

FHA INFO #12-12

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FHA Announces Additional Steps to Limit Risk and Strengthen Finances; Federal Register Notice

FHA Announces Additional Steps to Limit Risk and Strengthen Finances; Lender Indemnification and Seller Concession Measures Will Help FHA Better Manage Risk While Maintaining Support for the Housing Market and Access for Qualified Borrowers:

On Friday January 20, 2012, Acting Federal Housing Administration (FHA) Commissioner Carol J. Galante announced the latest in a series of steps to protect and strengthen the FHA's Mutual Mortgage Insurance Fund, while enabling the agency to continue to fulfill its mission to provide access to homeownership for qualified borrowers. These new regulations strengthen the process by which FHA requires certain lenders to indemnify the U.S. Department of Housing and Urban Development (HUD) for insurance claims paid on mortgages that are found not to meet the agency's guidelines. In addition, the final rule requires all lenders with the authority to insure mortgages on HUD's behalf ("Lender Insurance" mortgagee) to meet stricter performance standards to gain and maintain their approval status. More than 80 percent of all FHA forward mortgage loans are insured by Lender Insurance lenders...

To read this press release in its entirety, please visit:

http://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories/2012/HUDNo.12-010

AND

New FHA Federal Register Notice:

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Part 203 [Docket No. FR-5156-F-02] RIN 2502-A158

TITLE: Federal Housing Administration (FHA) Single Family Lender Insurance Process: Eligibility, Indemnification, and Termination

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

ACTION: Final rule.

DATES: Effective Date: February 24, 2012.

SUMMARY: This final rule updates and enhances the Lender Insurance process, through which the majority of Federal Housing Administration (FHA)-insured mortgages are endorsed for insurance. These changes also further HUD efforts to improve and expand the risk management activities of the FHA. This final rule follows the publication of an October 8, 2010, proposed rule, and takes into consideration public comments received in response to it.

View the Federal Register Notice in its entirety at: <http://www.gpo.gov/fdsys/pkg/FR-2012-01-25/pdf/2012-1508.pdf>