



FHA INFO 2024-44

July 9, 2024

FHA Announces Updates to its 203(k) Rehabilitation Mortgage Program and 203(k) Industry Stakeholder Briefing

Today, the Federal Housing Administration (FHA) published [Mortgagee Letter \(ML\) 2024-13, Revisions to the 203\(k\) Rehabilitation Mortgage Insurance Program including updates to the 203\(k\) Consultant Requirements and Fees](#). This ML implements updates to the Section 203(k) program guidelines, which are intended to reduce barriers to using the program.

Enhancing the 203(k) Rehabilitation Mortgage Insurance Program (203(k) program) is an integral part of FHA's goals to increase the supply of affordable housing, expand affordable financing options for homes in need of repair, and stabilize neighborhoods by reducing the blight of vacant and abandoned properties.

With the publication of today's ML, FHA has now enhanced its 203(k) program guidelines to:

- increase the Limited 203(k) total rehabilitation cost from a maximum of \$35,000 to a maximum of \$75,000;
- introduce an annual review process for updating the maximum total rehabilitation cost for Limited 203(k);
- extend the rehabilitation period to 12 months for the Standard 203(k) and nine months for the Limited 203(k);
- increase the number of days that a borrower is unable to occupy the subject property during the rehabilitation period for Limited 203(k) from 15 to 30 days;
- permit mortgagees to increase the number of months of financeable Mortgage Payment Reserves for the Standard 203(k);
- allow financing of 203(k) Consultant fees for Limited 203(k); and
- revise the 203(k) Consultant fee schedule.

FHA believes these latest revisions will make the program offerings more attractive to mortgagees, 203(k) Consultants, real estate professionals, home buyers, and homeowners as a tool for revitalizing homes and neighborhoods, thereby providing greater access to, and increased production of, affordable housing.

The publication of these policy updates is the result of many months of engagement with stakeholders. In recent years home buyers obtained fewer 203(k) program renovation mortgages despite the growing market need.

To identify potential causes for that decline and opportunities to improve the 203(k) program, FHA undertook a two-pronged approach — by first publishing on February 14, 2023, a Request for Information (RFI) notice in the Federal Register [[Docket No. FR-6366-N-1](#)] seeking public comments, and then following up by posting the draft ML on its [Single Family Housing Policy Drafting Table](#) on November 29, 2023, seeking stakeholder feedback — regarding the barriers that might be limiting the program's usage.

The program enhancements contained in today's ML must be implemented for all FHA case numbers assigned on or after November 4, 2024, and will be incorporated into a future update of the [FHA Single Family Housing Policy Handbook 4000.1](#).

Stakeholders are encouraged to thoroughly review [ML 2024-13](#) and contact the FHA Resource Center with any questions.

For more information, read today's [press release](#).

Technology Updates

Technology systems updates supporting these changes will be communicated in a future FHA INFO.

Industry Stakeholder Briefings — Updates to FHA's 203(k) Program

FHA subject matter experts will host two industry stakeholder briefings with mortgagees, 203(k) Consultants, real estate professionals, and other interested parties regarding the recent revisions to its 203(k) Rehabilitation Mortgage Insurance Program, including updates to its 203(k) Consultant requirements and fees. Briefing details include:

- **Title:** Updates to FHA's 203(k) Rehabilitation Mortgage Insurance Program Industry Briefing
- **Dates/Times:** *The same information will be presented at each session. Participants may attend the session of their choice.*
 - [Register for Session 1](#) — Wednesday, July 24, 2024, 3:00 PM – 4:00 PM (Eastern)
 - [Register for Session 2](#) — Wednesday, August 28, 2024, 2:00 PM – 3:00 PM (Eastern)
- **Target Audience:** Mortgagees, existing and aspiring 203(k) Consultants, real estate professionals, and other stakeholders interested in FHA 203(k) transactions.

Registrants are invited to submit questions to sfeedback@hud.gov with the subject line: **Updates to FHA's 203(k) Rehabilitation Mortgage Insurance Program Webinar.**

The deadlines for pre-submitted questions are **Wednesday, July 17, 2024**, for Session 1, and **Wednesday, August 21, 2024**, for Session 2.

Need Support? Contact the FHA Resource Center.

- Visit our knowledge base to obtain answers to frequently asked questions 24/7 at www.hud.gov/answers.
- E-mail 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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