



September 30<sup>th</sup>, 2016

## Enhancements to *Single Family Housing Policy Handbook 4000.1* with September Update

Today, the Federal Housing Administration (FHA) published the latest update to its *Single Family Housing Policy Handbook 4000.1* (SF Handbook). The update contains enhancements that continue to make the SF Handbook a comprehensive and consistent source for FHA Single Family Housing policy.

Also concurrent with this update, the previously published sections covering Claims and Disposition for Title II forward mortgages became effective today. These were the last major sections needed for mortgagees and other stakeholders in FHA transactions to use the SF Handbook as a full, end-to-end resource for Title II forward mortgages. Condominium Project Approval policies, to be a subsection of the SF Handbook's *Origination through Post-Closing/Endorsement* section for Title II forward mortgages, is still in progress.

### Policy Updates

The September 30<sup>th</sup> SF Handbook update contains technical changes for consistency and clarity, and several policy updates. The SF Handbook September 30<sup>th</sup> Transmittal, available in FHA's [Online Housing Policy Library](#), includes the following key updates:

- **Origination and Underwriting:** an increase from \$5,000 to \$10,000 for the maximum amount that buyers of HUD real-estate owned (REO) homes are required to place into escrow for repairs on HUD REO properties that do not meet FHA's minimum property standards. This change may increase the number of borrowers willing and able to qualify for FHA financing when purchasing a HUD REO property needing repairs.
- **Appraisal and Property Requirements:**
  - Additions related to residential Water Purification Systems, and the addition of a *Notice of Water Purification System* sample document, are not policy changes, as they are contained in FHA regulations. These additions do, however, enhance the comprehensive nature of the SF Handbook and its consistency with regulations.
  - The addition of language regarding the Appraisal Effective Date, which cannot be a date before the FHA Case Number assignment, adds specificity to the SF Handbook on this operational practice.

### Policy Documents Superseded in Full with September 30<sup>th</sup> Update

More than 100 additional Mortgagee Letters, Handbooks, and Housing Notices have been superseded in full by the SF Handbook as of September 30<sup>th</sup>. These and other policy documents that are superseded in full can be accessed for research purposes from the [Single Family Housing Superseded Policy Documents](#) page on HUD's Client Information Policy Systems (HUDCLIPS) web page.

As noted in the September 30<sup>th</sup>, 2016, SF Handbook Transmittal, the following Mortgagee Letters **remain effective for Home Equity Conversion Mortgages only**, and have been moved from the HUDCLIPS' Mortgagee Letters Superseded in Full page to the appropriate locations within HUDCLIPS' currently active Mortgagee Letter pages:

- 2014-13
- 2009-51
- 2007-13
- 2005-33





SF Handbook September 2016 Update (cont.)

### Pre-Recorded Webinar Training Modules Cover Origination through Endorsement

View FHA's series of nine self-paced, pre-recorded training webinars covering the SF Handbook's *Origination through Post-Closing/Endorsement* section for Title II forward mortgages. Access these webinars on the [Single Family Self-Paced, Pre-Recorded Training page](#):

- **MODULE 1: Introduction and Navigating the *Single Family Housing Policy Handbook: Origination/Processing and Allowable Mortgage Parameters***
- **MODULE 2: Appraisals, Property Requirements, and Underwriting the Property**
- **MODULE 3: Underwriting the Borrower Using the TOTAL Mortgage Scorecard**
- **MODULE 4: Manual Underwriting of the Borrower**
- **MODULE 5: Closing, Post-Closing, and Endorsement**
- **MODULE 6: Programs and Products – Refinance**
- **MODULE 7: Programs and Products – 203(k) Rehabilitation Program and Consultant Requirements**
- **MODULE 8: Programs and Products – All Other Programs**
- **NEW! MODULE 9: Nonprofit Approval and Governmental Entities (recorded on 9/21/16)**

- ***Servicing***: Changes throughout the *Servicing and Loss Mitigation* section revise policy to integrate into the SF Handbook policy changes announced in Mortgagee Letter 2016-14. These changes must be implemented, as announced in Mortgagee Letter 2016-14, **by December 1<sup>st</sup>, 2016**.
- ***Quality Control, Oversight, and Compliance for Mortgagees with Multifamily Authority***: exceptions to the Quality Control, Oversight, and Compliance section clarify that certain sections do not apply to mortgagees with: Originate Multifamily authority; Service Multifamily authority; or Service/Organize Multifamily authority; nor to Multifamily operations when a mortgagee has both Single Family and Multifamily authority. This change addresses Multifamily mortgagee requests for clarity on this issue.

### New and Updated Supplemental and Model Documents

Concurrent with the September 30<sup>th</sup> SF Handbook update, FHA made the following supplemental and model documents available on its [Supplemental Documents](#) and [Model Documents](#) web pages, respectively:

- Added [Borrower Notice of Water Purification System](#) supplemental document, which contains sample language that mortgagees may choose to use to comply with FHA's individual residential water purification systems policies;
- Updated [Single Family Default Monitoring System Reporting Codes](#) and [Termite Treatment Exception Areas](#) supplemental documents; and
- Updated [HUD Earnest Money Forfeiture and Return Policy](#) model document.

In addition, the three SF Handbook waivers noted below *expire* as of September 30<sup>th</sup>, 2016. FHA has not extended these waivers, as the provisions they contain have been incorporated into the SF Handbook:

- *Single Use of Signatures*;
- *MIP Factor for 203(k) Loans and Simple Refinance Transactions*; and
- *FHA Model Mortgage*.

Previous versions of the updated supplemental and model documents, and the expired waivers referenced above, can be accessed for research purposes on FHA's [Single Family Housing Supplemental Documents Archive](#) web page.

