



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

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

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**Special Attention of:**

- All FHA Approved Mortgagees
  - All Direct Endorsement Underwriters
  - All FHA Roster Appraisers
  - All FHA Roster Inspectors
  - All FHA Approved 203(k) Consultants
  - All HUD Approved Housing Counselors
  - All HUD Approved Nonprofit Organizations
  - All Government Entity Participants
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**Transmittal:** Handbook 4000.1

**Issued:** February 12, 2016

**Effective Date:** Multiple; See Below

**1. This Transmits:**

Handbook 4000.1, FHA Single Family Housing Policy Handbook, Section III.A. Servicing and Loss Mitigation updates to previously published guidance and incorporation of the following:

- ML 2015-18 Single Family Partial Claim Documentation and Delivery Requirements, published September 1, 2015;
- ML 2015-20 Revision of Notice to Occupants of Pending Acquisition (NOPA), published September 15, 2015;
- ML 2015-21 Automatic Extensions to HUD’s Initiation of Foreclosure Timeline, published September 28, 2015;
- ML 2015-23 New Single Family Mortgagee Compliance Manager (MCM), published October 1, 2015;
- ML 2015-24 Single Family Foreclosure Policy and Procedural Changes for HUD Title II Forward Mortgages and Reverse Mortgages, published October 1, 2015;
- ML 2016-02 Update of Preservation and Protection (P&P) Requirements and Cost Reimbursement Procedures for Title II Forward Mortgages and Home Equity Conversion Mortgages (HECMs), published February 5, 2016;
- ML 2016-03 Single Family Foreclosure Policy and Procedural Changes for HUD Title II Forward Mortgages and Reverse Mortgages, published February 5, 2016; and
- ML 2016-04 Automatic Extensions to HUD’s Initiation of Foreclosure Timeline, published February 5, 2016;
- Existing requirements for servicing Hope for Homeowners (H4H) mortgages.

**2. Explanation of Materials Transmitted:**

This FHA Single Family Policy Handbook (Handbook 4000.1) is being published to provide updates to content previously published.

<b>Handbook Changes</b>	<b>Pages</b>
Inserted link in HUD Single Family Housing Policy Handbook 4000.1 II.A.4.a.iii.(A).(1) and II.A.4.a.v to MIP Factor for 203(k)-Simple	168, 170
Inserted link in HUD Single Family Housing Policy Handbook 4000.1 II.A.7.b.iv, bullet point four, to FHA Model Mortgage	336

