

SFH Guaranteed Servicing

April 10, 2023

USDA Extends COVID-19 Forbearance Deadline to May 31, 2023

As the National Emergency may end earlier than originally expected, USDA has determined that a short period beyond the expiration of the COVID-19 National Emergency would be beneficial to both USDA borrowers and servicers. The USDA is extending the date by which a servicer may approve a borrower's request for an initial COVID-19 forbearance.

To provide relief to impacted borrowers, servicers are authorized to approve initial payment forbearances upon request for borrowers impacted by the COVID-19 National Emergency until May 31, 2023. Servicers are expected to grant payment forbearance based on a borrower's verbal or written attestation to this financial hardship. The initial forbearance period may be up to 180 days and the borrower may request an extension of up to an additional 180 days.

The term of the initial forbearance and any extension may be shortened at the borrower's request.

Fees, penalties, or interest (beyond the amounts calculated as if the borrower had made all contractual payments in a timely fashion) should not accrue during the forbearance.

Upon completion of the COVID-19 forbearance the servicer should work with the borrower to provide a solution to cure the arrearage and resume making monthly payments. The servicer must evaluate the borrower for USDA Special Relief Alternatives and/or COVID-19 Special Relief Alternatives that are outlined in [Chapter 18](#) of the Handbook-1-3555