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Three New Mortgagee Letters, 2013-24, 2013-25, and 2013-26, and Housing Notice 2013-22

All,

As part of an ongoing effort to expand access to mortgage credit for families impacted by the recent financial crisis, FHA is providing guidance for underwriting borrowers' credit who, but for economic circumstances brought on by the crisis, would be creditworthy.

These policy announcements provide greater clarity and flexibility to lenders, encouraging them to consider additional factors when evaluating a borrower's credit, ultimately supporting the recovery of the housing market and the economy.

Today, FHA provides policy guidance outlined in the following Mortgagee Letters and Housing Notice:

FHA Mortgage Letter 13-24

Published: August 15, 2013

Subject: Handling of Collections and Disputed Accounts

In this ML, FHA clarifies policy regarding collections, judgments and disputed accounts to provide lenders with clear guidance on how to underwrite and document borrower's credit history when determining eligibility.

Relative to this guidance, ML 13-25 was issued today for the TOTAL Scorecard User Guide, announcing updates to Chapter 1, Loan Submission Requirements, and Chapter 2, Underwriting Requirements.

To see all FHA Mortgagee Letters visit: <http://bit.ly/HUDml>

FHA Mortgagee Letter 13-25

Published: August 15, 2013

Subject: Collections and Disputed Accounts – TOTAL Mortgage Scorecard User Guide

Relative to guidance issued in ML 13-24 above, this ML outlines updates to the TOTAL Scorecard User Guide Chapter 1, Loan Submission Requirements, and Chapter 2, Underwriting Requirements.

To see all FHA Mortgagee Letters visit: <http://bit.ly/HUDml>

FHA Mortgagee Letter 13-26 and Housing Notice 13-22

Published: August 15, 2013

Subject: Back to Work - Extenuating Circumstances

This ML provides guidance on minimum underwriting standards and guidelines for evaluating the credit of borrowers who experienced an economic event related to job loss or reduced household income during the recent financial crisis. Because of these recent Recession-related periods of financial difficulty, borrowers' credit may have been negatively affected. FHA recognizes the hardships faced by these borrowers, and that their credit histories may not fully reflect their true ability or propensity to repay a mortgage.

Housing counseling is an important resource for both first-time home buyers and repeat homeowners. Housing counseling enables borrowers to better understand their loan options and obligations, assists borrowers in the creation and assessment of their household budget, accessing reliable information and resources, avoiding scams, and being better prepared for future financial shocks, among other benefits to the borrower. For additional details related to housing counseling, refer to FHA Housing Notice 13-22, also issued today.

To see all FHA Mortgagee Letters visit: <http://bit.ly/HUDml>

To see all Housing Notices visit: [Housing Notices](#)