TO: All FHA-Approved Mortgagees

Update

Mortgagee Responsibilities for Sub-servicing of FHA 203(k) Mortgages and Escrow Rehabilitation Accounts

This FHA Single-Family Housing News e-mail reminds FHA-approved mortgagees of their responsibilities under Mortgagee Letter (ML) 2009-42, Sub-servicing of FHA-insured Mortgages, with regard to the servicing of 203(k) mortgages. Specifically, one of the functions that a servicer of an FHA-insured 203(k) mortgage is responsible for is the servicing of the rehabilitation escrow account. When this function is delegated to another party, the sub-servicing requirements of ML 2009-42 apply. Therefore, under ML 2009-42, only a mortgagee approved to service FHA-insured mortgages may handle this function.

Additional Information

ML 2009-42 restates guidance that an FHA-approved servicer is not precluded from performing servicing actions on behalf of another FHA-approved servicer, which is an arrangement often referred to as sub-servicing. FHA reminds mortgagees that:

- Mortgagees must ensure that these arrangements comply with HUD rules, including the requirement that both servicers and sub-servicers have FHA approval.
- ML 2009-42 references HUD regulations at 24 CFR §203.502, which state that “[t]he mortgagee shall remain fully responsible to the Secretary for proper servicing, and the actions of the servicer shall be considered to be the actions of the mortgagee. The servicer shall also be fully responsible to the Secretary for its actions as a servicer.”

Additionally, all mortgagees are reminded of the importance of updating FHA systems with any mortgage record changes as outlined in ML 2011-33, Mortgage Record Changes and Data Reconciliation. HUD requires that FHA systems accurately reflect any change with respect to the roles and subsequent responsibilities as the parties listed as holder of the mortgage and/or servicer.

Learn More:
• Call the FHA Resource Center at 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number by calling the Federal Information Relay Service at 1-800-877-8339.
• Visit our online resource information at www.hud.gov/answers.

**TRAINING AND EVENTS**

**Webinar**

**Title:** RESCHEDULED!

Lender’s Overview: FHA’s Nonprofit Programs (originally titled HUD’s Single Family Nonprofit Programs)

**Date/Time:**

Wednesday, June 4, 2014 from 1:00 to 2:00 PM (Eastern)  
Note: originally scheduled for May 21, 2014.

**Event Location:**

Webinar – No Fee

**Registration Link:** http://www.visualwebcaster.com/event.asp?id=98937

**Description:**

The purpose of this course is to inform new or seasoned Underwriters, Processors and Loan Officers about current rules and issues relevant to the FHA’s three nonprofit programs. Topics of discussion will include a brief overview of the FHA’s nonprofit programs and the application process, followed by more detailed program information about the use of the nonprofit roster, the applicability of Mortgagee Letters 2013-14 and 2014-08, and the permitted levels of assistance for secondary financing providers.

**Special Instructions:**

If you had previously registered for the May 21, 2014 webinar, you are automatically registered for the new June 4 webinar. Use the same registration link to log-in to the webinar.

**Course**

**Title:** NEW!

FHA Loss Mitigation Training

**Date/Time:**

Tuesday, June 17, 2014 from 9:00 AM to 4:00 PM (Eastern)

**Event Location:**

HUD, 200 Jefferson Avenue, Suite 300, Memphis, TN 38103

**Registration Link:** http://www.hud.gov/emarc/index.cfm?fuseaction=emar.registerEvent&eventId=2060&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 provide information on Loss Mitigation tools and will cover the new changes with HAMP, Pre-foreclosure Sale and Deed-in-lieu.

On-line registration is required. Be sure to bring a calculator to class. No fee.

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**RESOURCE INFORMATION**

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<th>FHA INFO Archives:</th>
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<td>Have FHA Questions?</td>
<td>For FHA technical support, please search the FHA Frequently Asked Questions site or contact the FHA Resource Center by email at: <a href="mailto:answers@hud.gov">answers@hud.gov</a> or by telephone toll free between 8:00 AM &amp; 8:00 PM ET at: (800) CALLFHA or (800) 225-5342. Persons with hearing or speech impairments may access this number via TTY by calling the Federal Information Relay Service at (800) 877-8339.</td>
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