



## FROM THE DESK OF CAROL GALANTE

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### Electronic Signature Extension

As part of a larger effort to transform the way HUD does business, in 2010 FHA took an initial step to modernize and streamline the application process for FHA insured loans by extending the acceptance of electronic signatures (e-Signatures) to third party documents originated and signed outside of the lender's control. Building on this effort, last week we published Mortgagee Letter (ML) 2014-03, further extending FHA acceptance of electronic signatures to all origination and servicing/loss mitigation documents as well as REO sales contracts and related addenda. This ML is just the next step in the continued effort to modernize FHA's business processes – making it easier and more convenient for borrowers and faster for lenders.

Extending FHA's acceptance of e-Signatures on all single family documents will increase operational efficiency and simplify the process for FHA mortgagees, potential borrowers and homeowners. This expansion also brings FHA's signature process into alignment with common industry practice with respect to the use of e-signatures, streamlining the process of purchasing a home using FHA mortgage insurance and creating consistency from origination to servicing.

The use of e-signatures in the servicing context will also reduce the time necessary to collect documents in the context of loss mitigation, including those needed for borrowers exploring foreclosure alternatives and home retention options, which can be extensive due to the amount of documentation required.

It is my hope that this announcement will lead to fewer incidents of lost paperwork and make the origination and loss mitigation process easier for all parties.

The e-Signature policy extension applies to Title II Forward Mortgages, Title I Mortgages and Home Equity Conversion Mortgages (HECMs). This policy is in accordance with Electronic Signatures in Global and National Commerce Act (ESIGN) and the Uniform Electronic Transactions Act (UETA), as applicable. While this ML is effective immediately the adoption and use by mortgagees and servicers is voluntary.

For more information and full details of the ML please see: <http://portal.hud.gov/hudportal/documents/huddoc?id=14-03ml.pdf>

### Rental Assistance Demonstration

For the past 30 years, property owners around the country have used project-based Section 8 rental assistance contracts to leverage billions of dollars in public and private investments to recapitalize their projects while safeguarding long-term affordability for low-income residents.

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HUD's signature rental-assistance preservation initiative, the Rental Assistance Demonstration (RAD), opens this door to Public Housing Authorities (PHAs) and the private owners of properties funded by certain legacy HUD programs.

Simply put, RAD authorizes the voluntary conversion of assistance under the public housing, Rent Supp/RAP, and Sec. 8 Mod Rehab programs to long-term, renewable rental assistance contracts under the project-based voucher (PBV) or project-based rental assistance (PBRA) programs. Using the Section 8 platform, PHAs and owners can harness new resources for the recapitalization and rehabilitation of properties.

RAD's success to date has been remarkable. Launched in the summer of 2012, we have received applications for over 175,000 units in approximately 1,023 projects across the country. PHAs have proposed to address an average of nearly \$46,000/unit in capital needs: that's an estimated \$2.7 billion to be leveraged for preserving and enhancing affordable housing, without any additional subsidy from the federal government. Approximately 40% of transactions so far are using Multifamily FHA insurance – we're also seeing an interest in using RAD with FHA's Tax Credit Pilot program.

RAD is clearly helping PHAs and owners realize important goals for their properties while protecting residents' access to affordable homes now and in the future. The Office of Multifamily Housing's Office of Affordable Housing Preservation is processing the RAD projects due to their specialized expertise in preservation transactions. We're also using the Senior Underwriter model to expedite processing of FHA RAD deals, to ensure the best customer service possible.

I am very encouraged by the demand for this landmark initiative, and its early results suggest that broad interests can come together to produce a rental assistance tool that will both generate additional funding and better meet the needs of low-income communities. We're currently limited to a 60,000 unit cap, and are working with Congress and our partners to help expand authority for the program so that we can accommodate all of the interest. In the meantime, the Department will continue to review applications on the waiting list so that, if the cap is lifted, we can immediately make awards and begin working with more PHAs on their transactions.

For more information on RAD please see: <http://portal.hud.gov/hudportal/HUD?src=/RAD>.