September 18, 2026

The Honorable Matthew Jones
Deputy Assistant Secretary for Single Family Housing
Department of Housing and Urban Development
451 7th St S.W.
Washington, D.C. 20410

RE: Draft Mortgagee Letter (Draft ML), Reinstatement Advance Payment (RAP)

Dear Mr. Jones:

On behalf of the clients and communities we represent, we are writing to comment on the Draft Mortgagee Letter (Draft ML), Reinstatement Advance Payment (RAP) posted on July 20, 2026.

We applaud FHA for developing the Partial Claim RAP demonstration program because RAP plans will reduce problems with the current Partial Claim collection system. RAP plans will improve borrower understanding of their outstanding balances because borrowers will have access to their balance information through their mortgage servicer. RAP plans will also avoid missed Partial Claims in the loan payoff process because servicers and closing agents will have access to the outstanding loan balance. We appreciate FHA's hard work that resulted in such a well-constructed draft mortgagee letter.

We have detailed feedback on the proposed guidance, and we have attached it to this letter along with a supporting memo. There are a few items to highlight:

- **Apply the RAP Terms of Repayment (RAPTOR) to all HUD-held Partial Claims**.

We have previously urged FHA to develop a fair system for collecting on Partial Claims that become due and payable, and we applaud FHA for creating RAPTOR plans that will do just that for collection of Partial Claims RAP demonstration loans that reach maturity. We have seen borrowers face significant financial hardships from the current system, especially when loans are transferred to the Department of Treasury and substantial fees are added to the balance.

We urge FHA to apply the RAPTOR repayment system to all Partial Claims collections and not just to RAP accounts. Because FHA is the lender, FHA has the authority to employ RAPTOR terms when non-RAP Partial Claims become due and payable, and this will immediately help borrowers avoid significant collection costs and will facilitate repayment of the outstanding amounts. Relatedly, we suggest that FHA require RAPTOR plans for mortgages repaid prior to maturity through curtailment.

- **Adjust the terms of the standard RAP Terms of Repayment (RAPTOR) plans.**

As described in the attached documents, we recommend that FHA create affordable RAPTOR plans by setting RAPTOR payments equal to the monthly principal and interest payment on the paid-off FHA-insured mortgage. By successfully paying off their FHA-insured mortgage, these borrowers have demonstrated that the monthly payment on the FHA-insured mortgage is affordable. Relative to the schedule of fixed RAPTOR terms proposed in the Drafting Table ML, making our recommended adjustment to the RAPTOR plan would expedite the collection of small and mid-sized RAPs without materially reducing affordability. For the largest RAPs, our recommendation would reduce defaults and the associated losses by creating more affordable payments.

- **Extend the time window for borrower acceptance of RAPTOR plans.**

As we discussed above, RAPTOR plans help borrowers avoid the significant negative consequences involved in the federal collection process. We urge FHA to extend the time window that borrowers have to accept these plans to 60 days after the maturity of the FHA-insured mortgage and also extend the deadline for the first payment accordingly. The draft policy requires payments to start within 45 days after maturity; however, this window does not provide borrowers and servicers enough time to communicate about the RAP and the plan for repayment. We believe 60 days is a reasonable timeframe that would not impose any harm on FHA.

We thank you for your work to improve outcomes for FHA-insured borrowers and the Mutual Mortgage Insurance Fund. If you have any questions about our recommendations, please contact Kanav Bhagat at kanavbhagat@gmail.com or Steve Sharpe at ssharpe@nclc.org.

Sincerely,

Center for Responsible Lending
National Consumer Law Center (on behalf of its low-income clients)