<b>Handbook Changes</b>	<b>Pages</b>
Inserted link in HUD Single Family Housing Policy Handbook 4000.1 III.A.1.n.ii to “Claim Review File” section per ML 2016-02	562
Added language to “Collection Communication Timeline” per ML 2013-39	569
Included existing policy on telephone contact efforts and electronic communications per ML 2013-39	571-572
Added language to “Occupancy Inspections during Bankruptcy” and “Required Documentation” for Occupancy Inspections per ML 2016-02	576, 577
Revised “Initial Vacant Property Inspection” and “Vacant Property Inspection” sections per ML 2016-02	579-580
Moved “Escalated Cases” section per ML 2013-39	586-587
Revised “HUD’s Loss Mitigation Option Priority Waterfall” per ML 2013-32	592
Added language to “FHA-HAMP Partial Claim Promissory Note and Subordinate Mortgage” per ML 2015-18	613-614
Added “Legal Fees and Foreclosure Costs for Partial Claims,” and “Execution of Partial Claim Documents after Trial Payment Plan” sections per ML 2015-18	614
Revised “Reconciliation of Partial Claim Proceeds to Promissory Note Amounts,” “Delivery of Partial Claim Documents,” “Requests for Extensions of Time for Delivery of Partial Claim Documents,” and “Failure to Timely Provide Partial Claim Note and Subordinate Mortgage per ML 2015-18	614-616
Clarified existing guidance on PFS Property List Price and Valuation in “Request for Variance for Property Valuation” and “Broker’s Price Opinion and Automated Valuation Models” per ML 2014-15	631
Revised “Mortgagee Review of Final Terms of PFS Transaction” and “Closing Agent Responsibilities after Final Approval” per ML 2014-15	637
Revised “Small Servicer Exemption – Definition” to update CFR reference	649
Revised “Damage to the Property after Appraisal” email address to contact NSC	650
Revised “Prohibition of Foreclosure due to State Legislation” and added “Prohibition of Foreclosure due to Federal Regulations” and “Prohibition of Foreclosure due to Servicemembers Civil Relief Act” sections per ML 2015-21	655
Revised “Automatic Extensions for Foreclosure Initiation Timeframe for Loss Mitigation Option,” and added “Loss Mitigation Denial” and “Curtailed of Claims” per ML 2015-21	655-657
Added language to “Required Documentation” per ML 2015-21 and ML 2016-04	657
Revised “Conduct of Foreclosure Proceedings” per ML 2015-24	658
Inserted link in HUD Single Family Housing Policy Handbook 4000.1 III.A.2.r.ii.(C) to Loss Mitigation	659
Added language to “Reasonable Diligence in Completing Foreclosure – Standard” per ML 2015-24	661
Revised “Delay Due to Bankruptcy” and inserted link to Attorney’s Fees per ML 2015-24	662
Added language to “Chapter 7 Bankruptcy” and revised “Chapter 11, 12 or 13 Bankruptcy” per ML 2015-24	662-663
Added language to “Delay in Acquiring Possession” per ML 2015-24	663
Revised “Required Documentation” per ML 2015-24	663

<b>Handbook Changes</b>	<b>Pages</b>
Added language to “HUD Schedule of Attorney Fees” per ML 2015-24	664
Added links to “Notice to Occupant of Pending Acquisition – Standard” per ML 2015-20	666-667
Added Code of Federal Regulations language to “Approved Occupied Conveyance Requests” per ML 2015-20	667
Revised “Rents under Bona Fide Leases” and added “Preservation and Protection Costs due to Extended Lease or Tenancy” section per ML 2015-20 and revised “Cash for Keys Consideration” per ML 2015-24	668
Revised “Acceptable Conveyance Condition” per ML 2016-02	669-670
Added definition of “Acceptable Conveyance Condition” to Glossary per ML 2016-02	669
Added language to “Mortgagee Property Preservation and Protection Action” per ML 2016-02	670-671
Revised “Property Preservation Allowances” per ML 2016-02	671-673
Replaced “Local Property P&P Requirements” section with “Property P&P Requirements of Authorities Having Jurisdiction” per ML 2016-02	673
Revised “Photograph Requirements” section per ML 2016-02	674
Added “Locksets,” “Exterior Doors,” “Garage/Overhead Doors,” “Outbuildings,” “Windows and Glazing,” and “Boarding/Securing of Property Openings” per ML 2016-02	674-676
Revised “Roof Assembly Repair,” and “Pools, Hot Tubs, and Spas” per ML 2016-02	676-677
Added “Drainage Systems and Basements,” “Mold, Fungus, Discoloration and Related Moisture Damage and Organic Growth,” and “Debris Removal, Cleaning, and Minor Repair” per ML 2016-02	677-681
Revised “Standard” and “Grass Cuts” sections of “Yard Maintenance and Snow Removal” per ML 2016-02	681-682
Revised “Winterization Requirements” per ML 2016-02	682-685
Revised “Demolition” per ML 2016-02	685
Revised “Conveyance of Damaged Properties” per ML 2016-02	686-687
Revised “Reimbursement for Recoverable Depreciation” per ML 2016-02	688
Added language to “Recovery for Vandalism or Theft” per ML 2016-02	688
Added language to “Expenses Incurred at or after Conveyance” per ML 2016-02	696
Revised “Extension of Time for Conveyance” per ML 2016-02	696-697
Added “HUD Acceptance of Conveyance” per ML 2016-02	697
Added “Sale and Payoff,” “Refinancing,” and “Exit Premium” language to “Hope for Homeowners”	723-725
Revised “Interest Rate Cap – Standard” language in “Servicing FHA-Insured Mortgages for Servicemember-Borrowers”	727
Updated Appendix 4.0 “HUD Schedule of Standard Attorney Fees (Applies to Servicing Only)” per ML 2015-24 and 2016-03	865-867
Updated Appendix 5.0 “First Legal Actions to Initiate Foreclosure and Reasonable Diligence Timeframes (Applies to Servicing Only)” per ML 2015-24 and ML 2016-03	868-870
Updated Appendix 6.0 “Property Preservation Allowances and Schedules (Applies to Servicing Only)” per ML 2016-02	871-875

