

March 10, 2014

**Department of Housing and Urban Development  
Report on Implementation of Executive Order 13563,  
Improving Regulation and Regulatory Review and  
HUD Initiatives to Reducing Reporting and  
Paperwork Burdens**

<b>I. Executive Order 13563, Improving Regulation and Regulatory Review</b>		
<b>Title and Regulatory Identification Number (RIN)</b>	<b>Description and Anticipated Benefits</b>	<b>Status and Target Dates</b>
<b>Office of Housing – Federal Housing Administration (FHA)</b>		
<p>Streamlining Inspection and Warranty Requirements for Federal Housing Administration (FHA) Single Family Mortgage Insurance: Removal of the FHA Inspector Roster and of the Ten- Year Protection Plan Requirements for High Loan-to- Value Ratio Mortgages;</p> <p>(FR-5457)</p> <p>Final Rule</p> <p><b>RIN 2502-AJ03</b></p>	<p>This rule streamlines the inspection and home warranty requirements for FHA single family mortgage insurance. HUD’s regulations currently require the use of an inspector listed on FHA’s Inspector Roster as a condition for FHA mortgage insurance. The Inspector Roster lists inspectors selected by FHA as eligible to determine if the construction quality of a one unit property is acceptable as security for an FHA-insured loan. Current regulations also require newly constructed homes to have a 10-year protection plan in order to qualify for high loan-to-value (LTV) FHA-insured mortgages. Although such protection plans are no longer statutorily mandated, HUD continued to require the plans through regulation. The streamlining changes recognize the sufficiency and quality of inspections carried out by local jurisdictions as a result of the building permit and certification of occupancy processes. The final rule follows publication of a February 6, 2013, proposed rule.</p> <p><b>Anticipated Benefits:</b> The rule removes the regulations for the FHA Inspector Roster and streamlines the mortgage insurance application process. By eliminating Inspector Roster list, HUD believes this rule will save the government \$42,770 in recordkeeping costs and save the public 500 burden hours. The rule also removes the outdated 10-year protection plan requirement for high LTV newly constructed single family homes securing FHA-insured mortgages. By eliminating the protection plan requirement, HUD believes this rule will save the government \$10,121 in recordkeeping costs, and save the public \$29,352,615 in mandatory warranty premiums (with de minimis increases in risk) and 5,741 burden hours.</p>	<p>The projected publication date of the final rule is June 2014.</p>

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Title and Regulatory Identification Number (RIN)	Description and Anticipated Benefits	Status and Target Dates
<b>Office of Housing – Federal Housing Administration (FHA)</b>		
<p>Federal Housing Administration (FHA) Single Family Mortgage Insurance: Removal of Requests for Alternative Mortgage Amounts;</p> <p>(FR-5462)</p> <p>Final Rule</p> <p><b>RIN 2502-AJ02</b></p>	<p>This final rule would remove the regulations providing for requests for an alternative maximum mortgage amount in the FHA single family mortgage insurance programs and, in doing so, would establish certainty in FHA’s annual announcement of applicable maximum mortgage amounts for the calendar year. The existing regulations provide for requests to be submitted at any time with no end date provided for the submission of requests. This open-ended practice, initiated in 1980, does not bring stability to a mortgage market. Over 30 years later, the quality of FHA’s data in establishing mortgage amounts for any given geographic area is such that the requests for alternative mortgage amounts have dropped dramatically in the past few years so that no requests were submitted to FHA in calendar year 2010. The removal of this process in and of itself will signal the certainty to FHA’s annual announcement of maximum mortgage amounts. The final rule follows publication of a January 13, 2012, proposed rule.</p> <p><b>Anticipated Benefits:</b> The final rule would bring certainty to and streamline the announced maximum mortgage amounts for each calendar year, by removing a regulation that is no longer relevant.</p>	<p>The projected publication date of the final rule is June 2014.</p>

