

FHA Publishes Final Rule for Modernization of Engagement with Mortgagees in Default

Today, the Federal Housing Administration (FHA) published a final rule, *Modernization of Engagement with Mortgagees in Default* ([Docket No. FR-6353-F-02](#)) in the Federal Register (FR).

This final rule updates the Department of Housing and Urban Development's (HUD) current regulation ([24 CFR 203.604](#)) that requires mortgagees to meet in person with borrowers who are in default on their mortgage payments. The final rule allows for the use of electronic and other remote methods of communication to satisfy HUD's requirement to meet with a borrower who is in default. HUD's updated regulation will align with advances in electronic communication technology and borrower engagement preferences while preserving necessary consumer protections. The provisions in this final rule become effective on January 1, 2025.

This final rule takes into consideration public comments received in response to the proposed rule [[Docket No. FR-6353- P-01](#)], published on July 31, 2023, as announced in [FHA INFO 2023- 60](#).

FHA will soon post a draft of the Mortgagee Letter (ML) that will implement the provisions of the rule on the [Single Family Housing Drafting Table](#) for stakeholder feedback. Following the feedback period, FHA will carefully consider all feedback received before publishing a final ML.

FHA issued regulatory and Handbook [waivers](#) permitting mortgagees to use electronic and remote means of communication during the COVID-19 pandemic, which were extended on April 4, 2024. Those waivers remain in effect and were extended through January 1, 2025, unless the final rule amending 24 CFR § 203.604 and a ML or [Single Family Housing Policy Handbook 4000.1](#) (Handbook