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Government Shutdown Questions & Answers

As a result of the government shutdown, FHA Single Family has received several questions regarding our operating plans which we have clarified in the following Q&As. These Q&As have been added to the Frequently Asked Questions database accessible through the FHA Resource Center.

We greatly regret the inconvenience that this shutdown has caused, but hope the following is helpful during this time.

Q: Can I get an FHA case number?

A: Yes. Lenders will be able to obtain an FHA case number from the FHA Connection.

Q: Will FHA endorse single family loans during a shutdown?

A: FHA will be able to endorse single family loans, with the exception of Home Equity Conversion Mortgages (HECM) and Title I loans, during the shutdown. A limited number of FHA staff will be available to endorse new loans. Due to limited staff, the time to endorse the cases may be extended.

Q: Will FHA still be able to endorse my loan if I am not able to obtain tax returns verified by the IRS during the shutdown?

A: FHA is aware that some lenders obtain tax transcripts directly from the IRS for use in underwriting their FHA-insured loans. These lenders may be unable to actually obtain any returns directly from the IRS for the duration of the Government shutdown.

Lenders may continue originating loans using FHA's existing underwriting requirements, which have not changed as a result of the shutdown. Lenders are required to obtain tax returns from certain borrowers in order to originate FHA-insured loans and lenders must also continue to obtain the borrower's signed authorization (i.e., Forms IRS 4506, IRS 8821, or whatever form or electronic retrieval service is appropriate) for any loan for which the borrower's tax returns are required.

Q: Why didn't the borrower's name and Social Security Number pass validation with the Social Security Administration?

A: When the lender requests the FHA case number, the borrower's name, date of birth and Social Security Number (SSN) and property address are entered into FHA Connection (FHAC). If the overnight matching process with Social Security Administrations (SSA) fails, a Case Warning for SSN Validation will be placed on the case number. The failure could occur because the data doesn't match or because the system went offline due to the government shutdown. SSA has limited tolerance for minor mistakes in names, birth dates and social security numbers, so lenders are reminded of the importance for accuracy in these three data elements when requesting a case number.

Q: Can the Social Security Number validation be run again?

A: Lenders do have the opportunity to make the necessary corrections and a second attempt to validate with SSA will occur. Any changes made to the borrower's name, birth date and SSN at any time prior to insurance endorsement will trigger a validation request with SSA. If the revised data passes validation, the Case Warning for SSN Validation will be removed.

If the failure was caused by the government shutdown, the Case Warning for SSN Validation will not be able to be removed until the government reopens. FHA will ensure that the validation process takes place and lenders will be advised of the results in FHAC as soon as possible upon the reopening of the government.

Q: Can I continue to process the loan without the Social Security Number validation?

A: Lenders may continue processing loans without receiving validation of the borrower's name and SSN, but FHA will not endorse loans without this validation. For the Lender Insurance program, lenders will not be able to insure the loans for which this validation has not been received.

Q: What happens if I cannot validate the borrower's SSN?

A: The lender may submit a request for insurance endorsement if confident that the Case Warning was received in error as a result of a system shutdown. The lender must provide conclusive documentation to verify the SSN such as a valid SSN card issued by the SSA, or an original document issued by a federal or state government agency, which contains the name of the individual and the SSN of the individual, along with other identifying information of the individual in the case binder to support the validity of the borrower's name and SSN to the applicable Homeownership Center (HOC).

Lenders may not endorse any loans with Case Warnings for SSN Validation and FHA will require the lender to submit the case binder for endorsement along with conclusive documentation to verify the SSN such as a valid SSN card issued by the SSA, or an original document issued by a federal or state government agency, which contains the name of the individual and the SSN of the individual, along with other identifying information of the individual in the case binder to support the validity of the borrower's name and SSN to the applicable Homeownership Center (HOC).

If upon review, FHA believes the documentation provided complies with HUD's regulations and the loan meets all other FHA requirements, the HOC will endorse the mortgage for insurance.