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Fannie Mae, Freddie Mac, HUD suspending all foreclosures and evictions

Foreclosure Moratorium Will Last For 60 Days

Cities and states across the country are already suspending evictions and foreclosures in response to the spread of the coronavirus, but the federal government is taking the biggest step so far to keep people in their homes.

President Donald Trump announced Wednesday that the Department of Housing and Urban Development is suspending all foreclosures and evictions until the end of April.

HUD later announced its official policy, stating that the Federal Housing Administration is enacting an “immediate foreclosure and eviction moratorium for single family homeowners with FHA-insured mortgages” for the next 60 days.

That matches the policy announced Wednesday by the Federal Housing Finance Agency.

The FHFA announced Wednesday that it is directing Fannie Mae and Freddie Mac to suspend foreclosures and evictions for “at least 60 days.”

That would mean the moratorium lasts through mid-May, at least.

According to the FHFA, the foreclosure and eviction suspension applies to homeowners whose single-family mortgage is backed by either Fannie Mae or Freddie Mac.

“The foreclosure and eviction suspension allow homeowners with an Enterprise-backed mortgage to stay in their homes during this national emergency,” FHFA Director Mark Calabria said in a statement.

Given that Fannie and Freddie are the largest mortgage financiers in the country, the move is a sizable one.

“As a reminder, borrowers affected by the coronavirus who are having difficulty paying their mortgage should reach out to their mortgage servicers as soon as possible,” Calabria added. “The Enterprises are working with mortgage servicers to ensure that borrowers facing hardship because of the coronavirus can get assistance.”

The FHA foreclosure moratorium applies to homeowners that have an FHA-insured Title II Single Family forward and Home Equity Conversion mortgage.

“Today’s actions will allow households who have an FHA-insured mortgage to meet the challenges of COVID-19 without fear of losing their homes, and help steady market concerns,” HUD Secretary Ben Carson said. “The health and safety of the American people is of the utmost importance to the Department, and the halting of all foreclosure actions and evictions for the next 60 days will provide homeowners with some peace of mind during these trying times.”

The HUD announcement directs mortgage servicers to “halt all new foreclosure actions and suspend all foreclosure actions currently in process; and cease all evictions of persons from FHA-insured single-family properties.”

Earlier this month, the FHFA and HUD reminded mortgage servicers of their options for borrowers affected by the COVID-19 outbreak.

Included among those options is payment forbearance, which would allow affected borrowers to suspend their mortgage payment for up to 12 months due to hardship caused by the coronavirus.

The FHA also stated that it is encouraging servicers to “offer its suite of loss mitigation options to distressed borrowers – including those that could be impacted by the Coronavirus – to help prevent them from going into foreclosure.”

According to the FHA, those options include “short and long-term forbearance options, mortgage modifications, and other mortgage payment relief options available based on the borrower’s individual circumstances.”

Trump made the initial announcement on HUD’s policy during a Wednesday press conference discussing the growing impact of COVID-19.

“The Department of Housing and Urban Development is providing immediate relief to renters and homeowners by suspending all foreclosures and evictions until the end of April,” Trump said. “So, we’re working very closely with Dr. Ben Carson and everybody from HUD.”

The move comes at a time when civil courts and other housing authorities are shutting down in the wake of the virus, so it’s unlikely that many jurisdictions would even be able to process evictions and foreclosures at this point.

Foreclosure and eviction moratoriums are not a new step, but the government usually puts them in place in areas that suffered a natural disaster. But the spread of the virus has necessitated a nationwide moratorium.

“This is an uncertain time for many Americans, particularly those who could experience a loss of income. As such, we want to provide FHA borrower households with some immediate relief given the current circumstances,” Federal Housing Commissioner Brian Montgomery said. “Our actions today make it clear where the priority needs to be.”

In its announcement, the FHFA said that it will “continue monitor the coronavirus situation and update policies as needed.”

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