Hurricane Harvey victims granted temporary relief from foreclosure

Hurricane Harvey has caused thousands in and around the Houston area to flee from the rising waters engulfing their homes and killed at least 14 people to date.

In this time of crisis, federal mortgage agencies Fannie Mae, Freddie Mac and the Federal Housing Administration (FHA) have announced that they are suspending evictions and foreclosures on homes in eligible disaster areas impacted by Hurricane Harvey and secured by mortgages owned or guaranteed by one of the three agencies.

Together the agencies back about 400,000 mortgage loans in the 18 counties Harvey has hit, though the scope of the property damage won't be known until the storm and its attendant flooding have subsided, Reuters reported. The counties are Aransas, Bee, Brazoria, Calhoun, Chambers, Fort Bend, Galveston, Goliad, Harris, Jackson, Kleberg, Liberty, Matagorda, Nueces, Refugio, San Patricio, Victoria and Wharton.

"We continue to monitor the situation in the affected areas. The storm, while weakened, continues in many areas, and it is simply too early to provide any data or assessment about the scale or scope of damage resulting from Hurricane Harvey," said Carlos Perez, Fannie Mae's senior vice president and chief credit officer, in a statement.

"Preliminary assessments of actual damage at this point may be inaccurate and potentially misleading. We will continue to work with our single-family servicers to communicate our policies and ensure borrowers have access to the information and resources they need to help manage their housing challenges.

"We also continue to work with our Multifamily DUS lenders and borrowers to determine appropriate actions to assist renters impacted by the storm."

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Fannie Mae and Freddie Mac

Starting today, Fannie Mae and Freddie Mac have put in place a 90-day foreclosure sale suspension and a 90-day eviction suspension for borrowers with properties located within a Federal Emergency Management Agency-declared disaster area that are eligible for FEMA Individual Assistance.

Homeowners with Fannie Mae loans impacted by Hurricane Harvey may also qualify for a forbearance, a temporary suspension or reduction of their mortgage payment for up to six months.

The agency encouraged homeowners with Fannie Mae loans to reach out for free information and assistance through the Fannie Mae Mortgage Help Network or by telephone at 1-800-232-6643.

Those with Fredde Mac loans may qualify for forbearance and repayment plans for up to 12 months if their homes or places of employment are located in eligible disaster areas.

Freddie Mac authorized its mortgage servicers to verbally grant 90-day forbearances to such borrowers, including borrowers with mortgages that have been previously modified or are in a modification trial period plan.

Freddie Mac will also be working with servicers to ensure that no property inspection costs resulting directly from Hurricane Harvey will be passed on to the affected borrowers, the agency said.

“We’re committed to ensuring that homeowners receive the mortgage assistance they need to overcome the devastating tragedy of Hurricane Harvey,” said Yvette Gilmore, Freddie Mac’s vice president of single-family servicer performance management, in a statement.

“Once they’re out of harm’s way, homeowners should contact their servicers — the company to which they send their monthly mortgage payments. They may be eligible for forbearance on mortgage payments for up to one year if their mortgage is owned or guaranteed by Freddie Mac.”

Freddie Mac’s disaster relief policies also authorized servicers to waive assessments of penalties or late fees against borrowers with disaster-damaged homes as well as not report forbearance or delinquencies caused by the disaster to the nation’s credit bureaus.

Don’t know if your or a client’s loan is owned by Fannie Mae? Visit www.knowyouroptions.com to find out. Think a loan might be owned by Freddie Mac? Check here.

FHA

The U.S. Department of Housing and Urban Development (HUD), which oversees FHA, granted a 90-day moratorium on foreclosures and forbearance on foreclosures of FHA-insured home mortgages starting Monday. About 200,000 FHA-insured homeowners live in the impacted counties, the agency said.

HUD detailed additional steps it is taking to help disaster victims, including:

- Assisting the state of Texas and local governments in re-allocating existing federal resources toward disaster relief through HUD’s Community Development Block Grant (CDBG) and HOME programs to allow the state and communities to redirect millions of dollars to housing and services for disaster victims and the repair and replacement of damaged housing.
- Making mortgage insurance available through HUD’s Section 203(h) program, which provides FHA insurance to disaster victims who have lost their homes and face the task of rebuilding or buying another home. Borrowers from participating FHA-approved lenders may be eligible for 100 percent financing.
- Making insurance available for both mortgages and home rehabilitation through HUD’s

Section 203(k) loan program, which enables those who have lost their homes to finance the purchase or refinance of a house along with its repair through a single mortgage. It also allows homeowners who have damaged houses to finance the rehabilitation of their existing single-family home.

- Offering Section 108 loan guarantee assistance to state and local governments for housing rehabilitation, economic development and repair of public infrastructure.
- Providing information on housing providers and HUD programs to FEMA and the state. This includes information on housing providers that may have available units in the impacted counties, such as public housing agencies and multifamily owners.

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