



FHA INFO 2024-45

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FHA Seeks Feedback on Newly Proposed Defect Taxonomy for Servicing Loan Reviews

Today, the Federal Housing Administration (FHA) posted a new draft of its [Single Family Housing Policy Handbook 4000.1](#) (Handbook 4000.1), Appendix 8.0 – FHA Defect Taxonomy for Servicing Loan Reviews (Servicing Defect Taxonomy), on [FHA's Office of Single Family Housing Drafting Table](#) (Drafting Table) for public review and feedback.

This proposed draft covers servicing loan reviews and aligns FHA's Defect Taxonomy with the requirements in Handbook 4000.1, Section III – Servicing and Loss Mitigation. The new Servicing Defect Taxonomy draft includes:

- Six defect areas covering FHA requirements through the servicing life cycle;
- Severity tier descriptions with common characteristics and distinctions based on the practical impact of noncompliance;
- Remedies aligned with severity tiers for each defect area.

This new draft incorporates revisions obtained from feedback received on the original draft Defect Taxonomy for Servicing Loan Reviews that was announced in [FHA INFO 2021-92](#). During the review period, industry stakeholders were invited to provide written feedback and participate in an FHA-sponsored listening session on March 2022.

Interested stakeholders are encouraged to thoroughly review this updated draft and provide feedback through August 26, 2024. Instructions for providing feedback are posted on the [Drafting Table](#). FHA will carefully consider all feedback received before publishing a final Servicing Defect Taxonomy.

As a reminder, this draft is not official departmental policy and cannot be used in connection with any FHA-insured mortgage until finalized. FHA's existing policies remain in effect until amended.

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

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