

## UPDATE: Current Suspensions on Foreclosures and Evictions

Due to the rapid spread of the coronavirus disease (COVID-19), many governmental and lending organizations have recently taken action that directly impacts those involved in the housing industry. All those engaged in any aspect of the foreclosure process should be cognizant of the current suspensions that apply from the initiation of a foreclosure to completion and the purchase of property out of a foreclosure. Specifically, the Department of Housing and Urban Development (HUD); Fannie Mae; Freddie Mac; and the U.S. Department of Agriculture (USDA) have issued respective moratoriums on foreclosures that began immediately upon issuance, with each moratorium continuing through at least April 30, 2020. HUD has taken the additional step of suspending evictions for a period of sixty days.

The recently-issued mandates and guidance are briefly summarized below.

- **HUD:** On March 18, 2020, HUD enacted a sixty-day moratorium on foreclosures for all properties secured by FHA-insured Title II Single Family forward and Home Equity Conversion Mortgage (reverse) mortgage programs. Moreover, deadlines of the first legal action and reasonable due diligence timelines are extended by sixty days. Lastly, HUD suspended the evictions of persons from properties secured by FHA-insured Single-Family mortgages for sixty days.
- **Freddie Mac and Fannie Mae:** Pursuant to Bulletin 2020-4 and Lender Letter 2020-02, respectively, issued by Freddie Mac and Fannie Mae on March 18, 2020, foreclosure sales are suspended for sixty days.<sup>1</sup> Further, these entities clarified that borrowers who have suffered a COVID-19 related hardship may be eligible for participation in a forbearance plan (in accordance with the appropriate guidelines). In such an instance, the forbearance plan could cover a borrower's second home or investment property in addition to primary residences.
- **U.S. Department of Veterans Affairs (VA):** The VA strongly encouraged loan holders to establish a similar sixty-day moratorium for foreclosures beginning on March 18, 2020. This would include both foreclosures that are currently pending as well as new foreclosure actions. Further, in light of the health benefits that come from staying in one's home as much as possible, the VA asks loan holders to—if at all feasible—avoid creating additional risks for veterans and their families through eviction actions. It also requests that loan holders consider the impact of an eviction action when they decide to retain a property instead of conveying it to the VA.
- **USDA:** On March 17, 2020, the USDA issued guidance and instruction to protect borrowers under the USDA Rural Development Section 502 Single Family Housing Guaranteed Loan Program (SFHGLP) who have been affected by COVID-19.

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<sup>1</sup> Properties that have been determined to be vacant or abandoned are exempted from this moratorium.

Holdings of these loans are required to suspend all foreclosure activity—which includes initiating new foreclosure actions—until April 30, 2020. Further, the USDA encouraged its SFHGLP loan servicers to extend forbearance alternatives to borrowers impacted by COVID-19.

We will continue to keep you informed about similar developments at the federal, state and local levels. If you have questions, please contact Emily Cowles or Victoria Boland Fuller.

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