



FHA INFO 2024-73

October 24, 2024

FHA Proposes Updated Policy for Foreclosure Sales Where Secretary-held Liens are Present

Today, the Federal Housing Administration (FHA) posted a draft Mortgagee Letter (ML), entitled *Nonjudicial Foreclosure Process for Mortgages with Secretary-held Liens*, on the [Office of Single Family Housing Drafting Table](#) (Drafting Table) for stakeholder review and feedback.

This draft ML proposes policies and procedures for mortgagees to request that HUD release its Secretary-held liens for all Title II Single Family forward mortgages following a nonjudicial foreclosure sale provided that the mortgagee complies with the requirements established in the ML, which includes them:

- notifying HUD of an intent to proceed, and
- collecting surplus funds on HUD's behalf where required.

The proposed policy in this draft ML would reduce costs to mortgagees and HUD by avoiding the judicial foreclosure in nonjudicial foreclosure states, where possible. Returning these properties to the housing market will help increase the available supply of single family homes.

If finalized and implemented, this new draft guidance would replace the interim guidance published in [ML 2024-17](#), *Interim Procedures for Nonjudicial Foreclosures with Secretary-held Liens*, and announced via [FHA INFO 2024-60](#) on August 29, 2024.

Interested stakeholders are encouraged to thoroughly review this draft ML and provide feedback through November 25, 2024. Instructions for viewing and providing feedback on the draft ML are available on the [Drafting Table](#). FHA will carefully consider all feedback received before publishing a final ML.

As a reminder — except for the policy updates published in [ML 2024-17](#) — this draft ML is not official departmental policy and cannot be used in connection with any FHA-insured mortgage until finalized. FHA's existing policies remain in effect until amended.

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