



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

**Date: September 27, 2013**

**To: All Approved Mortgagees**

**Mortgagee Letter 2013-36**

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<b>Subject</b>	Eligible Properties in Presidentially Declared Major Disaster Area Super Storm Sandy for 203(k) insured mortgages
<b>Purpose</b>	This Mortgagee Letter implements policy changes to the 203(k) rehabilitation insured mortgages for properties located within Presidentially Declared Major Disaster Area Super Storm Sandy.
<b>Effective Date</b>	This Mortgagee Letter is effective September 27, 2013.
<b>Affected Policies</b>	The policies set forth in this Mortgagee Letter supplements and where it conflicts replaces Handbook 4240.4 Section 1-4, as it pertains to Presidentially Declared Major Disaster Area Super Storm Sandy.
<b>Eligible Properties in Presidentially Declared Major Disaster Area Super Storm Sandy</b>	<p>Handbook 4240.4 Section 1-4 currently states that, homes that have been demolished, or will be razed as part of the rehabilitation work, are eligible provided the existing foundation system is not affected and will still be used. The complete foundation system must remain in place.</p> <p>Not all properties will be eligible for foundation repair. Where a property is located in Presidentially Declared Major Disaster Area Super Storm Sandy, work on the existing foundation system may be eligible, provided that:</p> <ul style="list-style-type: none"><li>• The existing foundation does not currently meet the flood elevation +1 foot requirement;</li><li>• Any additional repairs or modifications to the foundation must be required by applicable codes, community development plan, an insurance plan, or other local, state, or federal laws and regulations ;</li><li>• The foundation, after elevation, must comply with local building codes, and FEMA requirements;</li><li>• The lowest floor must be elevated at or above the Base Flood Elevation based on the most recent FEMA data, plus one foot of</li></ul>

freeboard. The most recent FEMA data includes Advisory Base Flood Elevations or Preliminary Flood Insurance Rate Maps, when available. However, in no event shall the lowest floor be below the Base Flood Elevation on the current adopted Flood Insurance Rate Map;

- A report from a licensed structural engineer must be obtained stating that the proposed foundation is capable of supporting the proposed construction of the dwelling;
- The FHA case number must be assigned within 18 months (540 days) from the effective date of this Mortgagee Letter to be assigned an FHA case number;
- The loan must be processed as a Standard 203(k);
- The 203(k) Consultant must conduct a preliminary feasibility analysis to determine that the subject property is damaged but can be rebuilt to comply with building codes and FHA Minimum Property Requirements; and
- The loan amount (prior to the addition of any financed UFMIP) does not exceed 100% of the after repaired value.

For any property not located within Presidentially declared Major Disaster Area Super Storm Sandy or any property that does not meet the above requirements, the restriction on foundation work described in Handbook 4240.4 Section 1-4 remains in force.

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**Information  
Collection  
Requirements**

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned an OMB control number of 2502-0059 . In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB Control Number.

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**Questions**

Any questions regarding this Mortgagee Letter should be directed to the FHA Resource Center at 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number by calling the Federal Information Relay Service at (800) 877-8339. For additional information on this Mortgagee Letter, please visit [www.hud.gov/answers](http://www.hud.gov/answers).

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**Signature**

Carol J. Galante  
Assistant Secretary for Housing- Federal Housing Commissioner