

## FHA INFO #16-55

August 25, 2016



**TO: All FHA-Approved Mortgagees and Servicers; All Other Stakeholders**

### NEWS AND UPDATES

#### In this Announcement:

- Reminder: Guidance for FHA-approved Mortgage Servicers regarding Presidentially-Declared Major Disaster Areas
- *Updates to FHA's Loss Mitigation Retention Options and Miscellaneous Mortgage Servicing Procedures Mortgagee Letter*
- *Extension of Temporary Approval Provisions for Condominium Project Approval Process*

See below for details.

#### Reminder: Guidance for FHA-approved Mortgage Servicers regarding Presidentially-Declared Major Disaster Areas

Today, the Federal Housing Administration (FHA), in light of the recent Presidentially-Declared Major Disaster Area (PDMDA) in the State of Louisiana due to damage caused by severe storms and flooding, issued a reminder that mortgages secured by properties in a PDMDA are subject to a 90-Day moratorium on foreclosures following the disaster. HUD provides mortgagees an automatic 90-Day extension from the date of the moratorium expiration date to commence or recommence foreclosure action or evaluate the borrower under HUD's Loss Mitigation Program. See Presidentially-Declared Major Disaster Areas (Section III.A.3.c.ii.) in the *Single Family Housing Policy Handbook 4000.1* (SF Handbook).

[Quick Links](#)

- See policy in the SF Handbook, Section III.A.3.c.ii. at: [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/handbooks/hsg](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/hsg)

## Updates to FHA's Loss Mitigation Retention Options and Miscellaneous Mortgage Servicing Procedures Mortgagee Letter

On August 24, 2016, the Federal Housing Administration (FHA) published [Mortgagee Letter 2016-14](#), "*Updates to FHA's Loss Mitigation Retention Options and Miscellaneous Mortgage Servicing Policy*," which announces revisions to FHA's procedures for evaluating and using its Loss Mitigation Home Retention Options, and other operational changes for mortgagees servicing FHA-insured Title II forward mortgages. The revisions contained in Mortgagee Letter 2016-14, including a revised HUD Loss Mitigation Priority Option Waterfall, are designed to streamline the loss mitigation process for servicers while strengthening their ability to more quickly and effectively engage in loss mitigation home retention actions for the purpose of providing an alternative to foreclosure.

Specific revisions contained in Mortgagee Letter 2016-14 are designed to:

- Streamline FHA's loss mitigation waterfall to support more efficient borrower engagement, specifically when evaluating a borrower for the FHA Home Affordable Modification Program (FHA-HAMP) option, which is a sustainable and effective loss mitigation home retention option;
- Reduce the number of steps that a servicer and borrower must take to resolve a delinquency and enter into a loss mitigation home retention product; and
- Provide additional flexibility that servicers can extend to borrowers, including revised procedures for evaluating a borrower's financial condition and special forbearance agreements for unemployed borrowers, to remove unnecessary obstacles for a borrower to be eligible for a home retention option.

This Mortgagee Letter also contains operational and reporting changes and clarifications for servicers related to: using independent third-party providers to conduct Claims Without Conveyance of Title (CWCOT) property sales transactions; the Manufactured Housing Review; and other changes.

Servicers must implement the procedures set forth in this Mortgagee Letter **no later than December 1, 2016**. Revisions to *the Single Family Housing Policy Handbook* 4000.1 (SF Handbook) included in Mortgagee Letter 2016-14 will be incorporated into the SF Handbook's online format and portable document format (PDF) at a future date.

### [Quick Links](#)

- View [Mortgagee Letter 2016-14](#) and all other Mortgagee Letters at:  
[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/letters/mortgagee](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/letters/mortgagee)

## Extension of Temporary Approval Provisions for the Condominium Project Approval Process Mortgagee Letter

On August 24, 2016, the Federal Housing Administration (FHA) announced via [Mortgagee Letter 2016-13](#), “*Extension of Temporary Approval Provisions for the Federal Housing Administration (FHA) Condominium Project Approval Process*,” that it is extending its temporary condominium project approval policy provisions, without changes, **until August 31, 2017**.

As noted in the Mortgagee Letter, FHA’s temporary condominium project approval policy provisions were issued in its September 13, 2012 [Mortgagee Letter 2012-18](#), and its November 13, 2015 [Mortgagee Letter 2015-27](#). The provisions in these Mortgagee Letters are applicable to all Title II programs, including the Home Equity Conversion Mortgage program, unless otherwise stated.

The extension of FHA’s temporary provisions for condominium project approvals supports the continuation of FHA’s ability to insure mortgages in condominium projects and avoid market disruption, while work continues on the rulemaking necessary to propose policy revisions and address items in the *Housing Opportunity Through Modernization Act of 2016*, which was signed by the President on July 29, 2016.

### [Quick Links](#)

- View [Mortgagee Letter 2016-13](#) and all other Mortgagee Letters at:  
[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/letters/mortgagee](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/letters/mortgagee)
-