

FHA INFO #13-06

Distribution Date: February 1, 2013

FHA Connection Changes / New FHA Mortgagee Letters / Training Opportunities

### **FHA Connection Changes (Affordable Housing):**

Effective February 2, 2013, FHA is releasing several enhancements to FHAC. The purpose of this message is to notify lenders of the changes related only to affordable housing and the data entry requirements for these fields.

#### ***Active FHAC Changes Affecting Affordable Housing – Available for Use***

In the Worksheet section of the Insurance Application Update screen, the Secondary Financing Source field was renamed to Secondary Financing Source/Purpose. Users will now be able to select both a source and purpose for secondary financing. If a source field has been selected, users are instructed to populate the purpose field. In addition, users are informed that Section 115 entities was added as an option to the drop-down list of sources for secondary financing. These changes will provide FHA and users specific details concerning the secondary financing funds used in conjunction with FHA-insured loans.

#### ***FHAC Changes in Development – Not Available for Use***

FHAC has been modified to show the addition of new fields related to Affordable Housing and Community Land Trust in the Case Number Assignment, Insurance Application, and HECM Insurance Application screens. These fields are currently under development and not available for use. They are clearly identifiable by their default values of N/A. Users are instructed to leave these fields at their default values until further notice. Users that change the fields with default values of N/A and input an EIN will receive error messages. FHAC will not issue a case number unless the following corrective action is taken. Users who mistakenly alter the fields with default values of N/A and populate the EIN field must restore the default values and delete the EIN before the FHAC will issue a case number.

FHAC has also added “Affordable Housing Providers” and “Community Land Trusts” as options on the FHA Approval Lists screen. However, the options are inactive and it is FHA’s intent to eliminate the Affordable Housing Providers and Community Land Trusts options from this screen in the next system release.

Please see the sections on Affordable Housing and the relevant screens on the following HUD site:

[http://portal.hud.gov/hudportal/documents/huddoc?id=fhac\\_sec\\_fin\\_ah.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=fhac_sec_fin_ah.pdf).

If you have any questions regarding these changes, please call the FHA Resource Center at 1-800-CALLFHA ([1-800-225-5342](tel:1-800-225-5342)). Persons with hearing or speech impairments may reach this number by calling the Federal Information Relay Service at [\(800\) 877-8339](tel:800-877-8339).

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### **FHA Connection Changes (Escrow Closeout Certification):**

New data fields have been added to the Escrow Closeout Certification screen in FHA Connection. This screen now shows types of improvements that can affect the home’s energy performance. For all 203(k) loans and loans with repair escrows, users are asked to select improvement types that were made, when applicable.

To see a sample of these changes, visit the [203k Home Page](#) and click on “FHA Connection (FHAC) Enhancement” under More Resources.

## **NEW FHA MORTGAGEE LETTERS**

### **FHA Mortgagee Letter 13-03**

Published: January 31, 2013

Subject: Extension of Implementation Date for Mortgagee Letter 2012-22, Revisions to FHA's Loss Mitigation Home Retention Options

Purpose: The primary purpose of this Mortgagee Letter is to: (1) notify mortgagees that the implementation date for Mortgagee Letter 2012-22 has been extended to March 15, 2013; and (2) clarify questions HUD received from the industry regarding the proper implementation of Mortgagee Letter 2012-22. If a foreclosure sale did not occur as of December 16, 2012, mortgagees are supposed to evaluate the mortgagor under the revised waterfall in Mortgagee Letter 2012-22, Appendix A, prior to completing a foreclosure sale.

