

July 7, 2020

FHA Single Family Housing



NEWS

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

NEWS AND UPDATES

Enhancements to FHA's Claims Without Conveyance of Title (CWCOT) Procedures

Today, the Federal Housing Administration (FHA) published [Mortgagee Letter \(ML\) 2020-21, Enhancements to FHA's Claims Without Conveyance of Title \(CWCOT\) Procedures](#). The guidance in this ML enhances FHA's CWCOT procedures by:

- allowing a second appraisal upon vacancy for a property that had an exterior-only appraisal, where an interior appraisal could not be obtained;
- allowing mortgagees to submit eviction costs and certain eligible property preservation expenses incurred during post-foreclosure sales opportunities;
- updating the policy and allowable fee structure related to independent third-party providers that conduct foreclosure sales or post-foreclosure sales efforts under CWCOT procedures; and
- regularly updating discounts in FHA Connection (FHAC) and changing to tier-based pricing factors based on a property's location, occupancy status, and appraised value. After the property's appraised value has been established and the Commissioner's Adjusted Fair Market Value (CAFMV) has been determined, authorized mortgagees may access the CAFMV via the link in FHAC at: <https://entp.hud.gov/clas/index.cfm>.

Originally piloted in 2013, CWCOT is an FHA claim option through which insurance benefits are paid to a mortgagee after the sale of the property to a third-party purchaser at foreclosure of the FHA-insured mortgage or through post-foreclosure sales efforts. This means there is no conveyance of the property to the U.S. Department of Housing and Urban Development (HUD) in exchange for payment of the mortgage insurance benefit.

The enhancements announced in [ML 2020-21](#) take into consideration the public feedback received earlier this year when the draft Mortgagee Letter was posted on the Single Family Housing Drafting Table. These enhancements make FHA's CWCOT program more viable for foreclosure sales associated with defaulted FHA-insured mortgages.

Quick Links

- View Mortgagee Letter 2020-21 and all other archived Mortgagee Letters at: https://www.hud.gov/program_offices/administration/hudclips/letters/mortgagee

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.														
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