FHA INFO #20-77
October 22, 2020

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

NEWS AND UPDATES

FHA Updates New Construction Financing Requirements

Today, the Federal Housing Administration (FHA) published Mortgagee Letter (ML) 2020-36, FHA New Construction Requirements. This guidance updates the requirements for New Construction financing for Title II Single Family forward mortgages in alignment with the regulatory amendments announced in the 2018 Final Rules that streamlined inspection and warranty requirements.

Changes to HUD’s maximum financing policy for New Construction include:

- Eliminating Early Start Letter and Pre-Approval requirements;
- Consolidating requirements regardless of loan-to-value (LTV);
- Adding Form HUD-92544, Warranty of Completion of Construction, for all New Construction;
- Providing alternative inspections by a third party, that is a registered architect or structural engineer, in the absence of International Code Council (ICC) certified Residential Combination Inspector (RCI) or Combination Inspector (CI); and
- Updating when Form HUD-NPMA-99-B, New Construction Subterranean Termite Service Record is required, to align it with the four acceptable termite treatment applications reflected on the related Form HUD-NPMA-99-A, Subterranean Termite Protection Builder’s Guarantee.

This guidance may be used immediately for existing cases and must be used for FHA case numbers assigned on or after January 4, 2021.

All policy updates will be incorporated into a forthcoming revision of the Single Family Housing Policy Handbook 4000.1.

Quick Links:

- View Mortgagee Letter 2020-36 and all other archived Mortgagee Letters at: https://www.hud.gov/program_offices/administration/hudclips/letters/mortgagee
- Access the online or PDF versions of the Single Family Housing Policy Handbook 4000.1 at: https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsgh
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.

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Visit the FHA INFO Archives to access FHA INFO messages issued from 2012 to the present.

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