

August 31, 2017

Servicing Relief to Borrowers Affected by Hurricane Harvey

This announcement outlines relief measures loan holders and loan servicers should implement to assist USDA Rural Development Section 502 Single Family Housing Guaranteed Loan Program (SFHGLP) borrowers affected by Hurricane Harvey. Homeowners impacted by the hurricane may be eligible for temporary relief and the determination of eligibility may require a property inspection. Due to the magnitude and aftermath of the hurricane, loan servicers must inspect properties that secure SFHGLP loans to ascertain the extent of damage and the occupancy status, particularly if contact has not yet been made with the borrower.

Loan servicers seeking to assist SFHGLP borrowers may pursue any of the relief options referenced in the following USDA guidance. Complete details outlining “Assistance in Natural Disasters” is located in Chapter 18, Section 4, 7 CFR 3555.307 of the SFHGLP Handbook. An electronic version of the Handbook can be found at: <https://www.rd.usda.gov/files/hb-1-3555.pdf>.

1. **FORBEARANCE:** USDA Rural Development encourages SFHGLP loan servicers to extend forbearance alternatives to borrowers in distress as a result of Hurricane Harvey. Careful and precise communication with borrowers should help determine whether their difficulties are directly or indirectly related to Hurricane Harvey, or whether they stem from other sources which must be addressed.
2. **FORECLOSURE SUSPENSION:** Although the loan servicer is ultimately responsible for determining when to initiate foreclosure, USDA Rural Development requires that holders establish a 90-day suspension from the date the President declared the disaster on foreclosure actions involving properties or the borrower’s place of employment affected by Hurricane Harvey. The properties should also be in Presidentially declared disaster areas designated through the Federal Emergency Management Agency (FEMA) as eligible for individual assistance. The foreclosure suspension applies to the initiation of new foreclosure actions and to foreclosure actions already in process.
3. **DOCUMENTATION:** Holders and loan servicers should fully document their decisions when loss mitigation servicing actions are provided.

For questions, please contact the USDA Rural Development Customer Service Center by calling (866) 550-5887 or the National Office at (202) 720-1452.