To see all FHA Mortgagee Letters visit: <http://bit.ly/HUDml>

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### **FHA Mortgagee Letter 13-05**

Published: January 31, 2013

Subject: Manual Underwriting for Loans with Decision Credit Score Below 620 and Total Fixed Payments to Effective Income Ratio Exceeding 43.00%

Purpose: This Mortgagee Letter revises the procedures for underwriting loans where the borrower has a decision credit score below 620 and the Total Fixed Payments to Effective Income (debt-to-income) ratio exceeds 43.00%. Transactions where the borrower has a decision credit score below 620 and the debt-to-income ratio exceeds 43.00% must be manually underwritten. HUD expects that by the effective date of this Mortgagee Letter HUD's Technology Open To Approved Lenders (TOTAL) scorecard will be issuing scoring recommendations of Refer for loans where the borrower has a decision credit score below 620 and the debt-to-income ratio exceeds 43.00%. However, if the loan receives a scoring recommendation of Accept from HUD's TOTAL scorecard, the loan must be manually downgraded to a Refer scoring recommendation

Effective Date: This Mortgagee Letter is effective for case numbers assigned on or after April 1, 2013.

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### **FHA Mortgagee Letter 13-06**

Published: January 31, 2013

Subject: Extension of Disaster Moratorium and Suspension of Evictions for Specified Properties Impacted by Hurricane Sandy

Purpose:

- Extension of Foreclosure Moratorium: As indicated in Mortgagee Letter 2012-23, HUD requires a moratorium on foreclosures of properties in Presidentially-Declared Major Disasters for a ninety (90) day period from the date of each Disaster Area declaration. The moratorium applies to the initiation of foreclosures AND foreclosures already in process. Due to the extensive damage caused by Hurricane Sandy, HUD is extending the foreclosure moratorium for an additional 90 days in only those counties that U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) has declared to be eligible for individual assistance (Affected Counties). The moratorium extension in the Affected Counties applies to the initiation of foreclosures AND foreclosures already in process. Information on Hurricane Sandy Affected Counties can be obtained from the FEMA website at: [www.fema.gov](http://www.fema.gov) or by calling the local FEMA office. Mortgagees should also direct affected borrowers with additional questions to FHA's "Disaster Relief Options for FHA Homeowners" page, which may be accessed via the following link: [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/nsc/qaho0121](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/nsc/qaho0121).
- Suspension of Evictions: Evictions of persons from properties secured by FHA mortgages are suspended for properties located in Affected Counties until April 30, 2013.

To see all FHA Mortgagee Letters visit: <http://bit.ly/HUDml>

## Training Opportunities

**Webinar Title:** Basic Credit/Liabilities Underwriting

**Date/Time:** Wednesday, February 20 from 11:00 AM to 12:30 PM Eastern

**REGISTRATION REQUIRED - Registration Link:** <http://www.visualwebcaster.com/event.asp?id=91968>

**Description of Webinar:** This FREE FHA Webinar is intended for mortgage loan professionals, including loan officers, underwriters and processors, new to FHA OR who wish to refresh their knowledge of basic FHA Credit and Liability Underwriting Policies. Topics will include overall credit history and liability analysis, short sales and non-traditional credit guidelines.

**Special Instructions:** There is no call-in number for this webinar; all audio will be through your computer speakers. Please keep the e-mail you receive after you register, you will need it to access the webinar. This webinar will be archived and closed captioning is available.

**Questions:** E-mail us at [denverhoc-pudtraining@hud.gov](mailto:denverhoc-pudtraining@hud.gov)

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**Webinar Title:** Income and Assets

**Date/Time:** Thursday, February 28 from 11:00 AM to 12:30 PM Eastern

**REGISTRATION REQUIRED - Registration Link:** <http://www.visualwebcaster.com/event.asp?id=91969>

**Description of Webinar:** This free FHA Webinar is intended for mortgage professionals, including loan officers, underwriters and processors, new to FHA or who wish to refresh their knowledge of basic FHA income and assets underwriting policies. Topics will include effective income, rental income and the self-employed individual's income. Acceptable sources of funds including gift fund and secondary financing guidelines will also be covered

**Special Instructions:** There is no call-in number for this webinar; all audio will be through your computer speakers. Please keep the e-mail you receive after you register, you will need it to access the webinar. This webinar will be archived and closed captioning is available.

**Questions:** E-mail us at [denverhoc-pudtraining@hud.gov](mailto:denverhoc-pudtraining@hud.gov)