

Extended Foreclosure Moratorium for Borrowers Affected by COVID-19

1. Background and Purpose. On March 27, 2020, the President signed into law the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), Public Law 116-136. The CARES Act protects borrowers with Federally backed mortgage loans who are experiencing financial hardship due to the COVID-19 national emergency. The purpose of this Circular is to extend the foreclosure moratorium.

2. Moratorium on Foreclosure. The CARES Act prohibited loan servicers from initiating any judicial or non-judicial foreclosure process for the 60-day period beginning March 18, 2020. Department of Veterans Affairs (VA) then extended the foreclosure moratorium through August 31, 2020. Per Executive Order 13945, Section 2, of August 8, 2020, it is the policy of the United States to minimize, to the greatest extent possible, residential evictions and foreclosures during the ongoing COVID-19 national emergency. In light of the ongoing COVID-19 national emergency and its impact on Veteran borrowers, properties secured by VA-guaranteed loans are subject to a moratorium on foreclosure through December 31, 2020. The moratorium applies to the initiation of foreclosures, and to the completion of foreclosures in process.

3. Executive Order 13891 Disclosure: The contents of this document are part of the guaranty contract and therefore are intended to have the force and effect of law and are meant to bind the public.

4. Rescission: This Circular is rescinded January 1, 2021.

By Direction of the Under Secretary for Benefits

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