

April 2, 2015

FHA Single Family Housing



NEWS

NEWS AND UPDATES

TO: All Mortgagees and FHA-Approved 203(k) Consultants

A Closer Look: New SF Handbook Section 203(k) Rehabilitation Mortgage Insurance Program Policies, and Section 203(k) Consultant Requirements

On March 18, 2015, the Federal Housing Administration (FHA) published its *Section 203(k) Rehabilitation Mortgage Insurance Program* and its *203(k) Consultant Requirements* sections of the [Single Family Housing Policy Handbook](#) (SF Handbook; HUD Handbook 4000.1). With these sections now part of a consolidated source, mortgagees can more easily understand and use the Section 203(k) Rehabilitation Mortgage Insurance Program to extend mortgage credit for affordable home purchase and rehabilitation.

The policies are now part of the SF Handbook's *Origination through Post-Closing/Endorsement for Title II Forward Mortgages* (Origination through Endorsement) section, in Sections II.A.8 and II.A.9, respectively. Mortgagees and approved 203(k) Consultants will use these policies within their respective roles in the origination and underwriting of a Section 203(k) mortgage with FHA case numbers assigned **on and after June 15, 2015**.

FHA will host an industry briefing conference call to provide an overview of these sections for mortgagees and 203(k) Consultants on **April 9, 2015**. Call details are provided later in this email.

The policies in both sections include further revisions to language to achieve the goal of clear, direct, and consistent language and terminology, but are not meant to be a significant departure from existing 203(k) origination policies or 203(k) Consultant requirements. In particular, when reviewing the published sections, mortgagees and consultants should note the following key policy revisions, among others:

- The Streamlined 203(k) Program name has been changed to its new name, the Limited 203(k) Program.
- The establishment of a loan-to-value (LTV) ratio calculation of Mortgage Insurance Premiums that is separate and distinct from the LTV ratio calculation for the maximum mortgage amount.
- Appraisal requirements for properties that have sold in the previous 12 months.
- Revised terminology used in establishing the maximum mortgage amount for purchase and refinance transactions for both the Standard and Limited 203(k) programs, including the elimination of the requirement to complete form HUD-2700, Maximum Mortgage Worksheet.

FHA intends to provide an automated Maximum Mortgage Worksheet in FHA Connection (FHAC) in the future, as proposed in the draft version of the 203(k) Rehabilitation Mortgage Insurance Program section. Until FHA makes this functionality available in FHAC, mortgagees must detail the data delivery requirements in Section II.A.8.a.xvi on the form

HUD-92900-LT, or include the applicable sample 203(k) Maximum Mortgage Calculation Worksheet published on FHA's SF Handbook [203\(k\) Related Documents](#) page on March 18, 2015. FHA will announce the availability of the FHAC 203(k) data delivery functionality when it becomes available, with a future effective date that will provide significant lead time for mortgagees to adopt its use before the mandatory effective date.

FHA intends to solicit public comment on its existing 203(k) Consultant fees in the near future. The 203(k) Consultant fees in the March 18, 2015 published version of the 203(k) Consultant section remain unchanged from those currently in place.

Read more about these and other newly published SF Handbook sections in FHA's March 18, 2015 [online article](#).

Industry Briefing Conference Call for Mortgagees and FHA-Approved 203(k) Consultants

FHA will host the following industry briefing conference call to provide an overview of the published versions of the *203(k) Rehabilitation Mortgage Insurance Program* and *203(k) Consultant Requirements* sections:

- Date: April 9, 2015
- Time: 2:00 PM - 3:00 PM (Eastern)
- Title: SF Handbook: 203(k) Product and Consultant Requirements
- Dial-in Number: (866) 320-4708
- Participant Access Code: 355443 (Please note that this access code has changed from the code published in FHA's online article on March 18, 2015.)

Attendees should thoroughly review the two SF Handbook sections, and have access to these sections during the call.

Quick Links

- Access the SF Handbook on HUD's Client Information Policy Systems (HUDClips) web page at: <http://portal.hud.gov/hudportal/documents/huddoc?id=40001HSGH.pdf>
- View FHA's March 18, 2015 online article at: http://portal.hud.gov/hudportal/documents/huddoc?id=SFH_HB_MORE_APPR.PDF.

Resources

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 AM to 8:00 PM (Eastern), 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

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