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Title and Regulatory Identification Number (RIN)	Description and Anticipated Benefits	Status and Target Dates
<b>Office of Housing – Federal Housing Administration (FHA)</b>		
<p>Federal Housing Administration (FHA): Approval of Lending Institutions and Mortgagees— Alternative Reporting Requirements for Small Supervised Lenders (FR-5536)</p> <p>Final Rule</p> <p><b>RIN 2502-AJ00</b></p>	<p>This rule creates alternative financial statement reporting requirements for FHA-approved lenders and mortgagees supervised by a Federal banking agency and possessing consolidated assets of less than \$500 million. HUD’s regulations at 24 CFR 202.5 currently require all lenders and mortgagees to submit audited financial statements as a condition for FHA lender approval and renewal. Through this rule, in lieu of an audited financial statement, smaller supervised lenders and mortgagees would be required to submit a copy of their unaudited regulatory report prepared for another Federal agency that aligns with their fiscal year end. Because the Federal banking agencies do not require an audited financial statement for financial institutions with consolidated assets less than \$500 million, this rule would align HUD practice with that of other agencies and lift an excessive regulatory burden in order to reduce the cost of participating in FHA programs. This rule would not affect the requirement that larger supervised lenders and mortgagees and all unsupervised lenders and mortgagees submit an audited financial statement and thus would not impact HUD’s strong risk management practices. The final rule follows publication of an April 13, 2013, proposed rule.</p> <p><b>Anticipated Benefits:</b> The rule would relieve small lenders wishing to participate in FHA programs of certain reporting requirements. The proposed rule also eliminates duplicative reporting requirements for lenders who already report to other Federal agencies, thus reducing paperwork and minimizing the burden of the process of becoming an FHA-approved lender.</p>	<p>The final rule was published on September 17, 2013 (78 FR 57058).</p> <p><b>Note: This rule will be removed from HUD’s report at the next update.</b></p>
<p>Residual Income Test</p>	<p>In HUD’s Qualified Mortgage Definition for HUD Insured and Guaranteed Single Family Mortgages final rule (78 FR 75215), HUD committed to reviewing the use of a residual income test that would be adopted by all agencies for determining creditworthiness of a borrower. HUD will review the role of using residual income as a factor in its FHA lending and determine whether rulemaking is appropriate.</p>	<p>HUD will determine by May 2014 whether rulemaking is appropriate.</p>

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Title and Regulatory Identification Number (RIN)	Description and Anticipated Benefits	Status and Target Dates
<b>Office of Public and Indian Housing (PIH)</b>		
<p>Revisions to the Consortia of Public Housing Agencies (FR-5578)</p> <p>Proposed Rule</p> <p><b>RIN 2577-AC89</b></p>	<p>This proposed rule revises the PHA consortium regulations to provide additional flexibility and increase administrative efficiencies associated with forming a consortium. The changes will also help ensure maximum family choice in locating suitable housing. The proposed rule would allow PHAs to form a new category of cross-jurisdictional consortia for administration of the Section 8 Housing Choice Voucher (HCV) program. The current regulations do not allow for such cross-jurisdictional consortia. The proposed rule would also revise the categories of Section 8 programs eligible to be administered under a consortium. Specifically, the Section 8 programs administered by HUD's Office of Multifamily Housing programs would no longer be eligible for consortia administration. HUD also proposes to establish new requirements regarding the timeframes for the establishment and dissolution of a consortium. Further, HUD has taken the opportunity afforded by this proposed rule to make several technical, non-substantive changes to improve the clarity and organization of the consortium regulations.</p> <p><b>Anticipated Benefits:</b> The proposed rule will enable PHAs to establish cross-jurisdictional consortia that would be treated as a single PHA, with a single jurisdiction and a single set of reporting and audit requirements, for purposes of administering the HCV program in a more streamlined and less burdensome fashion.</p>	<p>The projected publication date of the proposed rule is July 2014.</p>

