

Disaster Legal Assistance – Foreclosure Moratorium

Q: Are there any protections against foreclosure due to the Maui wildfires?

If you can't pay your mortgage because of the disaster, your lender may be able to help you. If you are at risk of losing your home because of the disaster, your lender may stop or delay initiation of foreclosure for 90 days. Lenders may also waive late fees for borrowers who may become delinquent on their loans as a result of the disaster.

If you have a conventional mortgage, you are strongly encouraged to contact your lender for further information, and to see if you are eligible for relief.

If you have an FHA-insured mortgage, you may be entitled to additional protections, which are discussed further, below.

Q: What is an FHA-insured mortgage?

An FHA-insured mortgage is a government-backed mortgage insured by the Federal Housing Administration (FHA).

Q: How do I know if my mortgage is FHA-insured?

The quickest way to determine if your mortgage is FHA-insured is to contact your lender directly. You will need your account number and address in order for your lender to provide this information. If you still have your closing documents, you may also be able to determine whether your mortgage is FHA-insured by reviewing those documents.

Q: If my mortgage is FHA-insured, what actions may my lender take?

HUD has instructed FHA lenders to use reasonable judgment in determining who is an "affected borrower." Lenders are required to reevaluate each delinquent loan until reinstatement or foreclosure and to identify the cause of default. Contact your lender to let them know about your situation. Some of the actions that your lender may take are:

- During the term of a moratorium, your loan may not be referred to foreclosure if you were affected by a disaster.
- Your lender will evaluate you for any available loss mitigation assistance to help you retain your home.
- Your lender may enter into a forbearance plan, or execute a loan modification or a partial claim, if these actions will help retain and pay for your home.
- If saving your home is not feasible, lenders have some flexibility in using the pre-foreclosure sales program or may offer to accept a deed-in-lieu of foreclosure.

Q: Am I eligible for the foreclosure moratorium?

You may be eligible for FHA Disaster Relief if you are one of the affected borrowers as described below. You must be in one of three basic groups in order to qualify for a moratorium on foreclosure:

- You or your family live within the geographic boundaries of a Presidentially-declared disaster area, you are automatically covered by a 90-day foreclosure moratorium. The declared area is the Maui County.
- You are a household member of someone who is deceased, missing or injured directly due to the disaster, you qualify for a moratorium.
- Your financial ability to pay your mortgage debt was directly or substantially affected by a disaster, you qualify for a moratorium.

Q: What protections against foreclosure am I entitled to?

FHA lenders will automatically stop all foreclosure actions against families with delinquent loans on homes within the boundaries of a Presidentially-declared disaster area.

It is very important that you notify your lender to be sure that they realize you are an affected borrower. Your lender may request supporting documentation and use it to determine if you meet the relief criteria. Once identified as an affected borrower, foreclosure action may be stopped for the duration of the moratorium period.

If your home was damaged in the disaster or you will not be able to make your monthly loan payment(s) because your finances were adversely affected, contact your lender immediately to request assistance.

Borrowers who were injured or whose income relied on individuals who were injured or died in the disaster will be asked for documentation such as medical records or death certificates, if available. Your lender will ask you for financial information to help evaluate what assistance can be provided to you to reinstate your loan.

Q: What can I do if my lender is unable or unwilling to assist me?

No. If you are not satisfied after discussing possible relief actions with your lender, please call a HUD-approved counseling agency toll free at (800) 569-4287.