



August 27, 2020

To: Clients and Friends

From: David F. Dulock

Subject: FHA Mortgagee Letter 2020-27 Extends Foreclosure and Eviction Moratorium Extension in Mortgagee Letter 2020-19

8584 Katy Freeway, Suite 420

Houston, TX 77024

Phone: 713-871-0005

Fax: 713-871-1358

Partners

Thomas E. Black, Jr.¹

Gregory S. Graham²

Shawn P. Black³

Managing Attorney Houston

Ryan Black⁴

Senior Lawyers

David F. Dulock

Diane M. Gleason

Daniel S. Engle⁵

Margaret Noles

Associates

Nick Stevens

Sydney Davis

Brandon Pieratt

Of Counsel

David M. Tritter

Calvin C. Mann, Jr.

Retired Partner(s)

Calvin C. Mann, Jr.

¹ Also Licensed in Iowa, New York, and Washington

² Also Licensed in Georgia

³ Also Licensed in Kentucky and New York

⁴ Also Licensed in Washington D.C.

⁵ Also Licensed in New York

On August 27, 2020, the Federal Housing Administration (FHA) issued Mortgagee Letter 2020-27 (ML 2020-27, [click here](#)). ML 2020-27 extends the foreclosure and eviction moratorium originally issued in Mortgagee Letter 2020-04 and extended in Mortgagee Letter 2020-19 for borrowers with FHA-insured Single Family mortgages covered under the Coronavirus Aid, Relief, and Economic Security (CARES) Act for an additional period through December 31, 2020. ML 2020-27's Single Family foreclosure and eviction moratorium extension applies to all FHA Title II Single Family forward and Home Equity Conversion Mortgage (reverse) mortgage programs except for FHA-insured mortgages secured by vacant or abandoned properties. The moratorium continues to direct mortgage servicers to:

- Halt all new foreclosure actions and suspend all foreclosure actions currently in process for FHA-insured single family properties, excluding legally vacant or abandoned properties; and
- Cease all evictions of persons from FHA-insured single family properties, excluding actions to evict occupants of legally vacant or abandoned properties.

In addition, the FHA states in the August 27, 2020, press release ([click here](#)) announcing the above four-month moratorium extension that:

- Homeowners with FHA-insured mortgages should continue to make their mortgage payments during the foreclosure and eviction moratorium if they are able to do so or seek mortgage payment forbearance pursuant to the CARES Act from their mortgage servicer, if needed.
- Pursuant to the CARES Act, FHA requires mortgage servicers to:
 - Offer borrowers with FHA-insured mortgages delayed mortgage payment forbearance when the borrower requests it, with the option to extend the forbearance for up to a year. FHA does not require a lump sum payment at the end of the forbearance period
 - Assess borrowers who receive COVID-19 forbearance for its special COVID-19 National Emergency Standalone Partial Claim before the end of the forbearance period. The COVID-19 National Emergency Standalone Partial Claim puts all deferred mortgage payment amounts owed into a junior lien which is only repaid when the borrower sells the home, refinances the mortgage, or the mortgage is otherwise extinguished.
 - Assess borrowers who are not eligible for the COVID-19 National Emergency Standalone Partial Claim for one of FHA's COVID-19 expanded home retention solutions announced on July 8, 2020 in ML 2020-22 ([click here](#)).

This Memorandum is provided as general information in regard to the subject matter covered, but no representations or warranty of the accuracy or reliability of the content of this information are made or implied. Opinions expressed in this memorandum are those of the author alone. In publishing this information, neither the author nor the law firm of Black, Mann & Graham L.L.P. is engaged in rendering legal services. While this information concerns legal and regulatory matters, it is not legal advice and its use creates no attorney-client relationship or any other basis for reliance on the information. Readers should not place reliance on this information alone but should seek independent legal advice regarding the law applicable to matters of interest or concern to them. The law firm of Black, Mann & Graham L.L.P. expressly disclaims any obligation to keep the content of this information current or free of errors.