



March 14, 2016

FHA Publishes the *Claims and Disposition* Section for Title II Forward Mortgages of Its *Single Family Housing Policy Handbook 4000.1*

On March 14, 2016, the Federal Housing Administration (FHA) published the *Claims and Disposition* section for Title II forward mortgages (Claims and Disposition) of its *Single Family Housing Policy Handbook 4000.1* (SF Handbook). The section is effective on September 30, 2016. **When effective, the addition of this section – and associated registration, approval, and compliance policies in other sections for Real Estate Brokers and Closing Agents – means that mortgagees and other stakeholders in FHA transactions will have a complete, end-to-end set of policies for almost all of their Title II forward mortgage business conducted with FHA.**

The Claims and Disposition section was published in the SF Handbook that is in portable document format (PDF) form, and will be incorporated into the online SF Handbook on FHA's Single Family Housing Policy Library on June 30, 2016.

Publication of the Claims and Disposition section follows FHA's assessment of feedback received on the draft section, which was posted on FHA's Single Family Housing Drafting Table web page from August 5, 2015 through October 5, 2015. The Claims and Disposition section represents existing FHA policy, revised to conform to the format and style of the SF Handbook. However, the section does contain some policy changes, and mortgagees and other stakeholders are encouraged to read the section in its entirety as they begin to prepare for the September 30, 2016 effective date.

Claims Section

The *Claims* section consolidates existing claim calculation and submission guidance found in the *FHA Single Family Insurance Claims Handbook* (HUD Handbook 4330.4), and subsequent Mortgagee Letters, relevant Housing Notices, and other claims policies and regulations published since 1995. The *Claims* section will provide comprehensive and consolidated guidance on submission of claims for single family FHA mortgage insurance benefits.

Claims Section Industry Briefing Conference Call on March 31, 2016

Mortgagees and other stakeholders in FHA transactions are invited to attend an industry briefing conference call on March 31, 2016 that will provide a more comprehensive overview of the *Claims* section:

- **Title:** SF Handbook Claims Section
- **Date:** March 31, 2016
- **Time:** 2:00 PM–3:00 PM (Eastern)
- **Dial-in:** (866) 615-1886
- **Access Code:** 387723

Disposition Section Industry Briefing Conference Call on April 21, 2016

Stakeholders in FHA transactions, particularly Real Estate Brokers and Closing Agents, are invited to attend an industry briefing conference call on April XX, 2016 that will provide a more comprehensive overview of the *Disposition* section:

- **Title:** SF Handbook Disposition Section
- **Date:** April 21, 2016
- **Time:** 2:00 PM–3:00 PM (Eastern)
- **Dial-in:** (800) 260-0718
- **Access Code:** 388730

Stakeholders are encouraged to read and become familiar with the *Claims* section and the *Disposition* section of the SF Handbook prior to their respective industry briefing calls so they may formulate any questions they may have of the FHA subject matter experts conducting the call.



The *Claims* section published today covers the following for Title II forward mortgages:

- Claims calculation and submission for:
 - Conveyed Property Claims;
 - Assignment or Single Family Loan Sale Program Claims;
 - Supplemental Claims and Remittances;
 - Claims without Conveyance of Title;
 - Pre-Foreclosure Sale Claims; and
 - Loss Mitigation Retention Incentive Claims.
- Post-Claim Reviews;
- Withdrawal or cancellation of insurance claims; and
- Debt Collection and Administrative Offset.

A supplemental *Claim Filing Technical Guide* has been published on the SF Handbook [Supplemental Documents](#) web page to assist mortgagees in completing the appropriate sections of form HUD-27011, *Single Family Application for Insurance Benefits*, respective to the type of claim being filed.

Disposition Section

The *Disposition* section consolidates existing guidance found in the 1994 *Property Disposition Handbook - One to Four* (HUD Handbook 4310.5), subsequent Mortgagee Letters, relevant Housing Notices, and other disposition policies and regulations published since 1994. The *Disposition* section contains comprehensive guidance on the disposition of HUD real-estate-owned (REO) single-family properties. It also covers HUD's Management and Marketing (M&M) program and all activities from acquisition of title by HUD to disposition of the property, including:

- Property and Sales Condition;
- List Price;
- Marketing Tools;
- Prospective Buyers;
- Lead-Based Paint;
- Sales Timeline;
- Submitting Bids;
- Bid Acceptance During Competitive Sales Periods;
- Selection of Winning Bid;
- Inspection Contingency; and
- Closing.

For stakeholders involved in HUD's disposition process, the March 14, 2016 publication also includes information on registration or approval processes and compliance policies for Real Estate Brokers and Closing Agents. This information has been added into the *Doing Business with FHA* and *Quality Control, Oversight and Compliance-Other Participants* sections, in the *Additional Other Participants* subsections as of March 14, 2016, and becomes effective on September 30, 2016.

Three model documents related to disposition have been published with this section, and become effective





for use on or after September 30, 2016:

- *Exclusive Listing Period Purchase Addendum for Governmental Entities and HUD-Approved Nonprofits;*
- *Exclusive Listing Period Purchase Addendum for Individual Owner-Occupant Buyers; and*
- *HUD Earnest Money Forfeiture and Return Policy.*

These three model document can be found on FHA's [Single Family Mortgages Model Documents](#) web page.

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