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FHA ANNOUNCES UPDATED POLICY TO ASSIST HOMEOWNERS AFFECTED BY 2017 NATURAL DISASTERS IN PUERTO RICO AND THE U.S. VIRGIN ISLANDS

FHA appeals to struggling borrowers to contact their mortgage servicers immediately

WASHINGTON - To help struggling borrowers in Puerto Rico and the U.S. Virgin Islands impacted by Hurricanes Irma and Maria, the Federal Housing Administration (FHA) today announced it is updating its menu of foreclosure prevention options to allow borrowers with delinquent FHA-insured mortgages easier access to bring their mortgages current without increasing their interest rates or monthly payments. FHA is also providing a final 30-day extension of its foreclosure moratorium to allow distressed FHA-insured homeowners in Puerto Rico and the U.S. Virgin Islands an opportunity to find a permanent mortgage resolution. Read FHA's letter to mortgage servicers.

In February, FHA introduced the Disaster Standalone Partial Claim option to help struggling borrowers impacted by 2017 natural disasters to resume their pre-disaster mortgage payments without payment shock. This option was intended to be used if all other home retention options were exhausted. Effectively immediately, FHA's "Disaster Standalone Partial Claim" will now be the first mortgage relief option available for hurricane victims with FHA-insured homes located in Puerto Rico and the U.S. Virgin Islands.

While some borrowers have already received payment relief in the form of a permanent loss mitigation, there are others in need of a permanent resolution who have not contacted their servicer for help or are on a temporary forbearance. The updated Disaster Standalone Partial Claim provides these borrowers with an opportunity to be immediately evaluated for a permanent loss mitigation solution that is affordable and sustainable. This option is the best solution for many borrowers seeking to cure arrearages and resume making payments without modifying their loan and re-amortizing the loan term.

The Disaster Standalone Partial Claim option covers missed mortgage payments up to 30 percent of Unpaid Principal Balance through an interest-free second loan on the mortgage, payable only when the borrower sells the home or refinances their mortgage. In addition, this option requires no trial period or balloon payment and allows borrowers to keep their existing interest rate and existing amortization schedule. FHA's Disaster Standalone Partial Claim also streamlines income documentation and other requirements to expedite relief to homeowners struggling to pay their mortgage while recovering from last year's disasters.

FHA borrowers may qualify for the updated Disaster Standalone Partial Claim if they meet the following conditions:

- They live within the geographic boundaries of the applicable Presidentially declared disaster area in Puerto Rico and the U.S. Virgin Islands;
- Their ability to make mortgage payments is directly or substantially affected by the disaster;
- Their mortgage was no more than 60-days past due prior to the date of the Presidentially declared major disaster; and

- They have not already been approved for a forbearance or other loss mitigation option(s).

To ensure that FHA-insured borrowers in Puerto Rico and the U.S. Virgin Islands are protected from foreclosure while applying for the updated assistance, FHA is providing a final 30-day extension of the foreclosure moratorium. HUD is instructing FHA-approved mortgage servicers to continue suspending all foreclosure actions against eligible FHA borrowers in the Presidentially Declared Major Disaster Areas until September 16, 2018. FHA does not intend to further extend the foreclosure moratoriums after this date, so FHA borrowers in the eligible areas needing assistance are strongly urged to contact their mortgage servicer immediately.

"We need borrowers to contact their servicers right away and begin the process of finding a permanent solution to their mortgage situation," said FHA Commissioner Brian Montgomery. "We have a lot of options available to help FHA-insured families keep their homes but every day we wait, those options become more limited. Meanwhile, we intend to monitor our servicers very closely to make sure eligible families get the mortgage relief they qualify for."

FHA also has several other options to help disaster victims recover, including:

- Forbearance and loan modification options - HUD offers different forbearance and loan modification options for FHA borrowers affected by disasters. Borrowers having trouble making regular payments should contact their loan servicer as soon as possible for more information;
- FHA-insured Mortgage for Disaster Victims - HUD's Section 203(h) program provides an FHA insured mortgage loan to disaster victims who have lost their homes and are facing the daunting task of rebuilding or buying another home. Borrowers must work with a participating FHA-approved lender in order to be considered for 100 percent financing, including closing costs; and
- FHA-insured Mortgage for home rehabilitation - HUD's Section 203(k) loan program enables those who have lost their homes to refinance a home or finance the purchase of a home along with its repair costs by using a single mortgage.

Lastly, FHA shares information with FEMA and affected states on housing providers that may have available units in disaster-impacted counties. Some available units may be provided by HUD funded or subsidized Public Housing Agencies or Multi-Family owners. The Department will also connect FEMA and affected states to subject matter experts to provide information on HUD programs.

Read about these and other HUD programs designed to assist disaster victims.

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HUD's mission is to create strong, sustainable, inclusive communities and quality affordable homes for all.

More information about HUD and its programs is available on the Internet

at www.hud.gov and <https://espanol.hud.gov>.

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