



NEWS AND UPDATES

TO: All FHA-Approved Mortgagees

UPDATE

UPDATE: Borrowers' Notification and Full-Months Interest

On Tuesday, August 26, 2014, a Federal Register final notice (Docket No. FR-5360-F-02) was published regarding the elimination of post-settlement interest for Federal Housing Administration (FHA) mortgages with an effective date of January 21, 2015. This rule revises FHA's regulations that currently allow an FHA-approved mortgagee to charge the mortgagor interest through the end of the month in which the mortgage is being paid. The final rule allows mortgagees to charge interest only through the date the mortgage is paid and prohibits the charging of interest beyond that date. Mortgagees may use the applicable revised Model Prepayment Disclosure Statement language in meeting their annual prepayment disclosure requirements.

Revised Model Prepayment Disclosure Statement Language

Prepayment Disclosure Statement: Annual Disclosure Notice to Borrower for Mortgages Insured Before August 2, 1985

Borrower(s): _____ Date: _____
Address: _____ Loan #: _____
_____ FHA Case #: _____

This notice is to advise you of requirements that must be followed to prepay your mortgage. This notice is also to advise you of requirements you must fulfill upon the prepayment of your mortgage to prevent the accrual of any interest after the date you prepay your mortgage.

The amount reflected below is the amount outstanding on the loan for prepayment of the indebtedness due under your mortgage. This amount is good through ___[date]___. (The amount provided is subject to further accounting

adjustments. Also, any corporate advances made by us or payments received from you before the stated expiration date on this notice will change your prepayment amount.)

[The amount below reflects the amount outstanding under the mortgage, including principal, interest, penalties, late charges, advances, any other charges related to the loan, and any foreclosure or bankruptcy expenses incurred to date under the mortgage.]

\$_____ (Balance Due)

You may prepay your mortgage at any time without penalty. However, you are required to provide a written 30-day advance notice of prepayment. In order to avoid the accrual of interest on any prepayment after the date of prepayment, the prepayment must be received on the installment due date (the first day of the month). Otherwise, your prepayment will be refused until the next installment due date (the first of the month) and interest will be assessed up through that date.

If you have any questions regarding this notice, please contact [name and/or department] at [telephone number].

Name of Mortgagee

Prepayment Disclosure Statement: Annual Disclosure Notice to Borrower for Mortgages Insured on or after August 2, 1985, and Closed Before January 21, 2015

Borrower(s): _____ Date: _____
Address: _____ Loan #: _____
_____ FHA Case #: _____

This notice is to advise you of requirements that must be followed to prepay your mortgage. This notice is also to advise you of requirements you must fulfill upon the prepayment of your mortgage to prevent the accrual of any interest after the date you prepay your mortgage.

The amount reflected below is the amount outstanding on the loan for prepayment of the indebtedness due under your mortgage. This amount is good through [date]. (The amount provided is subject to further accounting adjustments. Also, any corporate advances made by us or payments received from you before the stated expiration date on this notice will change your prepayment amount.)

[The amount below reflects the amount outstanding under the mortgage, including principal, interest, penalties, late charges, advances, any other charges related to the loan, and any foreclosure or bankruptcy expenses incurred to date under the mortgage.]

\$_____ (Balance Due)

You may prepay your mortgage at any time without penalty. However, in order to avoid the accrual of interest on any prepayment after the date of prepayment, the prepayment must be received on the installment due date (the first day of the month). Otherwise, you may be required to pay interest on the amount pre-paid through the end of the month.

If you have any questions regarding this notice, please contact [name and/or department] at [telephone number].

Name of Mortgagee

Prepayment Disclosure Statement: Annual Disclosure Notice to Borrower for Mortgages Closed on or After January 21, 2015

Borrower(s): _____ Date: _____
Address: _____ Loan #: _____
_____ FHA Case #: _____

This notice is to advise you of requirements that must be followed to prepay your mortgage.

The amount reflected below is the amount outstanding on the loan for prepayment of the indebtedness due under your mortgage. This amount is good through [date]. (The amount provided is subject to further accounting adjustments. Also, any corporate advances made by us or payments received from you before the stated expiration date on this notice will change your prepayment amount.)

[The amount below reflects the amount outstanding under the mortgage, including principal, interest, penalties, late charges, advances, any other charges related to the loan, and any foreclosure or bankruptcy expenses incurred to date under the mortgage.]

\$_____ (Balance Due)

You may prepay your mortgage at any time without penalty. You will only be required to pay interest up to the date the prepayment is made.

If you have any questions regarding this notice, please contact [name and/or department] at [telephone number].

Name of Mortgagee

Quick Links and Resources

- View the Federal Register final rule (Docket No. FR-5360-F-02), “Federal Housing Administration (FHA): Handling Prepayments: Eliminating Post-Payment Interest Charges,” at <http://www.gpo.gov/fdsys/pkg/FR-2014-08-26/pdf/2014-20214.pdf>
- Contact the FHA Resource Center:
 - Visit our online knowledge base to obtain answers to frequently asked questions 24/7 at www.hud.gov/answers.
 - E-mail the FHA Resource Center at answers@hud.gov. Emails and phone messages will be responded to during normal hours of operation, 8:00 a.m. to 8:00 p.m., ET, Monday through Friday on all non-Federal holidays.
 - Call 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.

RESOURCE INFORMATION

FHA INFO Archives: Visit the [FHA INFO Archives](#) to access FHA INFO messages issued from 2012 to the

	present.														
Have FHA Questions?	For FHA technical support, please search the FHA Frequently Asked Questions site or contact the FHA Resource Center by email at: answers@hud.gov or by telephone toll free between 8:00 AM & 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.														
Subscribe/Unsubscribe Instructions:	To subscribe to the Single Family FHA INFO mailing list you can use this link: FHA INFO or send a request by email to: answers@hud.gov Bulk subscriptions: To sign up your entire office or a large group, send the list of email addresses (in the format below) to: answers@hud.gov aaa@xyz.com bbb@xyz.com ccc@xyz.com To Unsubscribe follow the unsubscribe instructions on that page.														
Resource Links:	<table border="0"> <tr> <td>Archived Webinars</td> <td>Foreclosure Assistance</td> </tr> <tr> <td>Career Opportunities</td> <td>Grant Opportunities</td> </tr> <tr> <td>Contracting Opportunities</td> <td>HUD Homes Property Listings</td> </tr> <tr> <td>Events & Training</td> <td>HUD.gov</td> </tr> <tr> <td>FHA Forms</td> <td>Making Home Affordable</td> </tr> <tr> <td>FHA Homeownership Centers</td> <td>Presidentially Declared Disaster Areas</td> </tr> <tr> <td>FHA Mortgagee Letters</td> <td>Visit our Single Family Home Page</td> </tr> </table>	Archived Webinars	Foreclosure Assistance	Career Opportunities	Grant Opportunities	Contracting Opportunities	HUD Homes Property Listings	Events & Training	HUD.gov	FHA Forms	Making Home Affordable	FHA Homeownership Centers	Presidentially Declared Disaster Areas	FHA Mortgagee Letters	Visit our Single Family Home Page
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