

To: All Customers **From:** Credit Risk
Date: 06/11/20 **Memo #:** 20068
Subject: **FHA- Endorsement of Mortgage for Borrowers Affected by COVID-19**

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FHA announced [Mortgagee Letter 2020-16](#) to provide temporary guidance of the endorsement process for mortgages where a borrower had been granted a forbearance related to the Presidentially-Declared COVID-19 National Emergency prior to the loan being endorsed for FHA insurance. Effective for endorsements submitted on or after Monday, June 15, 2020 through Monday, November 30, 2020.

FHA changes include:

- Eligibility for FHA insurance endorsement for a mortgage involving a borrower who has experienced a financial hardship as a result of COVID-19, subject to execution of a [two-year partial indemnification agreement](#).
- Modified Mortgagee's certification on form HUD 92900-A with respect to Mortgagee's knowledge of changes in a borrower's employment status and ability to make mortgage payments as a result of COVID-19.
- Servicing requirements for mortgages subject to forbearance at the time of endorsement.

The following highlights are listed below:

- Mortgages that have been placed in forbearance prior to endorsement are ineligible for endorsement unless the lender signs a [two-year partial indemnification agreement](#) for 20% of the original loan amount.
 - Applies to all FHA Title II single-family forward mortgages except cash-out refinances of non-FHA to FHA loans
 - Effective for endorsements submitted on or after June 15th through November 30, 2020
- Post-closing and Endorsement Requirements
 - Mortgage was current at time forbearance was initiated
 - Loan was closed in accordance with all HUD requirements
 - Lender must sign a two-year partial indemnification
- Temporary Certification Amendment to Form HUD92900-A
 - Lender may provide a separate addendum certification stating "the executed Mortgagee's Certification excludes certification of knowledge of the borrower's employment status as provided in the Form HUD 92900-A page 4, paragraph (a)"
- Endorsement Processing
 - Lender must execute a two-year partial indemnification agreement
 - FHA Connection is being modified to identify mortgages endorsed under the requirements in this ML. Where a Mortgagee seeks to obtain endorsement for a loan granted forbearance in accordance with the requirements, the Mortgagee must indicate that the mortgage is subject to forbearance in FHAC by selecting the "forbearance" tab under the drop down for the "Current Payments" field.
 - Application for insurance where the mortgage is subject to forbearance as indicated will be issued as a Severe Case warning.



- Lenders must submit the two-year partial indemnification agreement to the jurisdictional HOC in accordance with the Severe Case warning requirements (See Handbook 4000.1, page 367)
- Servicing Compliance
 - Forbearance must comply with HUD requirements once the loan is endorsed

Please read the [Mortgagee Letter 2020-16](#) in its entirety for complete details.

