

Instructions for Model Forward Mortgages

The FHA Model Forward Mortgage is modeled generally on the Freddie Mac and Fannie Mae (hereinafter Government Sponsored Enterprises or GSEs) security instrument Uniform Covenants. FHA has identified several provisions in the GSE Uniform Covenants that are inconsistent with either FHA requirements or policy, and has modified the Model Forward Mortgage accordingly. Below, FHA identifies which modifications are FHA-Specific Modifications. To the extent that any variance between the GSE Uniform Covenants and FHA Model Forward Mortgage is not identified as an FHA-Specific Modification, the Mortgagee may exercise discretion in adopting the change. To the extent that any variance is identified as an FHA-Specific Modification, however, the Mortgagee should adopt the change or use substantially similar language. Any future changes to the provisions of the GSE Uniform Covenants that are not currently identified as FHA-Specific Modifications may be incorporated in a manner that remains consistent with all relevant statutes and regulations.

With respect to the GSE Non-Uniform Covenants, the Mortgagee should refer to the relevant jurisdiction-specific Non-Uniform Covenants and incorporate them into the mortgage. The Mortgagee should also make any required conforming revisions (e.g. internal paragraph references).

Notwithstanding any of the foregoing, the Mortgagee bears ultimate responsibility for ensuring that the security instrument is a valid, enforceable first lien in compliance with all relevant state and federal laws and requirements, including, but not limited to FHA regulations and published requirements. To the extent that any FHA-Specific Modification, either in the form presented in the FHA Model Forward Mortgage or in a substantially similar form drafted by the Mortgagee, cannot be incorporated into the mortgage consistent with all applicable laws, regulations and FHA requirements, the Mortgagee should contact the Department for further guidance.

FHA-Specific Modifications include:

Definitions:¹

- Changes made to the GSE mortgage definition of “Loan.”
- Addition of definition for “Secretary.”

Section 1

- Changes made to the first sentence of GSE Uniform Covenants Section 1.

Section 2

- Replacement of the first paragraph of GSE Uniform Covenants Section 2 with the current text of FHA Model Forward Mortgage Section 2.²

¹ Mortgagees should note that the “Definitions” section in the various GSE security instruments precedes, and is not a part of, the GSE Uniform Covenants.

² FHA’s intent with respect to this section is to give effect to FHA’s policies on the application of the periodic payment, or “monthly payment,” as that term is used in the HUD regulations. To the extent that, under relevant

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Section 3

- Changes made to the first sentence of GSE Uniform Covenants Section 3.

Section 4

- Removal of the final sentence of GSE Uniform Covenants Section 4.

Section 6

- Changes made to GSE Uniform Covenants Section 6.

Section 7

- Changes made to the second sentence of GSE Uniform Covenants Section 7.
- Addition of the second paragraph of FHA Model Forward Mortgage Section 7.

Mortgage Insurance

- Removal of GSE Uniform Covenants Section 10.

Section 13

- Removal of the second sentence of GSE Uniform Covenants Section 14.
- Addition of the second sentence of FHA Model Forward Mortgage Section 13.
- Changes to the sixth sentence of GSE Uniform Covenants Section 14.

Section 18

- Changes made to the first sentence of GSE Uniform Covenants Section 19.³
- Addition of the third sentence of FHA Model Forward Mortgage Section 18.

Section 20

- Addition of FHA Model Forward Mortgage Section 20, which incorporates and adds to the second paragraph of GSE Uniform Covenants Section 10.

state and federal law, the language provided in this FHA-Specific Modification results in ambiguity or conflict, specifically with respect to any other provision of the mortgage or note, and assuming that the note and mortgage are otherwise compliant with FHA regulations and requirements, the Mortgagee may revise this provision as necessary consistent with FHA requirements.

³ Where other relevant law and regulation would permit more specific language to be included, the mortgagee may adopt such language provided it is not inconsistent with FHA regulations and requirements.