



FHA INFO 2023-06

January 30, 2023

FHA Expands Its COVID-19 Recovery Loss Mitigation Options

Today, the Federal Housing Administration (FHA) published [Mortgagee Letter \(ML\) 2023-02, Expansion of the COVID-19 Recovery Loss Mitigation Options](#). This ML will extend the time period that the Single Family COVID-19 Recovery Options are available and expand the availability of these options to additional borrowers.

Specifically, the changes:

- Extend the COVID-19 Recovery Loss Mitigation Options to all borrowers in default or imminent default on their mortgage payments, regardless of the reason for their hardship, including non-occupant borrowers.
- Update the FHA COVID-19 Recovery Standalone Partial Claim and the COVID-19 Recovery Modification to raise the maximum partial claim amount permitted from 25 percent to the 30 percent allowed by statute.
- Provide incentive payments to servicers for the successful completion of COVID-19 Recovery Options.
- Add a new Default status code to the Single Family Default Monitoring System (SFDMS) Reporting Codes.

As a result of the expansion of the COVID-19 Recovery Options, FHA-Home Affordable Modification Program (HAMP) options, and HUD's non-COVID Pre-Foreclosure Sale and Deed-in-Lieu (DIL) of Foreclosure options are suspended concurrent with this ML.

The provisions of this ML may be implemented immediately, but must be implemented no later than April 30, 2023, in all cases where the mortgagee has not sent documents to the borrower to complete any Home Retention loss mitigation option.

Updates in the ML will be incorporated into a future version of the [Single Family Housing Policy Handbook 4000.1](#).

The SFDMS Reporting Codes and Reporting Data elements document and Claim Filing Technical Guide have been updated and are located on the [Single Family Housing Policy Handbook 4000.1 Supplemental Documents web page](#).

For more information, read today's [press release](#).

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- Visit our knowledge base to obtain answers to frequently asked questions 24/7 at www.hud.gov/answers.
- E-mail answers@hud.gov. Emails and phone messages will be responded to during normal hours of operation, 8:00 AM to 8:00 PM (Eastern), Monday through Friday on all non-Federal holidays.
- Call 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339.

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