



**TO: All FHA-Approved Mortgagees and Other Stakeholders**

## NEWS AND UPDATES

### In this Announcement:

- Energy Efficient Options Toolkit Expanded to Allow Use of Department of Energy’s Home Energy Score with Energy Efficient Homes “Stretch Ratio” Policy
- Automatic Extension to HUD’s Initiation of Foreclosure Timeline
- Join Hundreds of Mortgagees Already Registered for Electronic Appraisal Delivery Portal Onboarding

See below for details.

### Energy Efficient Options Toolkit Expanded to Allow Use of DOE Home Energy Score with Energy Efficient Home “Stretch Ratio” Policy

Today, the Federal Housing Administration (FHA) published [Mortgagee Letter 2015-22](#), *New Standards for Energy Efficient Homes (EEH) “Stretch Ratio” Policy: Incorporating the Department of Energy’s (DOE) Home Energy Score*. The new standards for EEH recognize the cost savings of an energy efficient home when qualifying a borrower, and complement FHA’s robust set of existing energy efficiency underwriting flexibilities and programs. EEH stretch ratios are permitted for FHA’s Title II forward mortgage products and programs, and make it easier to manually qualify borrowers on a purchase, refinance, or rehabilitation of a home with energy efficient components.

#### **New and Revised EEH Provisions in Mortgagee Letter 2015-22**

Mortgagee Letter 2015-22 updates FHA’s EEH minimum energy efficiency standard to the most recent International Energy Conservation Code (IECC) adopted by the Department of Housing and Urban Development (HUD) for mortgages on new construction. The Mortgagee Letter also adds the use of the DOE’s Home Energy Score option for existing homes utilizing any FHA Title II forward mortgage product or program.

The new option builds on FHA’s existing EEH program, which allows for a borrower’s income qualifying ratios to be “stretched,” or increased, by two percentage points above the standard limits for homes that meet minimum energy efficiency standards. By incorporating the use of the DOE’s Home Energy Score, the EEH program now offers a low-cost, reliable method for estimating the energy use of a home. The score uses a systematic approach to provide a reliable and scientifically-based analysis of a home’s energy characteristics and overall energy efficiency, using a ten-point scale. This means that mortgagees can offer qualified borrowers the ability to:

- Borrow slightly more when they buy or refinance a home with a Home Energy Score of six or higher; or
- Finance slightly more to purchase a new construction home that meets HUD’s IECC standards.

Mortgagee Letter 2015-22 contains important details for mortgagees, including but not limited to:

- Eligibility for stretch ratios on new construction;
- Applying stretch ratios on existing homes;
- Obtaining a Home Energy Score;
- Required documentation; and
- Scenarios for applying stretch ratios.

Policies in Mortgagee Letter 2015-22 are effective for case numbers assigned on or after January 25, 2016. These policies have been incorporated into both the online and portable document format (PDF) *Single Family Housing Policy Handbook* 4000.1.

### **EEH and FHA's Energy Efficient Options Toolkit**

FHA's partnership with the DOE and its incorporation of the DOE's Home Energy Score is one example of multiple FHA efforts to continually evaluate its toolkit of energy efficiency products and programs. EEH stretch ratios can be applied across FHA's Title II forward mortgage products and programs, including its existing energy efficient options toolkit of products:

- **Energy Efficient Mortgage (EEM) Program** (SF Handbook 4000.1, Section II.A.8.a) allows borrowers to finance up to five percent of the appraised value of a home to invest in energy efficiency improvements, as long as the energy savings is more than the cost of the improvements financed. To qualify for an EEM, energy efficient improvements must be based on recommendations from a home energy assessment that is conducted by a qualified Energy Rater or Assessor. Qualified Energy Raters/Assessors must be certified as one of the following:
  - Building Performance Institute Building Analyst Professional;
  - Building Performance Institute Home Energy Professional Energy Auditor; or
  - Residential Energy Services Network Home Energy Rater.
- **203(k) Rehabilitation Mortgage Insurance Program** (SF Handbook 4000.1, Section II.A.8.a), which allows borrowers to purchase or refinance a home and include the financing of rehabilitation costs – all in one loan. Rehabilitation costs can include those incurred for energy efficiency improvements, such as insulation or double-pane windows.
- **Solar and Wind Technologies policies** (SF Handbook 4000.1, Section II.A.8.m), which allow borrowers to add the cost of a new solar- or wind-driven energy system improvement to the loan amount under certain conditions.
- **Weatherization policy in all FHA standard products and programs** (SF Handbook 4000.1, Section II.A.8.l), which allows borrowers to finance up to \$3,500 to pay for basic weatherization items, such as thermostats and insulation.