### **3. Implementation:**

The incorporation of the changes above is effective on March 14, 2016.

### **4. Superseded Policy:**

Previous versions of Handbook 4000.1 are amended as described in this Transmittal. Below is a list of Mortgagee Letters, Housing Notices, and/or Handbooks containing content related to these sections of Handbook 4000.1 that are hereby superseded in their entirety and are cancelled on the March 14, 2016, effective date of this Handbook. Also, below is a list of Mortgagee Letters, Housing Notices, and/or Handbooks containing content related to these sections of Handbook 4000.1 that are hereby superseded in part on the March 14, 2016, effective date of this Handbook. The partially superseded Mortgagee Letters, Housing Notices, and/or Handbooks remain in effect to the extent not hereby superseded on the March 14, 2016, effective date of this Handbook. All previously superseded or cancelled Mortgagee Letters, Housing Notices, and/or Handbooks remain cancelled or superseded, but will continue to remain available for informational purposes only on HUD's website along with the items listed below. Policy documents that have been superseded in full by the SF Handbook can always be found on HUD's Client Information Policy Systems (HUDCLIPS) web pages, accessible from the Single Family Housing Superseded Policy Documents page at [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/sfhsuperseded](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/sfhsuperseded).

<b>Mortgage Letter(s) Superseded in Whole</b>	<b>ML Number</b>
Single Family Partial Claim Documentation and Delivery Requirements	2015-18
Revision of Notice to Occupants of Pending Acquisition (NOPA)	2015-20
Automatic Extensions to HUD's Initiation of Foreclosure Timeline	2015-21
New Single Family Mortgagee Compliance Manager (MCM)	2015-23
Single Family Foreclosure Policy and Procedural Changes for HUD Title II Forward Mortgages and Reverse Mortgages	2015-24

<b>Mortgage Letter(s) Superseded in Part</b>	<b>Portion Superseded</b>	<b>ML Number</b>
Update of Preservation and Protection (P&P) Requirements and Cost Reimbursement Procedures for Title II Forward Mortgages and Home Equity Conversion Mortgages (HECMs)	Policy as related to Single Family Forward Mortgages, with the exception of claims policy	2016-02
Single Family Foreclosure Policy and Procedural Changes for HUD Title II Forward Mortgages and Reverse Mortgages	Policy as related to Single Family Forward Mortgages, with the exception of claims policy	2016-03
Automatic Extensions to HUD's Initiation of Foreclosure Timeline	Superseded in its entirety, with the exception of claims policy	2016-04

## **5. Paperwork Reduction Act:**

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control numbers 2502-0005; 2502-0117; 2502-0018; 2502-0059; 2502-0189; 2502-0265; 2502-0302; 2502-0306; 2502-0322; 2502-0358; 2502-0369; 2502-0404; 2502-0429; 2502-0468; 2502-0477; 2502-0494; 2502-0496; 2502-0525; 2502-0527; 2502-0538; 2502-0556; 2502-0561; 2502-0584; 2502-0595 and 2502-0600. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

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Edward L. Golding  
Principal Deputy Assistant Secretary for Housing