



OFFICE OF  
HOUSING COUNSELING  
LET'S MAKE HOME HAPPEN

# **FHA Update**

**Audio is only available by  
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**9/25/2017**

# Webinar Logistics



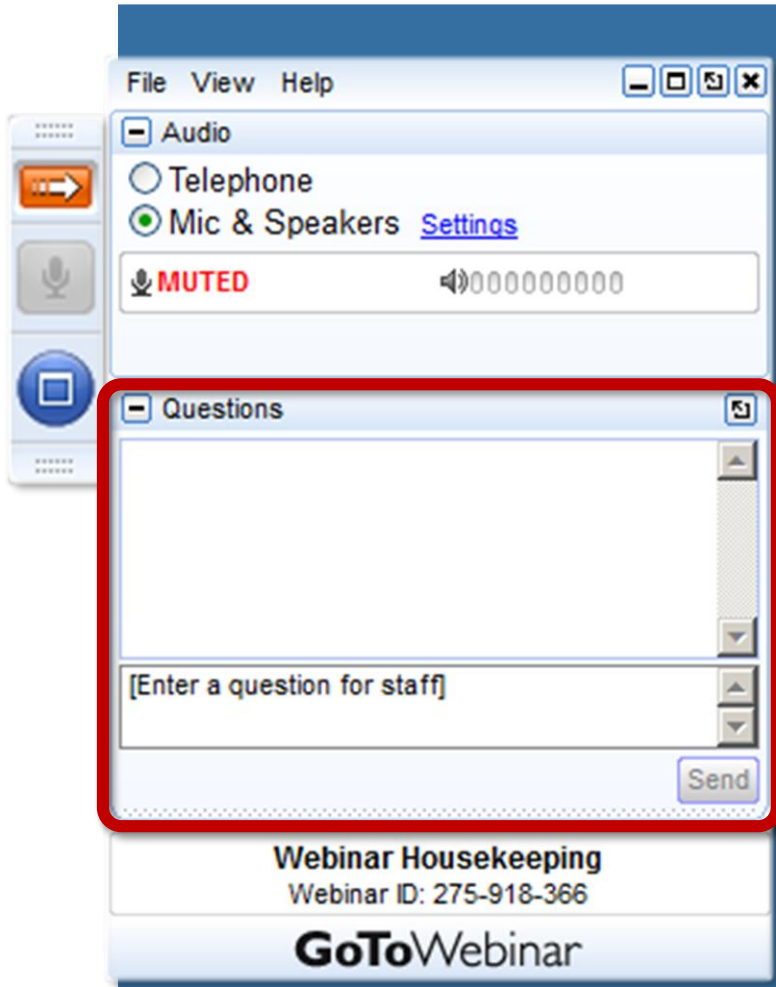
- Audio is being recorded. The playback number along with the PowerPoint and a transcript will be available on the HUD Exchange at [www.hudexchange.info/programs/housing-counseling/webinars/](http://www.hudexchange.info/programs/housing-counseling/webinars/)
- An OHC LISTSERV will be sent out when the Archives are posted. Posting will usually be within 7-10 days.
- Attendee lines will muted during presentation.
- Handouts were sent out prior to webinar. They are also available in the Control Panel. Just click on document name to download.

# Questions & Comments



- There may be Polling Questions. Please respond to them.
- There may be Q&A periods, as well as discussions opportunities.
  - If so, The operator will give you instructions on how to ask questions or make your comments.
  - If unmuted during Q&A, please do not use a speaker phone

# Other Ways to Ask Questions



- Please submit your text questions and comments using the Questions Panel. We will answer some of them during the webinar.
- You can also send questions and comments to *housing.counseling@hud.gov* with the webinar topic in the subject line.

# Please Mute Your Phones During Discussions



- During the discussions, all the phones may be unmuted by the operator.
- It is critical that you mute your phone during these discussions.
  - Most phones have a mute function.
  - \*6 Will also mute and unmute your phone.

# Brief Survey



- Please complete the brief survey at the end of this session.
- Your responses will help OHC better plan and present our webinars.

# Certificate of Training



- If you logged into the webinar, you will receive a “thank you for attending” email from GoToWebinar within 48 hours.
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Thank you for attending our XX hour Webinar on XX. We hope you enjoyed our event. This is your CERTIFICATE OF TRAINING. Please print out and save this email for your records. Please send your questions, comments and feedback to: [housing.counseling@hud.gov](mailto:housing.counseling@hud.gov).

**Lorraine Griscavage-Frisbee**  
**Deputy Director**  
**Office of Capacity Building**  
**Outreach**



# Polling Question

Please indicate which housing counseling services you directly provide. Select all that apply.

