



March 14, 2016

Updated *Single Family Housing Policy Handbook 4000.1* Provides End-to-End Title II Forward Mortgage Policy Source

The Federal Housing Administration's (FHA) *Single Family Housing Policy Handbook 4000.1* (SF Handbook) delivers something for all stakeholders in FHA transactions with its May 14, 2016 publication. With a small number of policy changes, technical updates, and additions including the publication of the *Claims and Disposition* section for Title II forward mortgages, the SF Handbook is now an end-to-end source for almost all Single Family Housing Title II forward mortgage policy. For FHA, this represents a significant step in its goal of making it easier to do business with us.

Key Changes to *Origination through Post-Closing/Endorsement for Title II Forward Mortgages* Section

Several changes to the *Origination through Post-Closing/Endorsement for Title II Forward Mortgages* section published on March 14, 2016, and represent revised policy that mortgagees and other stakeholders should begin planning for in advance of their effective dates, as applicable:

- Addition of a requirement in section II.A.8.a.vii.(H).(2) that the written proposal of a Limited 203(k) must indicate what work items require permits, and state that the repairs are non-structural, effective for FHA case numbers assigned on or after June 30, 2016;
- Addition of a requirement in section II.A.6.a.viii.(B) for repair escrow account closeout for all 203(b) products and programs where escrows are established, effective for FHA case numbers assigned on or after October 31, 2016; and
- Update of guidance in section II.A.8.a.viii.(A).(2).(b).(i) for refinance transactions when an existing debt is used to determine the Adjusted As-Is Value, effective for case numbers assigned on or after March 14, 2016.

Future changes and enhancements to the FHA Connection (FHAC) system include a new 203(k) calculator that will provide an automated calculation of the maximum allowable mortgage amount for a 203(k) and Streamlined 203(k) mortgage. FHA is currently working to complete the development of this functionality in FHAC, and expects it to be available shortly. Multiple sections of the SF Handbook were updated to reflect that mortgagees may begin to use the 203 (k) Calculator in FHAC when the functionality becomes available, but

Industry Briefing Conference Call on March 22, 2016

Mortgagees and other stakeholders in FHA transactions are invited to attend an industry briefing conference call on March 22, 2016.

During this call, FHA subject matter experts will provide a high-level overview of the SF Handbook's March 14, 2016 updates and additions.

- **Title:** SF Handbook March 14 Updates and Additions
- **Date:** March 22, 2016
- **Time:** 2:00 PM – 3:30 PM (Eastern)
- **Dial-in:** (800) 707-9573
- **Access Code:** 387881





must use the calculator prior to endorsement for all 203(k) transactions with case numbers assigned on and after October 31, 2016.

In the interim, mortgagees should access revised Maximum Mortgage Calculation sample documents for both Standard and Limited 203(k) mortgages, published on FHA's [203\(k\)-Related Documents](#) web page on March 14, 2016.

Technical Updates and Revisions

Technical updates and revisions to language in existing section were made throughout the SF Handbook, and are detailed in the SF Handbook [March 14, 2016 Transmittal](#). These updates and revisions are for clarity and consistency, and are not intended as a change in FHA policy.

Publication of the Claims and Disposition Section

On March 14, 2016, FHA published its *Claims and Disposition* section for Title II forward mortgages (Claims and Disposition) with a September 30, 2016 effective date. Read more about the Claims and Disposition section in FHA's "Claims and Disposition Section" [online article](#).

Multiple Sections Now Effective—Over 200 Additional Policy Documents Superseded

Multiple previously published SF Handbook sections and subsections became effective on March 14, 2016, making the SF Handbook now a comprehensive, single source of policy for even more stakeholders: mortgagee originators; mortgagee servicers; nonprofits and governmental entities; and other stakeholders in FHA transactions.

The previously published SF Handbook sections that became effective on March 14, 2016 are noted in the table below.

