

FHA INFO #20-01
January 2, 2020



**TO: All FHA-Approved Mortgagees;
All Other Interested Stakeholders**

NEWS AND UPDATES

In this Announcement:

- Defect Taxonomy Version 2 and Loan Review System Enhancements Now Effective
- Repost: Defect Taxonomy Version 2 Implementation Webinar

See below for details.

Defect Taxonomy Version 2 and Loan Review System Enhancements Now Effective

Today, the Federal Housing Administration (FHA) implemented its *Defect Taxonomy Version 2*, effective for loan reviews beginning Wednesday, January 1, 2020. The new version includes various updates to the *Defect Taxonomy* originally implemented through the Loan Review System (LRS) in 2017.

The posting of *Defect Taxonomy Version 2* on the [Loan Review System webpage](#) was first announced in [FHA INFO 19-55](#) on October 28, 2019. It is one of several important milestone achievements in FHA's efforts to provide greater clarity and consistency for lenders.

Additionally, recent changes to LRS now allow lenders to submit optional responses to Tier 3 and 4 deficient findings, as well as Tier 1 and 2 findings that FHA has mitigated or remediated.

FHA's *Defect Taxonomy Version 2* and an updated *LRS User Manual* can be accessed from the [Loan Review System](#) webpage on HUD.gov.

Repost: Defect Taxonomy Version 2 Implementation Webinar

On Wednesday, January 8, 2020, FHA's Office of Lender Activities and Program Compliance will host a free, live webinar to provide updates about FHA's quality assurance processes including the *Defect Taxonomy Version 2* and LRS enhancements. This webinar was first announced on December 20, 2019, in [FHA INFO 19-60](#). A recap of the webinar details and registration link follows:

Webinar Title: **Repost** Defect Taxonomy Version 2 Implementation

Date/Time: Wednesday, January 8, 2020, 2:30 PM — 4:00 PM (Eastern)

Event Location:	Online Webinar – No Fee
Jurisdictional Host:	Office of Lender Activities and Program Compliance
Registration Link:	https://easthillmedia.zoom.us/webinar/register/WN_yx1doYDPTYKSIPbisyhKwA
Description:	This free, online webinar will provide updates about the Federal Housing Administration’s (FHA) quality assurance process effective for loan reviews beginning January 1, 2020, including Defect Taxonomy Version 2 and Loan Review System (LRS) enhancements. There will also be a live Question and Answer session at the end of the webinar.
Audience:	Although open to all stakeholders, this webinar is intended primarily for compliance, risk management, and quality control staff of FHA-approved mortgagees and their auditors.
Special Instructions:	Advance registration for this webinar is required no later than January 2, 2020 . Registered attendees will receive the link to access the webinar and other details with their registration confirmation.

Quick Links (If you experience issues opening PDF documents in Internet Explorer, try using a different web browser)

- Access the Loan Review System web page at: https://www.hud.gov/program_offices/housing/sfh/lender/loan_review_system
- View the Defect Taxonomy Version 2 at: https://www.hud.gov/sites/dfiles/SFH/documents/sfh_defect_taxonomy_v2_01_01_20.pdf
- Access the LRS User Manual at: <https://www.hud.gov/sites/dfiles/SFH/documents/LRSUserManual.pdf>

Resources

Contact the FHA Resource Center:

- Visit our online knowledge base to obtain answers to frequently asked questions 24/7 at: www.hud.gov/answers.
- E-mail the FHA Resource Center at: answers@hud.gov. Emails and phone messages will be responded to during normal hours of operation, 8:00 AM to 8:00 PM (Eastern), Monday through Friday on all non-Federal holidays.
- Call 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339.

FHA INFO Archives:	Visit the FHA INFO Archives to access FHA INFO messages issued from 2012 to the present.
Subscribe/Unsubscribe Instructions:	To subscribe to the Single Family FHA INFO mailing list you can use this link: FHA INFO or send a request by email to: answers@hud.gov Bulk subscriptions: To sign up your entire office or a large group, send the list of email addresses (in the format below) to: answers@hud.gov aaa@xyz.com

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