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Title and Regulatory Identification Number (RIN)	Description and Anticipated Benefits	Status and Target Dates
<b>Office of Public and Indian Housing (PIH)</b>		
<p>Public Housing and Section 8 Programs: Housing Choice Voucher - Improving Portability for Voucher Families</p> <p>(FR-5453)</p> <p>Final Rule</p> <p><b>RIN 2577-AC86</b></p>	<p>This rule would amend HUD’s regulations governing portability in the Housing Choice Voucher program (HCV program). Portability is a feature of the HCV program that allows an eligible family with a housing choice voucher to use that voucher to lease a unit anywhere in the United States where there is a public housing agency (PHA) operating a housing choice voucher program. The purpose of HUD’s changes to the portability regulations is to streamline the process for such inter-jurisdictional moves. Reducing the administrative burdens involved with processing portability requests will enable initial and receiving PHAs to better serve families and expand housing opportunities. The final rule follows publication of a March 28, 2012, proposed rule.</p> <p><b>Anticipated Benefits:</b> The rule would remove the administrative burdens involved with processing portability requests, making it easier for low-income families to move with their vouchers. The changes to the HCV regulations would not have a significant incidence on the program budget. The rule, however, would yield certain non-tangible benefits to program participant and, if successful, increase financial transfers between PHAs.</p>	<p>The projected publication date of the final rule is September 2014.</p>

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<b>II. HUD Initiatives to Reduce Reporting and Paperwork Burdens</b>		
<b>Title</b>	<b>Description and Anticipated Benefits s</b>	<b>Status and Target Dates</b>
<b>Office of Housing – Federal Housing Administration (FHA)</b>		
<p>Federal Housing Administration (FHA) Single Family: All FHA-Approved Mortgagees</p> <p>Mortgagee Letter 14-XX</p>	<p>This Mortgagee Letter (ML) announces that FHA will accept electronic signatures conducted in accordance with the performance standards outlined in the ML on all documents requiring signatures in the case binder for mortgage insurance, unless otherwise prohibited by law. FHA will also accept electronic signatures conducted in accordance with the performance standards outlined in this ML on any servicing and loss mitigation documentation, FHA insurance claims, and on HUD’s Real Estate Owned (REO) Sales Contract and related addenda.</p> <p>This policy applies to Title I and II forward mortgages and Home Equity Conversion Mortgages.</p>	<p>The projected publication date for this ML is August 2014.</p>
<p>Federal Housing Administration (FHA) Multifamily Housing: Replacement of Development Application Processing system</p>	<p>Reengineering efforts are currently underway to replace the Development Application Processing (DAP) system with a new commercial-off-the-shelf software product to be used as an internal application processing system. The software is being tailored to reflect FHA multifamily procedures and enable enhanced digital processing, reducing paperwork. Procurement for a contractor was accomplished in early FY 2013 and configuration and enhancements, such as e-signatures, are in process. The proposed target date for implementation is subject to the satisfaction of any IT security concerns.</p>	<p>The projected publication date for system implementation is August 2015.</p>

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<b>Office of Housing – Federal Housing Administration (FHA)</b>		
<p>Federal Housing Administration (FHA) Healthcare Programs- Residential Care Facilities:  Comprehensive Listing of Transactional Documents for Mortgagors, Mortgagees and Contractors</p>	<p>The assignment of a PRA control number concluded a 10-month process through which HUD solicited public comment to update 115 healthcare facility documents to reflect current policy and practices, to improve accountability by all parties involved in FHA’s healthcare facility transactions and strengthen risk management.</p> <p>HUD is now addressing the issue of which healthcare facility documents are eligible for electronic submission. HUD did not address this issue as part of the previous notice and comment process, but recognizes the importance, efficiency, and reduction of burden that electronic submission of documents can achieve.</p>	<p>The projected publication date for implementation is April 2014.</p>