- a) Pre-purchase and homebuyer education
- b) Post-purchase non-default
- c) Loss Mitigation/Mortgage default
- d) HECM
- e) Do not provide direct housing counseling

# Understanding FHA

Why it is important for housing counselors

- provide clients with accurate information
- understand loan options and benefits for the client
- Handbook requirement – when you discuss mortgage programs must include FHA

**Nancy West  
Housing Program Officer  
Department of Housing and  
Urban Development/FHA**



# FHA's Office of Single Family Housing

## The Santa Ana Homeownership Center Presents **Key Messages on FHA Updates** April 2017

Last Updated: April 6, 2017

Presented by:

Nancy West, Housing Program Officer

Santa Ana Homeownership Center





## 2017 Loan Limits

- FHA has raised its “floor” and “ceiling” loan limits to \$275,665 and \$636,150, respectively
  - Mortgagee Letters 2016-19 and 2016-20
- Home Equity Conversion (HECM) loan limits increased for 2017 as well to \$636,150
- There were no jurisdictions with decreased loan limits for 2017



## 203(k) Consultant Draw Inspection Fee

- FHA 203(k) Consultants, like other mortgage industry professionals, need to be adequately compensated for their work through the fees that they charge for their services
- FHA amended and raised the \$100 limit to a \$350 limit on the 203(k) Draw Inspection Fee that can be charged
  - Change to the Draw Inspection Fee is incorporated into the *Single Family Housing Policy Handbook* 4000.1 (SF Handbook)
    - Section II.A.9.c.iii, Draw Inspection Fee.



# Annual Mortgage Insurance Premiums

- Mortgagee Letter 2017-01, reducing Mortgage Insurance Premiums for loans with Closing/Disbursement date on or after January 27, 2017, has been suspended indefinitely
- FHA is committed to ensuring its mortgage insurance programs remains viable and effective in the long term for all parties involved, especially our taxpayers
- Analysis and research are deemed necessary to assess future adjustments to the annual Mortgage Insurance Premium rates
- FHA will issue a subsequent Mortgagee Letter at a later date should this policy change



# Assumption Fees

- On December 7, 2016, FHA provided guidance on the maximum fee mortgagees may charge to process an assumption request and raised the maximum allowable from \$500 to no more than \$900
  - FHA believes this new maximum allowable fee amount will provide adequate compensation to mortgagees, thus potentially expanding the use of assumptions to facilitate homeownership opportunities
  - Assumption fees may be charged by the lender for services that must be performed to process and close the loan





## **Condominium Project Approval Owner Occupancy Requirements – Forward Mortgage Only**

- Mortgagee Letter 2016-15 implements FHA's condominium project approval owner occupancy percentage requirements, as required in the Housing Opportunity Through Modernization Act (HOTMA)
- The Mortgagee Letter provides specific conditions where Existing Projects can be approved when owner occupancy is as low as 35 percent, rather than the generally applicable 50 percent owner occupancy requirement
- It also retains a minimum owner occupancy requirement of 30 percent of the declared units in Proposed and Under Construction projects



# **Condominium Project Approval Proposed Rule *Federal Register* Notice (Docket No. FR-5715- P-01)**

- Publication of FHA's condominium project approval proposed rule reinforces FHA's long-standing support of condominiums with FHA-insured mortgages as a critical source of affordable housing for first-time, low- and moderate-income, and underserved individuals and families
- FHA's ultimate goal is to make it easier for FHA mortgagees to originate condominium unit mortgages, while maintaining the necessary safeguards and monitoring that protect borrowers and FHA's Mutual Mortgage Insurance Fund
- Publishing the condominium project proposed rule is a necessary step in achieving this goal



# Department of Justice Actions

- The Department of Justice actions over the past two years sent a strong signal on many fronts to the lending industry
- These actions were taken based on a pattern of significant underwriting flaws and non-compliance with program requirements
  - We have a statutory obligation to enforce the program's requirements
- We use common sense when deciding to take action against lenders for mistakes that do not affect the insurability of the mortgage

# Home Equity Conversion Mortgage Final Rule

- By publishing its' Home Equity Conversion Mortgage (HECM) final rule in the *Federal Register* on January 19, 2017, FHA has completed a major milestone to codify HECM requirements implemented under statutory authority
  - 24 CFR Part 206, the HECM regulations, had not been updated in its entirety since the HECM program transitioned from a demonstration program to an approved program in 1989
- The final rule updates regulations with provisions that carry forward FHA's ongoing work to ensure its HECM program is safe and viable for seniors, usable by mortgagees, and protects the FHA's Mutual Mortgage Insurance (MMI) Fund
  - All HECM-related regulatory requirements will be consolidated into one public document, eliminating numerous "regulatory Mortgagee Letters"



