

Distribution Date: May 16, 2013 (re-sent May 17, 2013 due to technical issues)

Two New Mortgagee Letters (13-16 & 13-17) / Phase Two of Adjusted Net Worth Requirement / Training Opportunities

Mortgagee Letters

MORTGAGEE LETTER 13-17

Subject: Interest Rates for Loss Mitigation Home Retention Options

Publication Date: May 14, 2013

Purpose: The purpose of this Mortgagee Letter is to provide guidance for determining the interest rates to use when implementing FHA's Loss Mitigation Home Retention options

MORTGAGEE LETTER 13-16

Subject: Subordination of Partial Claim Liens Associated with Federal Housing Administration (FHA) Streamlined Refinances

Publication Date: May 14, 2013

Purpose:

- Permit the subordination of Partial Claim liens for FHA Streamlined Refinances; and
- Eliminate consideration of Partial Claim notes from the 125 percent Combined Loan-to-Value (CLTV) ratio calculation for FHA Streamlined Refinances.

Phase Two of Adjusted Net Worth Requirement

To: All FHA-Approved Lenders and Mortgagees

Subject: Implementation of Phase Two of Adjusted Net Worth Requirement

This e-mail is to remind all FHA-approved lenders and mortgagees that effective May 20, 2013, FHA will implement **Phase Two** of the net worth requirement as published in Mortgagee Letter 2010-20 dated June 11, 2010. The requirement is provided below:

- **Participation in Single Family Programs.** The final rule provides that, irrespective of size, all applicants for approval and lenders and mortgagees with FHA approval as of or after May 20, 2010, that wish to participate in FHA single family programs must possess a minimum net worth of not less than \$1,000,000 plus an additional net worth of one percent of the total volume in excess of \$25 million of FHA **single family** insured mortgages originated, underwritten, purchased, or serviced during the prior fiscal year, up to a maximum required net worth of \$2.5 million. Not less than 20 percent of a mortgagee's required net worth must be liquid assets consisting of cash or its equivalent acceptable to the Secretary.
- **Participation in Multifamily Programs with Engagement in Mortgage Servicing.** The final rule provides that, irrespective of size, all applicants for approval and lenders and mortgagees with FHA approval as of or after May 20, 2010, that wish to participate in FHA **multifamily** programs, and that **engage in mortgage servicing**, must possess a minimum net worth of not less than \$1,000,000 plus an additional net worth of *one percent* of the total volume in excess of \$25 million of FHA multifamily insured mortgages originated, underwritten, purchased, or serviced during the prior fiscal year, up to a maximum required net worth of \$2.5 million. Not less than 20 percent of a mortgagee's required net worth must be liquid assets consisting of cash or its equivalent acceptable to the Secretary.
- **Participation in Multifamily Programs without Engagement in Mortgage Servicing.** The final rule provides that all applicants for approval and lenders and mortgagees with FHA approval as of or after May 20, 2010, that wish to participate in FHA **multifamily** programs, and that **do not engage in mortgage servicing**, must possess a minimum net worth of not less than \$1,000,000 plus an additional net worth of *one half of one percent* of the total volume in excess of \$25 million of FHA multifamily insured mortgages originated, underwritten, or purchased during the prior fiscal year, up to a maximum required net worth of \$2.5 million. Not less than 20 percent of a mortgagee's required net worth must be liquid assets consisting of cash or its equivalent acceptable to the Secretary.

