



**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

**June 20, 2012**

**MORTGAGEE LETTER 2012-12**

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**To** **All Approved Mortgagees**

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**Subject** **Responsibilities of Mortgagees in Regard to State and Local Laws**

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**Purpose** The purpose of this Mortgagee Letter is to clarify that FHA policy does not exempt mortgagees from adhering to state and local laws relating to the protection and preservation of properties that were secured by an FHA-insured mortgage.

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**Effective Date** The provisions of this Mortgagee Letter are effective immediately.

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**State and Local Laws** Mortgagees must adhere to state and local laws while they hold title to a property that was financed with an FHA-insured mortgage. HUD will reimburse mortgagees in accordance with the guidance issued in Mortgagee Letter 2010-18.

Mortgagees must continue to promptly notify the MCM of receipt of code violations and demolition notices from state and local governments and seek MCM approval before demolishing or permitting demolition of a property.

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**Questions** Any questions regarding this Mortgagee Letter may be directed to HUD's National Servicing Center (NSC) at 877-622-8525. Persons with hearing or speech impairments may reach this number by calling the Federal Information Relay Service at 800-877-8339.

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**Signature** Carol J. Galante  
Acting Assistant Secretary for Housing – Federal Housing Commissioner

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