## HECM Final Rule – Continued

- The HECM Final Rule contains both new policies and revisions to existing policies
  - Actions will occur up to eight months after the Final Rule published and will provide the time necessary for mortgagees and the industry to understand the changes, and plan for any necessary process, operational, or systems changes
  - FHA will issue implementation guidance for mortgagees via its multiple policy and communications methods, including Mortgagee Letters, updates to existing guides and Handbooks, and others
- FHA is currently finalizing its implementation approach, and will be communicating more specifics about operational and systems changes in the coming months



## Note Sale Program

- The Note Sale program aims to assist borrowers that have exhausted their eligible FHA Loss Mitigation options and, as a by-product, minimizes losses to the FHA Mutual Mortgage Insurance Fund
- Some of the changes implemented are:
  - Foreclosures cannot be commenced until 12 months after the sale; and
  - A greater focus on Neighborhood Stabilization Outcome (NSO) Pools



# Property-Assessed Clean Energy (PACE)- Origination

- FHA's PACE policy allows eligibility for FHA insurance on a forward mortgage for a property with an existing PACE obligation, when the obligation is treated as a special assessment, consistent with FHA regulations
  - Mortgages for properties which are or will be encumbered by a PACE obligation are eligible for FHA insurance, as long as the PACE obligation is structured as a special assessment and collected as such
  - A special assessment is collected by a governmental entity in the same manner as property taxes, via a line item on the property tax bill



## PACE – Continued

- A PACE obligation structured as a special property assessment cannot accelerate the entire amount of the obligation in the event of delinquency after endorsement of the FHA-insured mortgage
  - The PACE obligation must be collected in the same manner as a tax, and only the amount that is delinquent can be recorded as an enforceable lien
  - FHA policy does not allow the lien to be superior to the FHA-insured mortgage for the full outstanding PACE obligation.
  - A lien for delinquent taxes does not violate FHA requirements





## PACE – Continued

- FHA PACE policy requires actions on the part of the property seller, the mortgagee, the appraiser, and the buyer, so that an existing PACE special assessment attached to the property is clearly disclosed and understood by all parties to a sale transaction
- This includes:
  - Requiring that the PACE special assessment be readily apparent in public records (such as the tax bill);
  - Additional appraisal requirements that help the appraiser to analyze and report the value of PACE enhancements; and
  - Requiring that the PACE special assessment is included in the sales contract



# Resilience and Sustainable Standards in Residential Housing

- At FHA, we are proactively promoting resilience
- We are partnering with other federal agencies to advance resilience and sustainability standards in residential housing
- FHA offers a variety of mortgage insurance programs that support resilience – including the 203(k) program, which can be used to rehabilitate single-family homes and add resilient improvements such as wind-resistant roofs or home elevation to protect from flooding



# *Single-Family-Housing-Policy-Handbook*

## **4000.1**

- FHA is committed to having a single source of Single Family Housing policy, where clarity and consistent application of policy to increase access to mortgage credit are the primary goals
- *Single Housing Policy Handbook 4000.1* (SF Handbook) updates continue FHA's goal of maintaining a comprehensive and up-to-date Single Family Housing policy resource
- FHA intends to maintain a quarterly SF Handbook update
  - Mortgagee Letters and Notices will continue to inform the public of changes between the quarterly update
  - FHA continues to deliver on this commitment with an updated SF Handbook



## Subject Property and Water

- All properties that FHA insures must meet minimum property standards and minimum property requirements
- Mortgagees and other stakeholders involved with FHA transactions are reminded that to be eligible for FHA insurance, a property must meet FHA's Property Acceptability Criteria as stated in the SF Handbook, Section II.A.3.a.ii (F) and (J)
- Individual water supply systems are contained in Section III(4000.1) Section iii (Individual Water Supply Systems), Subsection (1)



## Resources

- *Single Family Housing Policy Handbook 4000.1*
  - [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/handbook\\_4000-1](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/handbook_4000-1)
- Supplemental Documents to the SF Handbook:
  - [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/handbook\\_references](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/handbook_references)
- Home Equity Conversion Mortgage Home Page
  - [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/hecm](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hecm)

# Resources

- **FHA Resource Center**
  - **Frequently Asked Questions:** [www.hud.gov/answers](http://www.hud.gov/answers)
    - *Qs and As* addressing 90 percent of our phone calls and announcements of policy changes and training opportunities.
  - **Email:** [answers@hud.gov](mailto:answers@hud.gov)
  - **Phone:** Monday-Friday, 8:00 AM to 8:00 PM, Eastern, Toll Free: (800) CALL-FHA or (800) 225-5342
- ***Single Family Housing News (FHA INFO):***
  - E-mail notifications of new policies and training opportunities for anyone who signs up.  
[http://portal.hud.gov/hudportal/HUD?src=/program/offices/housing/sfh/FHA INFO subscribe](http://portal.hud.gov/hudportal/HUD?src=/program/offices/housing/sfh/FHA%20INFO%20subscribe)

