governments
Wisconsin Faith Voices for Justice
Woodstock Institute