

June 30, 2023

Julia R. Gordon  
Assistant Secretary for Housing - FHA Commissioner  
Department of Housing and Urban Development  
Office of Housing  
451 Seventh Street SW,  
Washington, DC 20410

RE: Comments on Draft Mortgage Letter: Payment Supplement Partial Claim

Dear Commissioner Gordon:

On behalf of the clients, communities, and neighborhoods we represent, we write in strong support of the Payment Supplement Partial Claim (PSPC) proposal that HUD has posted on its Single Family Drafting Table. We applaud HUD for innovating during this challenging interest rate environment and for developing a plan to use its Partial Claim system to reduce monthly mortgage payments for borrowers who would not be able to achieve relief under the current loss mitigation program. We urge HUD to promptly finalize this program because it will help borrowers avoid unnecessary foreclosures.

Because HUD's approach is new and innovative, it will be critical for servicers to clearly and consistently communicate with borrowers. We urge HUD to develop phone scripts and template letters for servicers to use to explain the PSPC to borrowers and to inform borrowers of their eligibility. HUD should share drafts of the new forms with stakeholders and test the forms in focus groups. Given that the program does not provide relief over the entire life of the loan and will involve a lump sum payment due at the end of the loan, the success of the program will depend on borrowers understanding those aspects of the PSPC and planning accordingly.

In addition, there are critical changes that HUD should make to its proposed PSPC policy to avoid unnecessary exclusions from its program. HUD should eliminate proposed amendments to the Partial Claim eligibility rules for borrowers with a history of bankruptcy. The proposed language is unnecessary, does not comport with standard bankruptcy practice, and will exclude a significant number of borrowers who are not excluded under current HUD policy. Moreover, HUD should revise its proposed policies that prevent heirs of the borrower from having access to payment relief after the borrower's death. Automatically canceling the PSPC upon death of the borrower will immediately increase the mortgage payment and, as a result, will put unnecessary burdens on heirs who are already dealing with loss.

We appreciate the opportunity to comment and again applaud HUD for developing a program to provide payment relief in this current interest rate environment. If you have any questions about this letter or would like to discuss it in more detail, please contact Steve Sharpe, Senior Attorney at National Consumer Law Center, at [ssharpe@nclc.org](mailto:ssharpe@nclc.org) or Kanav Bhagat, consultant to the Center for Responsible Lending, at [kanavbhagat@gmail.com](mailto:kanavbhagat@gmail.com).

Sincerely,

National Organizations

National Consumer Law Center (on behalf of its low-income clients)  
Center for Responsible Lending  
Americans for Financial Reform Education Fund  
Center for Community Progress  
Consumer Action  
Consumer Credit and Budget Counseling, Inc d/b/a National Foundation for Debt Management  
National Association for Latino Community Asset Builders  
National Council of State Housing Agencies  
National Fair Housing Alliance  
National Housing Law Project  
National Housing Resource Center

State and Local Organizations

Administration of Resources and Choices (AZ)  
Atlanta Legal Aid Society, Inc. (GA)  
CEDA (IL)  
Centre for Homeownership & Economic Development (NC)  
Chhaya Community Development Corporation (NY)  
Community Home Solutions (NH)  
Community Housing Council of Fresno (CA)  
Community Legal Services of Philadelphia (PA)  
Community Outreach Training Center (GA)  
Consumer Credit Counseling Service of the Mid-Ohio Valley, Inc. (WV)  
Consumer Credit Counseling Service of the Savannah Area, Inc. (GA)  
Cornerstones Inc. (VA)  
Debthelper.com (FL)  
Fair Housing Center of Northern Alabama  
Fair Housing Resource Center, Inc. (OH)  
Family Foundations of Northeast Florida, Inc.  
Family Services Center (AL)  
The First Community Christian Pentecostal Church of God, Inc. (FL)  
Good Neighbor Foundation (TN)  
Housing Action Illinois  
Housing and Community Development Network of New Jersey  
Housing and Family Services of Greater New York, Inc.  
Housing Options & Planning Enterprises, Inc. (MD)  
HPP CARES CDE (CA)  
Hudson County Housing Resource Center (NY)

Jacksonville Area Legal Aid (FL)  
Kennebec Valley Community Action Program (ME)  
Lake County Housing Authority (IL)  
Lawrence CommunityWorks (MA)  
Legal Aid Society of Southwest Ohio, LLC  
Massachusetts Action for Justice  
Massachusetts Affordable Housing Alliance  
Merrimack Valley Housing Partnership (MA)  
Mobilization for Justice, Inc. (NY)  
Mountain State Justice (WV)  
Multi-County Community Service Agency (MS)  
Neighborhood Housing Services of Kansas City, Inc. (MO)  
NeighborWorks Blackstone River Valley (RI)  
New Kensington CDC (PA)  
New York City Bar Justice Center  
North Carolina Justice Center  
Olive Hill Community Economic Development Corporation, Inc. (NC)  
Parachute Credit Counseling, Inc. (NY)  
Putnam County Housing Corporation (NY)  
Real Estate Education And Community Housing, Inc. (FL)  
River City CDC (NC)  
Southside Community Development & Housing Corporation (VA)  
Southwest Community Development Corporation (PA)  
St. Mary Development Corporation (OH)  
Trinity Empowerment Consortium, Inc. (FL)  
Ventura County Community Development Corporation (CA)  
Western Arizona Council of Governments