

Temporary, Partial Waiver of 24 CFR §203.604 Servicing Responsibilities, Contact with the Mortgagor

Pursuant to § 7(q) of the Department of Housing and Urban Development Act (codified at 42 U.S.C. § 3535(q)), and the waiver authority contained in 24 CFR §5.110, I hereby partially waive the requirements of 24 CFR §203.604, as provided in more detail below. This partial waiver is limited to § 203.604 Contact with the Mortgagor, under Mortgagee Actions under Subpart C – Servicing Responsibilities of 24 CFR Part 203 Single Family Mortgage Insurance. This partial waiver of required face-to-face contact is being issued due to public health concerns around the spread of Coronavirus Disease 2019 (COVID-19).

1. The mortgagee must establish contact with the borrower, using alternative methods, e.g., phone interviews, e-mail, video calling services, for example, Skype, Zoom, Webex, Microsoft Teams, Facetime, GoToMeeting, and other video conferencing technology, etc., to meet the requirements of § 203.604 to determine the borrower's circumstances and to determine an appropriate repayment plan, as well as to:
 - (i) Inform the borrower that HUD will make information regarding the status and payment history of the borrower's loan available to local credit bureaus and prospective creditors;
 - (ii) Inform the borrower of other available assistance, if any; and
 - (iii) Inform the borrower of the names and addresses of HUD officials to whom further communications may be addressed.
2. The mortgagee must document their contact with the borrower, following the same protocol that is currently required, noting the alternative methods of contact used in lieu of face-to-face contact.
3. The partial waiver does not apply to 24 CFR §203.604(e)(1). Face-to-Face requirements are still in place for the Section 248 insurance program.
4. The partial waiver is limited to a 12-month period from the date of issuance.

In support of the partial waiver, I make the following Findings and Determinations.

FINDINGS

1. HUD's current servicing requirement for FHA-insured forward mortgages that a mortgagee must conduct a face-to-face interview with the borrower is not practical given the public health recommendations being disseminated by local, state, and federal government agencies to limit contact between individuals, in order to contain the spread of the COVID-19 virus.
2. HUD recognizes that, beyond government recommendations, there is public concern about possible transmission of COVID-19 from in-person contact, and that mortgagees and borrowers may be hesitant to meet in-person. This could hinder the servicing of FHA-insured loans.
3. A partial waiver is necessary to allow for mortgagees and borrowers to proceed with early default intervention as part of FHA's default servicing requirements.

4. HUD anticipates that mortgagees will be able to successfully establish contact with borrowers through alternate methods, to gather and convey the required information and make a determination of the mortgagee's circumstances and appropriate repayment plans, as required by §203.604, without a face-to-face interview. Mortgagees are reminded that they continue to be required to comply with FHA's robust requirements on contacting the borrower found in HUD's Single Family Housing Policy Handbook and the regulations, including but not limited to 24 CFR §203.604, *Contact with the mortgagor*.
5. Without the partial waiver, retention of the face-to-face interview requirement for servicing FHA-insured mortgages during the COVID-19 epidemic introduces risks of non-compliance by mortgagees as well as borrowers. Borrowers may delay contacting their mortgagee with changes to their financial situation and mortgagees may delay proceeding with FHA's servicing requirements. This could introduce increased risks of delinquency or default, as borrowers may not be provided with appropriate and timely loss mitigation options that would allow them to retain their home.
6. Without the partial waiver, retention of the face-to-face interview requirement during the COVID-19 epidemic could introduce increased risk to FHA's Mutual Mortgage Insurance Fund (MMIF).

DETERMINATIONS

1. To assist in ensuring the continued availability of FHA servicing and early default intervention options, a partial waiver of the current face-to-face interview requirement must be granted.
2. The granting of the partial waiver is consistent with the Department's objectives to assist borrowers with loss mitigation home retention options.
3. The granting of the partial waiver will reduce potential increased risk to the MMIF.
4. All other requirements and guidance concerning FHA-Servicing in 24 CFR 203 remain unchanged except for the temporary, partial waiver of § 203.604 to allow for mortgagees to use alternative methods for communicating with borrowers, to meet the goals of § 203.604.
5. Pursuant to the authority contained in 24 CFR §5.110, the above findings constitute good cause for the granting the partial waiver of 24 CFR §203.604.
6. The partial waiver does not violate any statutory requirements.

7. This partial waiver shall be in effect for one year from the date below.

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