## The FHA Single Family Housing Policy Handbook: Origination through Post-Closing/Endorsement

### Pre-recorded Training Module Descriptions

**MODULE 1: Introduction and Navigating the Single Family Handbook: Origination/Processing and Allowable Mortgage Parameters** (Recorded on 5/12/16): This module begins by providing introductory and background information on the structure of the SF Handbook. The remainder of the module is divided into two sections: *Origination/Processing* and *Allowable Mortgage Parameters*. These sections provide the basic documentation, processing, and underwriting standards for FHA single family (1 to 4 units) mortgages being insured under the National Housing Act. **Webinar Module Duration:** 52 minutes.

**MODULE 2: Appraisals, Property Requirements, and Underwriting the Property** (Recorded on 5/17/16): This module provides a review of the Property Acceptability Criteria for FHA mortgage insurance, including FHA's Minimum Property Requirements (MPR) and Minimum Property Standards (MPS). The module contains a detailed review of the policies contained in the Origination through Endorsement's *Underwriting the Property* section. **Webinar Module Duration:** 96 minutes.

**MODULE 3: Underwriting the Borrower Using the TOTAL Mortgage Scorecard** (Recorded on 6/21/16): This module provides a review of policies for underwriting the borrower using FHA's Technology Open to Approved Lenders (TOTAL) Mortgage Scorecard evaluation. It also includes a discussion on: accept risk classifications requiring a downgrade to manual underwriting; evaluating credit history, liabilities, - and debts; income and assets requirements; and making the final underwriting decision. **Webinar Module Duration:** 145 minutes.

**MODULE 4: Manual Underwriting of the Borrower** (Recorded on 6/27/16): This module provides a review of FHA's policies to effectively conduct a Manual Underwrite evaluation. In addition to the standard income and assets requirements, this module also covers types of credit history and additional credit requirements associated with manual underwriting. **Webinar Module Duration:** 153 minutes.

**MODULE 5: Closing, Post-Closing, and Endorsement** (Recorded on 6/7/16): This module provides a review of policies to effectively prepare for closing and disbursement on a FHA-insured mortgage. It also covers the Post-Endorsement Review; case binder documentation requirements; and the FHA insurance endorsement. **Webinar Module Duration:** 69 minutes.

**MODULE 6: Programs and Products – Refinance** (Recorded on 6/14/16): This module provides a review of the different types of FHA refinance products and outlines the eligibility requirements for each refinance program. **Webinar Module Duration:** 60 minutes.


**MODULE 7: Programs and Products - 203(k) Rehabilitation Program and Consultant Requirements** (Recorded on 6/9/16): This module provides a review of all aspects of FHA's Section 203(k) Rehabilitation Mortgage Insurance Program, the Agency's primary program for the rehabilitation and repair of single family properties. This module also covers the FHA 203(k) Consultant Roster requirements and responsibilities. **Webinar Module Duration:** 117 minutes.

**MODULE 8: Programs and Products – All Other Programs** (Recorded on 6/22/16): This module provides a policy overview of specialized FHA programs including Energy Efficient Mortgage; 203(h) Mortgage for Disaster Victims; Adjustable Rate Mortgages; New Construction; Construction-to-Permanent; Assumptions; Weatherization; HUD Real Estate Owned Purchasing and more. **Webinar Module Duration:** 151 minutes.

**MODULE 9: Nonprofit Approval and Governmental Entities** (Recorded on 9/21/16): This module provides an overview of the: three types of single family housing programs available to Nonprofit organizations and Government Entities; Nonprofit Approval, Recertification and Post-Approval requirements; and Quality Control of HUD-approved Nonprofit organizations and Monitoring Requirements of approved HUD-approved Nonprofit organizations and Government Entities. **Webinar Module Duration:** 71 minutes.

Access all pre-recorded modules at:

[https://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/events/sfh\\_hb\\_webinars](https://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/events/sfh_hb_webinars).



The U.S. Department of  
Housing and Urban Development  
wants to thank you  
for your interest in  
FHA and FHA programs



# Questions?

# **Concluding Remark**

## **Lorraine Griscavage-Frisbee**

# More Information

For housing counseling program information, grant information, training and events, counselor resources and to sign up for our LISTSERV.

**[www.hudexchange.info/programs/housing-counseling/](http://www.hudexchange.info/programs/housing-counseling/)**

Email Questions or comments:

**[housing.counseling@hud.gov](mailto:housing.counseling@hud.gov)**

**In subject line type: FHA Update**