

December 21, 1998

**MORTGAGEE LETTER 98-31**

**TO: ALL APPROVED MORTGAGEES**

**SUBJECT:** Single Family Loan Production - Mortgage Calculation  
Simplification-Extension of Use of form HUD-92900-WS, Mortgage Credit Analysis  
Worksheet (MCAW)

In Mortgagee Letter 98-29 (ML 98-29), Mortgage Calculation Simplification, FHA introduced revised mortgage amount calculation procedures and developed a new document, form HUD92900-PUR (MCAW-Purchase Money Mortgages) to capture the data used to calculate the mortgage amount; these new procedures were to become mandatory December 21, 1998. However, at the request of lenders and software developers, FHA is delaying the mandatory use of form HUD-92900-PUR for use on those mortgages eligible for the downpayment simplification process announced in ML 98-29.

As required by ML 98-29, implementation of the revised mortgage calculation procedures for most new loan applications is mandatory beginning December 21, 1998. However, in recognition of competing priorities, including Year 2000 work, FHA will permit lenders to use form HUD-92900-WS, with certain modifications as shown on the attachment, until March 22, 1999. (Form HUD-92900-WS also remains the required document for refinance transactions as well as for those mortgages not eligible for the revised mortgage calculation procedures.) The lender remains accountable for assuring that the mortgage amount, cash investment, and mortgage insurance premiums are properly calculated and must assure that correct information on the loan is entered into CHUMS. Lines 3a, 3b, 3c, 10g, and 14 on the form HUD-92900-WS are to be modified by scratching out the computer entry and handwriting the revised value. The Remarks section must be used to show the lender's computation of the mortgage amount; the attachment to this mortgagee letter contains an example of a worksheet modified to accommodate the revised mortgage amount calculations.

Please also note that as stated in ML 98-29 the Department plans to expand this revised mortgage calculation authority to properties under construction or less than one year old that were not approved by FHA or VA prior to the start of construction, but this will not take place until *after* regulations are published in the Federal Register. As a point of clarification, those properties that would have been previously eligible for the 97/95/90 percent mortgage amounts are eligible for the revised mortgage calculations. Those properties that would have previously been eligible for only 90 percent financing remain limited to that percentage.

If you have any questions about these issues, please contact your FHA Homeownership Center in Atlanta, Denver, Philadelphia, or Santa Ana.

Sincerely,

William C. Apgar  
Assistant Secretary for Housing-  
Federal Housing Commissioner

Attachment