



ASSISTANT SECRETARY FOR HOUSING  
FEDERAL HOUSING COMMISSIONER

**Date: December 17, 2020**

**Mortgagee Letter 2020-45**

**To:** All FHA-Approved Mortgagees  
All Direct Endorsement Underwriters  
All Eligible Submission Sources for Condominium Project Approvals  
All FHA Roster Appraisers  
All FHA-Approved 203(k) Consultants  
All HUD-Approved Housing Counselors  
All HUD-Approved Nonprofit Organizations  
All Governmental Entity Participants  
All Real Estate Brokers  
All Closing Agents

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**Subject** Extension of Temporary Guidance for Endorsement of Mortgages under Forbearance for Borrowers Affected by the Presidentially-Declared COVID-19 National Emergency consistent with the Coronavirus Aid, Relief, and Economic Security (CARES) Act

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**Purpose** The purpose of this Mortgagee Letter (ML) is to further extend the temporary guidance published in ML 2020-16, dated June 4, 2020, and extended in ML 2020-39, dated November 25, 2020, concerning endorsement processes for mortgages where a borrower has been granted a forbearance related to the Presidentially-Declared COVID-19 National Emergency prior to the loan being endorsed for FHA Insurance.

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**Effective Date** This ML is effective immediately. Mortgagees may utilize the guidance in ML 2020-16 for eligible pending endorsements through March 31, 2021.

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**Public Feedback** HUD welcomes feedback from interested parties for a period of 30 calendar days from the date of issuance. To provide feedback on this policy document, please send feedback to the FHA Resource Center at [answers@hud.gov](mailto:answers@hud.gov). HUD will consider the feedback in determining the need for future updates.

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**Affected Programs** This guidance applies to all FHA Title II Single Family forward mortgage programs, except for non FHA-to-FHA cash out refinances.

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## Mortgagee Letter 2020-45, Continued

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**Affected Programs, cont.**

For mortgages being submitted for insurance endorsement in accordance with ML 2020-16, as extended by this ML, the policy updates supersede the requirements in HUD Single Family Housing Policy Handbook 4000.1 where they conflict. These updates are temporary and will not be incorporated into Handbook 4000.1.

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**Background**

Prior to the publication of temporary guidance in ML 2020-16, mortgages placed into forbearance before endorsement were ineligible for endorsement by HUD. In order to provide ongoing liquidity to the mortgage industry, HUD is extending the time period set forth in ML 2020-16 during which Mortgagees may endorse mortgages that have closed in accordance with FHA requirements and where the borrower is subsequently affected by a financial hardship due, directly or indirectly, to COVID-19. COVID-19 continues to have wide ranging impacts on many borrowers, including a combination of wage reductions, job losses or interruptions, and the inability to work for a variety of reasons—such as a lack of telework options or lack of child care—on top of potential impacts of contracting COVID-19. Such hardships may result in forbearance of mortgage payments prior to insurance endorsement consistent with the CARES Act. The temporary guidance published in ML 2020-16 was intended to balance the need to provide assurances to Mortgagees of the ability to continue to offer FHA-insured financing while also managing credit risk. HUD is extending the period during which HUD will allow endorsement for such mortgages subject to acceptance of partial indemnification. HUD will continue to monitor the impacts to the market as well as the impacts to the Mutual Mortgage Insurance Fund and may adjust the level of partial indemnification for future indemnification contracts accordingly.

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**Paperwork Reduction Act**

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB Control Number 2502-0059. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB Control Number.

## Mortgagee Letter 2020-45, Continued

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### Questions

Any questions regarding this ML may be directed to the FHA Resource Center at 1-800-CALL-FHA. Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339. For additional information on this ML, please visit [www.hud.gov/answers](http://www.hud.gov/answers).

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### Signature

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Federal Housing Commissioner