



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

Date: December 30, 2021

Mortgagee Letter 2021-31

To: All FHA-Approved Mortgagees
All Direct Endorsement Underwriters
All Eligible Submission Sources for Condominium Project Approvals
All FHA Roster Appraisers
All FHA-Approved 203(k) Consultants
All HUD-Approved Housing Counselors
All HUD-Approved Nonprofit Organizations
All Governmental Entity Participants
All Real Estate Brokers
All Closing Agents

Subject Update to FHA Catalyst Transition for Single Family Default Monitoring System (SFDMS) Reporting Module

Purpose The purpose of this Mortgagee Letter (ML) is to revise the Effective Dates announced in ML 2021-21, *FHA Catalyst: Single Family Default Monitoring System (SFDMS) Reporting Module* and for the *Single Family Default Monitoring System (SFDMS) Reporting Codes and Reporting Data Elements' Default Reporting Error Codes – Effective 12/1/2021*.

Public Feedback HUD welcomes feedback from interested parties for a period of 30 calendar days from the date of issuance. To provide feedback on this policy document, please send feedback to the FHA Resource Center at answers@hud.gov. HUD will consider the feedback in determining the need for future updates.

Affected Programs This guidance applies to the FHA Title II Single Family forward mortgage program.

Background On September 13, 2021, HUD announced in ML 2021-21 the transition of FHA's SFDMS from FHA Connection (FHAC) to FHA Catalyst: SFDMS Reporting Module. This is part of an FHA-wide transition of systems to the FHA Catalyst platform, including for case binder electronic endorsement

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submissions, supplemental claims, loss mitigation home retention claims, post-endorsement loan reviews, electronic appraisal delivery, reacquisition claims, automated underwriting, disposition claims, and collection of the Uniform Closing Dataset. FHA also published supporting updates to the *Single Family Housing Policy Handbook 4000.1* and the *Single Family Default Monitoring System (SFDMS) Reporting Codes and Reporting Data Elements* to include the Default Reporting Error Codes.

On December 1, 2021, HUD published ML 2021-30, *Delay of Effective Date of Mortgagee Letter 2021-21, FHA Catalyst: Single Family Default Monitoring System (SFDMS) Reporting Module*, and associated changes to the Single Family Default Monitoring System (SFDMS) Reporting Codes and Reporting Data Elements, announcing the delay to implementation of the FHA Catalyst: SFDMS Reporting Module to ensure a successful transition to this new platform and to provide Mortgagees with additional time to prepare their systems for integration. The delay also provides Mortgagees with additional time to adopt recent single family policy changes related to the COVID-19 pandemic, updates to the Servicing section of the *Single Family Housing Policy Handbook 4000.1*, and address other industry priorities.

Summary of Changes

This ML:

- Updates ML 2021-21's Effective Dates for the transition of FHA's SFDMS from FHA Connection (FHAC) to FHA Catalyst: Reporting Module and associated Handbook 4000.1 changes; and
- Updates the Effective Dates for the supplemental document *Single Family Default Monitoring System (SFDMS) Reporting Codes and Reporting Data Elements' Default Reporting Error Codes*.

Revised Effective Date for ML 2021-21

February 7, 2022 will be the last day that Mortgagees will have access to FHAC for default reporting. SFDMS reporting capabilities will then move from FHAC to the FHA Catalyst platform on March 1, 2022.

Beginning March 1, 2022, Mortgagees must report in the SFDMS module through FHA Catalyst or Electronic Data Interchange (EDI).

The Effective Date for the updated Default Reporting Error Codes found in the [Single Family Default Monitoring System \(SFDMS\) Reporting Codes](#) are changed to March 1, 2022.

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The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control numbers 2502-0005; 2502-0059; 2502-0117; 2502-0189; 2502-0302; 2502-0306; 2502-0322; 2502-0358; 2502-0404; 2502-0414; 2502-0429; 2502-0494; 2502-0496; 2502-0525; 2502-0527; 2502-0538; 2502-0540; 2502-0556; 2502-0561; 2502-0566; 2502-0570; 2502-0583; 2502-0584; 2502-0589; 2502-0595; 2502-0600; and 2502-0610. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

Questions

Any questions regarding this Mortgagee Letter may be directed to the FHA Resource Center at 1-800-CALL-FHA. Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339. For additional information on this Mortgagee Letter, please visit www.hud.gov/answers.

Signature

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Office of Housing – Federal Housing Administration
