TO: All FHA-Approved Mortgagees

What’s New
Proposed FHA Loan Quality Assessment Methodology (“Defect Taxonomy”) Posted Today

Today, the Federal Housing Administration (FHA) posted its proposed draft Loan Quality Assessment Methodology for feedback. The Loan Quality Assessment Methodology is one part of FHA’s Blueprint for Access strategy announced earlier this year to expand access to mortgage credit for underserved borrowers.

The proposed Methodology is based on three core concepts:
1. Identifying a loan defect;
2. Capturing the sources and causes of the defect; and,
3. Assessing the severity level of the defect.

Additionally, the Methodology is comprised of nine proposed defects, their specific sources and causes, and four defect severity levels.

FHA’s overall Quality Assurance efforts, including the proposed Loan Quality Assessment Methodology, will provide transparency and consistency for lenders, and make it easier for stakeholders to do business with FHA.

All approved mortgagees and other interested stakeholders are invited to review the proposed Loan Quality Assessment Methodology, which is posted on FHA’s SF Drafting Table web page, and provide us with feedback from September 16 through October 15, 2014.

To facilitate FHA’s review and analysis of feedback, you are encouraged to use the Loan Quality Assessment Methodology Feedback Response Worksheet posted on the SF Drafting Table to record feedback. Submit your Feedback Response Worksheet to the special e-mail box for this purpose accessible from the SF Drafting Table web page by October 15, 2014.

Overview Conference Call for Mortgagees
Join senior FHA policy experts for this conference call briefing session. In this session, FHA will provide an overview of the proposed Loan Quality Assessment Methodology.

- Conference Call Title: FHA Loan Quality Assessment Methodology
Operational questions to be addressed on this call should be submitted in advance to FHA’s special email box for this conference call, FHASFCall@hud.gov by 5:00 p.m., ET, Monday, September 22, 2014. You are encouraged to limit your submissions to two questions. This is an unattended email box for collecting questions that may be addressed during this conference call. FHA is unable to respond in writing to individual questions or inquiries submitted to this email box.

We encourage organizations that plan to have multiple attendees to make use of a group conference call line to participate in this session.

Quick Links and Resources
- Review the proposed Loan Quality Assessment Methodology accessible from FHA’s SF Drafting Table web page
- Access FHA’s Blueprint for Access strategy
- 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.
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