

Foreclosure Moratorium for Borrowers Affected by COVID19

1. Purpose. The Department of Veterans Affairs (VA) strongly encourages mortgage servicers to observe the following actions regarding home loan borrowers affected or potentially affected by Coronavirus Disease 2019 (COVID-19).

2. Moratorium on Foreclosure. Although the loan holder is ultimately responsible for determining when to initiate foreclosure, and for completing termination action, VA strongly encourages loan holders to establish a sixty-day moratorium beginning March 18, 2020, on completing pending foreclosures or initiating new foreclosures on loans. VA regulation 38 C.F.R. 36.4324(a)(3)(ii) allows additional interest on a guaranty claim when eventual termination has been delayed due to circumstances beyond the control of the holder, such as VA-requested forbearance. Due to the widespread impact of COVID-19, loan holders should consider the impact of completing an eviction action when choosing to retain a property instead of conveying to VA. VA requests holders not expose Veterans and their families to additional risk through an eviction action, if at all feasible. Any questions about impact of actions by the loan holder should be discussed with the VA Regional Loan Center (RLC) of jurisdiction.

3. Rescission: This Circular is rescinded April 1, 2021.

By Direction of the Under Secretary for Benefits

Jeffrey F. London
Director, Loan Guaranty Service