Lender Approval Handbook 40601.1, REV-2 paragraphs 6-21 and 6-22 require that an approved lender or mortgagee must maintain at least the minimum required adjusted net worth and liquid assets at all times. If at any time the net worth or liquid asset requirements fall below the required minimum, the lender or mortgagee must notify the Lender Approval and Recertification Division within 30 days, and provide a Corrective Action Plan describing steps taken to correct the net worth or liquid asset deficiency. Failure to comply is grounds for an administrative action by the Mortgagee Review Board. Lenders and mortgagees non-compliant with net worth or liquidity asset requirement must notify HUD by sending an e-mail to recert@hud.gov. The e-mail should contain a letter signed by a corporate officer describing the corrective action that has been taken to correct the net worth or liquid asset deficiency. The e-mail

should also contain a copy of the lender or mortgagee's unaudited financial statements for the most recent quarter certified by management. The letter should be address to:

Director, Lender Approval and Recertification Division
451 7th St SW, Room B133/P3214
Washington, D.C. 20410

Training Opportunities

Webinar Title: Overview of Mortgagee Letter 2013-15 - Updated Delinquency/Default Status Codes for SFDMS Reporting

Dates/Times/Registration: Please click on the date/time of choice to register

[Wednesday, May 29 from 3:00 PM - 4:30 PM EDT](#)

[Wednesday, June 12 from 11:30 AM - 1:00 PM EDT](#)

Description: FHA's National Servicing Center will host a webinar providing an overview of the new and updated default status codes announced in Mortgagee Letter 2013-15. Discussion will also include reporting as it relates to the new loss mitigation waterfall outlined in Mortgagee Letter 2012-22. Sessions will include a question and answer session. This webinar is intended for FHA approved Servicers.

Special Instructions: Space is limited, please register early. Once registered you will receive an email confirming your registration with information you need to join the Webinar.

Course Title: FHA Loss Mitigation Training – Nashville, TN **ON SITE COURSE**

Date/Time: Tuesday, June 11 from 8:30 am to 4:00 pm (Eastern Time)

Location: HUD, 235 Cumberland Bend, Suite 200, Nashville, TN 37228

Registration Link: <http://www.hud.gov/emarc/index.cfm?fuseaction=emar.registerEvent&eventId=1718&update=N>

Description: This is a chance for classroom training provided by HUD. The intended audience for this training is HUD Approved Counseling Agencies, Servicing Lenders and Nonprofits. We will discuss the new changes on the FHA Loss Mitigation waterfall and explain eligibility for each of the Loss Mitigation tools.

Special Instructions: Parking is available and be sure to bring a calculator.

Course Title: FHA Loss Mitigation Training – Atlanta, GA **ON SITE COURSE**

Date/Time: Tuesday, June 11 from 8:30 am to 4:00 pm (Eastern Time)

Location: HUD, 40 Marietta Street, Atlanta, GA 30303

Registration Link: <http://www.hud.gov/emarc/index.cfm?fuseaction=emar.registerEvent&eventId=1719&update=N>

Description: This is a chance for classroom training provided by HUD. The intended audience for this training is HUD Approved Counseling Agencies, Servicing Lenders and Nonprofits. We will discuss the new changes on the FHA Loss Mitigation waterfall and explain eligibility for each of the Loss Mitigation tools.

Special Instructions: Parking is limited please consider utilizing MARTA. The HUD office is located at the Five Points Marta Station. Please bring a calculator to the class.

Course Title: FHA Loss Mitigation Training – Chicago, IL **ON SITE COURSE**

Date/Time: Tuesday, June 11 from 8:30 am to 1:00 pm (Eastern Time)

Location: Chicago Regional Office, Ralph Metcalfe Federal Building, 77 West Jackson Boulevard, Chicago, IL 60604-3507

Registration Link: <http://www.hud.gov/emarc/index.cfm?fuseaction=emar.registerEvent&eventId=1720&update=N>

Description: This is a chance for classroom training provided by HUD. The intended audience for this training is HUD Approved Counseling Agencies, Servicing Lenders and Nonprofits. We will discuss the new changes on the FHA Loss Mitigation waterfall and explain eligibility for each of the Loss Mitigation tools.

Special Instructions: Please bring a calculator to the class.

ADDITIONAL FHA EVENTS AND TRAINING OPPORTUNITIES CAN BE FOUND AT: <http://bit.ly/FHAevents>