Section Title	Main Audience(s)	SF Handbook Location	Effective Date
<i>Doing Business with FHA—Other Participations in FHA Transactions</i> subsections for Direct Endorsement Underwriters, Nonprofits and Governmental Entities, and 203(k) Consultants.	<ul style="list-style-type: none"> • 203(k) Consultants • Direct Endorsement Underwriters • Nonprofits and Governmental Entities • Additional Other Participants 	<ul style="list-style-type: none"> • Section I.B.2 through I.B.5 	On March 14, 2016.
<i>HUD Real Estate Owned Purchasing</i> subsection; and associated changes within <i>Appraiser and Property Requirements for Title II Forward and Reverse Mortgages</i> section.	<ul style="list-style-type: none"> • Mortgagees originating new mortgages secured by HUD real-estate owned properties. • Appraisers 	<ul style="list-style-type: none"> • Section II.A.8.o • Section II.B.12.e.i and Section II.B.12.e.iv 	Case numbers assigned on or after March 14, 2016.
<i>Servicing and Loss Mitigation for Title II Forward Mortgages</i> section. <i>Note: The FHA Resource Center's searchable Online Knowledge Base has been updated with dozens of new and revised Frequently Asked Questions on the policies contained in the Servicing and Loss Mitigation section. Visit the Online Knowledge Base 24/7 at http://portal.hud.gov/hudportal/HUD?src=/FHAFQAQ.</i>	<ul style="list-style-type: none"> • Mortgagee Servicers 	<ul style="list-style-type: none"> • Section III.A in its entirety 	On March 14, 2016, except Default Servicing, which became effective for mortgages <i>in default</i> on or after March 14, 2016.





<p><i>Quality Control, Oversight and Compliance—Other Participants in FHA Transactions</i> subsections for Direct Endorsement Underwriters, Nonprofits and Governmental Entities, and 203(k) Consultants.</p>	<ul style="list-style-type: none"> • 203(k) Consultants • Direct Endorsement Underwriters • Nonprofits and Governmental Entities • Additional Other Participants 	<ul style="list-style-type: none"> • Section V.B • Sections V.D.2 through V.D.4 	<p>On March 14, 2016.</p>
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------	---------------------------

Previous Mortgagee Letters Now Available on FHA's Online SF Handbook Site

FHA's online SF Handbook site now contains all published Single Family Housing Mortgagee Letters, organized by year of publication, furthering the goal of providing a comprehensive, online Single Family Housing Policy Library. The site includes both active Mortgagee Letters and those that have been superseded in full or in part by the SF Handbook. Mortgagee Letters superseded in full are marked as such in the top right corner of each page.

All superseded policy documents, including Handbooks and Housing Notices that have not yet been migrated to the online SF Handbook site, remain accessible from HUD's Client Information Policy Systems (HUDCLIPS) Single Family Housing [Superseded Policy Documents](#) page.

Additional Changes

Stakeholders should also note the following functional and structural changes made to the SF Handbook with its March 14, 2016 updates:

- **New SF Handbook Supplemental Glossary and Acronyms** documents, that are revised to include new definitions and acronyms that correspond with recently effective SF Handbook sections and the newly published Claims and Disposition section; and
- **Notations in the Table of Contents** that reference structural changes that will be made on June 30, 2016 to allow for incorporation of additional content in the future. In particular, these structural changes will move the *Appraiser and Property Requirements for Title II Forward and Reverse Mortgages* section from Section II.B to its future location, Section II.D.

Updates to Nonprofit Data Management System for Nonprofit Applicants

On March 14, 2016, FHA implemented technical updates to the web-based HUD Nonprofit Data Management System (NPDMS) used by Nonprofit applicants for the submission of application, recertification, and reporting documentation. These updates align the NPDMS with the policies that became effective on March 14, 2016 in the *Doing Business with FHA-Other Participants* section, in subsection I.B.4 for Nonprofits and Governmental Entities.

#####

