

The Virgin Islands Consortium

Federal Housing Administration Extends Foreclosure Moratorium For Hurricane Maria Victims In USVI, Puerto Rico

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For the third time since Hurricane Maria devastated the U.S. Virgin Islands and Puerto Rico, the Federal Housing Administration (F.H.A.) today announced that the agency is extending its foreclosure moratorium to borrowers with F.H.A.-insured mortgages. This extended foreclosure moratorium is being provided for an additional 90 days due to continuing needs in these hard-hit territories, according to F.H.A.

To ensure this moratorium is implemented, HUD is instructing FHA-approved mortgage servicers to suspend all foreclosure actions against eligible FHA borrowers in these

Presidentially Declared Major Disaster Areas until August 16, 2018. [Read FHA's letter to mortgage servicers.](#)

"It is apparent that the residential mortgage delinquency and foreclosure problems in the Virgin Islands, which resulted in large part from the widespread devastation caused by Hurricanes Irma and Maria in late 2017, are unlikely to change significantly during this time," said Delegate to Congress Stacey Plaskett in a statement. "Extending that moratorium until August 16th would allow a more realistic amount of time for property owners to achieve a measure of normalcy that could allow them to resume living in their homes and paying their mortgages."

F.H.A. borrowers may qualify for this relief if they meet the following conditions:

- They live within the geographic boundaries of a Presidentially declared disaster area impacted by Hurricane Maria;
- Their ability to make mortgage payments is directly or substantially affected by a disaster;
- Their mortgage was no more than 60-days past due prior to the date of the Presidentially declared major disaster; and
- They have not already been approved for a forbearance or other loss mitigation option(s).

Earlier this year, F.H.A. introduced a new option to help struggling borrowers impacted by Hurricane Maria and other 2017 disasters to resume their pre-disaster mortgage payments without payment shock. F.H.A.'s new ["Disaster Standalone Partial Claim"](#) covers up to 12-months of missed mortgage payments via an interest-free second loan on the mortgage, payable only when the borrower sells the home or refinances their mortgage. In addition, this new option requires no trial period or balloon payment and allows borrowers to keep their existing low-interest rate. FHA's expanded loss mitigation will also streamline income documentation and other requirements to expedite relief to homeowners struggling to pay their mortgage while recovering from last year's disasters.

F.H.A. also has several other options to help disaster victims recover, including:

- [Forbearance and loan modification options](#) - HUD offers different forbearance and loan modification options for FHA borrowers affected by disasters. Borrowers having trouble making regular payments should contact their loan servicer as soon as possible for more information;
- FHA-insured Mortgage for Disaster Victims - HUD's Section 203(h) program provides an FHA insured mortgage loan to disaster victims who have lost their homes and are facing the daunting task of rebuilding or buying another home. Borrowers must work with a participating FHA-approved lender in order to be considered for 100 percent financing, including closing costs; and
- FHA-insured Mortgage for home rehabilitation - HUD's Section 203(k) loan program enables those who have lost their homes to refinance a home or finance the purchase of a home along with its repair costs by using a single mortgage.

Lastly, F.H.A. shares information with FEMA and affected states on housing providers that may have available units in disaster-impacted counties. Some available units may be provided by HUD funded or subsidized Public Housing Agencies or Multi-Family owners. The Department will also connect FEMA and affected states to subject matter

experts to provide information on HUD programs.

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