

Distribution Date: February 23, 2012

Two Notices for Lenders; Federal Register Notice; M&M-III Procedures for the Sale of HUD REO

Two Notices for FHA Lenders:

All Supervised Lenders:

1. Extension of Waiver of Financial Statements Reporting Requirements for Supervised Lenders and Mortgagees with Less Than \$500 Million in Assets:

Supervised lenders and mortgagees seeking FHA lender approval or renewal are required to electronically submit audited financial statements to FHA within 90 days of their fiscal year end pursuant to Mortgagee Letter 2010-20.

On April 7, 2011, the requirement that supervised lenders and mortgagees submit audited financial statements for FHA lender approval or renewal was waived for one calendar year for supervised lenders and mortgagees that possess less than \$500 million in assets. This reporting threshold is derived from Federal Deposit Insurance Corporation (FDIC), Office of the Comptroller of the Currency (OCC) formerly the Office of Thrift Supervision (OTS), and National Credit Union Administration (NCUA) regulatory requirements which can be found at 12 CFR § 363.1(a), 12 CFR § 562.4(b)(2), and 12 CFR § 715.4(c), respectively. The original waiver is due to expire on April 7, 2012. The Acting FHA Commissioner has signed an extension of this waiver good for one additional calendar year through April 7, 2013.

In lieu of submitting audited financial statements, supervised lenders and mortgagees that qualify for this waiver must submit a copy of their unaudited regulatory report that aligns with their fiscal year end (i.e., Report of Condition and Income, also known as the "Call Report" on Federal Financial Institutions Examination Council forms 031 and 041; a consolidated or fourth quarter Thrift Financial Report; or a consolidated or fourth quarter NCUA Call Report, submitted on NCUA Form 5300 or 5310) within 90 days of their fiscal year end. The unaudited regulatory report must be signed by a corporate officer.

Supervised lenders and mortgagees that qualify for this waiver must complete all other approval and renewal requirements, including submitting the online certification and paying the renewal fee. As with the original waiver, the extension of the waiver only applies to the submission of audited financial statements and does not apply to the additional financial reporting requirements in 24 CFR § 202.5(g).

FHA-approved lenders and mortgagees must submit required documentation through the Lender Assessment Subsystem (LASS) at <https://entp.hud.gov/clas/>. However, as the LASS system is currently unable to collect unaudited regulatory reports, small supervised lenders and mortgagees who qualify for the waiver will not be required to submit their annual recertification documentation through LASS. Instead, the information should be e-mailed to small.supervised.lenders@hud.gov. For more information please see these Frequently Asked Questions (FAQs) at: <http://portal.hud.gov/hudportal/documents/huddoc?id=Lendfaqswaiver.pdf>

For answers to any questions regarding the LASS system, the submission of financial statements, or the FHA renewal process, lenders can call the FHA Lender Recertification Branch and LASS Help Desk at 202-755-7400. Lenders may also e-mail questions to the FHA Lender Recertification Branch at lass@hud.gov or view LASS Frequently Asked Questions at http://www.hud.gov/offices/hsg/sfh/lass/faqs/lass_faqs.cfm. Mortgagee Letter 2010-20 can be read online at: http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/letters/mortgagee. You can also read all Codes of Federal Regulations (CFR) online at: <http://www.gpoaccess.gov/cfr/>

AND

2. Revised FHA TOTAL Mortgage Scorecard User Guide:

A revised version of the FHA TOTAL Mortgage Scorecard User Guide has been released. The following polices were updated to reflect current FHA guidance:

- Derogatory or Delinquent Credit not considered by TOTAL Mortgage Scorecard:

It is required that the lender downgrade the mortgage loan application to a “refer” and manually underwrite the loan for Cash-out Refinance Transactions if;

- If any mortgage trade line, including mortgage line-of-credit payments, during the most recent 12 months reflects;
- any mortgage delinquencies within the most recent 12 month period; or
- with less than 6 months payment history on the existing mortgage; or
- currently delinquent.

- Employment History:

If the applicant has not been employed with the same employer for the previous 2 years and/or not all conditions immediately above can be met, then the lender must obtain one or combination of for the most recent 2 years to verify the applicant’s employment history:

- W-2(s)
- VOE(s)
- Electronic verification acceptable to FHA
- School or the military during the most recent two full years, providing evidence supporting this claim, such as;
 - college transcripts, or
 - discharge papers.

The FHA TOTAL Mortgage Scorecard User Guide maybe accessed using the following link:
http://portal.hud.gov/hudportal/documents/huddoc?id=total_userguide.pdf

For FHA technical support, please contact the FHA Resource Center at: www.hud.gov/answers Search our online knowledge base & find answers to our most commonly asked questions. You can also get email technical support at: answers@hud.gov or phone FHA toll-free between 8:00 a.m. & 8:00 p.m. ET (5:00 a.m. to 5:00 p.m. PT) at: (800) CALLFHA or (800) 225-5342. Call FHA TDD at: (877) TDD-2HUD (877) 833-2483).

AND

New Federal Register Notice:

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, Federal Housing Administration (FHA)

24 CFR Chapter II [Docket No. FR-5572-N-01]

TITLE: Risk Management Initiatives: Revised Seller Concessions

AGENCY: Office of the Assistant Secretary for Housing - Federal Housing Commissioner, HUD.

ACTION: Request for comments.

SUMMARY: On July 15, 2010 (75 FR 41217), HUD issued a notice seeking comment on three initiatives that HUD proposed would contribute to the restoration of the Mutual Mortgage Insurance Fund (MMIF) capital reserve account...

To read this new federal register notice in its entirety please visit: <http://www.gpo.gov/fdsys/pkg/FR-2012-02-23/pdf/2012-3934.pdf>

AND

Webinar: M&M - III Procedures:

March 7, 2012 – Webinar: M&M-III Procedures For the Sale of HUD REO's. The FHA Atlanta Homeownership Center will discuss general principles of the REO M&M-III program, including responses to questions received from industry participants and purchasers of HUD homes. This training will explain how the sale of HUD REO is accomplished through M&M-III contractors with an explanation of their respective roles in the process. The intended audience includes Loan Officers, Real Estate Brokers, Sales Agents and Housing Counselors. All times are Eastern Standard. Registration required, no fee. More info at: <https://www1.gotomeeting.com/register/936319217> Course Materials can be downloaded at: <http://portal.hud.gov/huddoc/aga030712.pdf>