### **Quick Links**

- View Mortgagee Letter 2015-22 at:  
[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/letters/mortgagee](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/letters/mortgagee)
- Access the online or PDF of the SF Handbook 4000.1, which incorporates these changes **and** previously announced HUD REO Purchasing policies, from HUD's Client Information Policy Systems web page, at:  
[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/handbooks/hsg](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/hsg)

## **Automatic Extension to HUD's Initiation of Foreclosure Timeline**

Today, the Federal Housing Administration (FHA) published [Mortgage Letter 15-21](#), *Automatic Extension to HUD's Initiation of Foreclosure Timeline*. This Mortgagee Letter provides guidance relating to HUD's regulatory requirement for mortgagees to utilize a Loss Mitigation Option or initiate foreclosure within six months of the date of default. Specifically, this Mortgagee Letter establishes two new automatic extensions to HUD's initiation of foreclosure timelines. These new extensions are related to "Loss Mitigation Denial" and "Federal Regulation." In addition to these new extensions, this Mortgagee Letter reiterates the existing eight automatic extensions available to servicers.

The updates in this Mortgagee Letter are in direct alignment with new standards designed to comport with Consumer Financial Protection Bureau (CFPB) guidance to which servicers must adhere. These policies are effective for all FHA-insured mortgages in default on or after October 1, 2015.

### Quick Links

- View Mortgagee Letter 15-21 and all other current and archived Mortgagee Letters at:  
[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/letters/mortgagee](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/letters/mortgagee)

## Join Hundreds of Mortgagees Already Registered for Electronic Appraisal Delivery Portal Onboarding

Since opening up its Electronic Appraisal Delivery (EAD) portal onboarding phase registration on September 8, 2015, the Federal Housing Administration (FHA) has received hundreds of mortgagee registrations. As a mortgagee, if you're not yet registered for an onboarding phase, now is the time to do so. Phases are filling quickly, and registering for an onboarding phase **now** ensures that your organization can plan for, and complete, the onboarding phase that best fits your schedule. Mortgagees must participate in an onboarding phase on or before the **EAD portal's June 27, 2016 mandatory use date**.

Information on the onboarding phase, and how to register for a phase in the FHA Connection system, is available on FHA's EAD portal [Mortgagee Onboarding Process](#) web page. By completing an early onboarding phase, mortgagees will have more time to work within the EAD portal to ensure that their systems, data flow, and operational processes map to requirements before the mandatory use date of June 27, 2016.

### **Onboarding Preparation**

To prepare for onboarding, mortgagees should review FHA's new [Onboarding to the EAD](#) fact sheet, and view the EAD portal pre-recorded, self-paced training resources, before the start of their onboarding phase. The following EAD pre-recorded training modules are available online:

- FHA Training for Lender Users: [100 – FHA Electronic Appraisal Delivery \(EAD\) Portal](#)
- FHA Training for Lender Administrators: [101 – FHA Electronic Appraisal Delivery \(EAD\) Portal](#)

### Quick Links

- EAD portal [Mortgagee Onboarding Process](#) web page at:  
[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/lender/origination/ead/onboarding](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/lender/origination/ead/onboarding)
- Fact sheets and user guides available on the EAD portal main web page at:  
[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/lender/origination/ead](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/lender/origination/ead)  
— *FHA EAD Lender Administrator* and *FHA EAD General User* guides  
— *EAD Overview*, *EAD Hard Stop Checks and Error Messages*, and *EAD Data Formats and Forms* fact sheets
- [Mortgagee Letter 2015-08](#) at <http://portal.hud.gov/hudportal/documents/huddoc?id=15-08ml.pdf>

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## 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](http://www.hud.gov/answers).
- E-mail the FHA Resource Center at [answers@hud.gov](mailto: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

<b>FHA INFO Archives:</b>	Visit the <a href="#">FHA INFO Archives</a> to access FHA INFO messages issued from 2012 to the present.														
<b>Subscribe/Unsubscribe Instructions:</b>	To subscribe to the Single Family FHA INFO mailing list you can use this link: <a href="#">FHA INFO</a> or send a request by email to: <a href="mailto:answers@hud.gov">answers@hud.gov</a> Bulk subscriptions: To sign up your entire office or a large group, send the list of email addresses (in the format below) to: <a href="mailto:answers@hud.gov">answers@hud.gov</a> <a href="mailto:aaa@xyz.com">aaa@xyz.com</a> <a href="mailto:bbb@xyz.com">bbb@xyz.com</a> <a href="mailto:ccc@xyz.com">ccc@xyz.com</a> <a href="#">To Unsubscribe</a> follow the unsubscribe instructions on that page.														
<b>Resource Links:</b>	<table><tr><td><a href="#">Archived Webinars</a></td><td><a href="#">Foreclosure Assistance</a></td></tr><tr><td><a href="#">Career Opportunities</a></td><td><a href="#">Grant Opportunities</a></td></tr><tr><td><a href="#">Contracting Opportunities</a></td><td><a href="#">HUD Homes Property Listings</a></td></tr><tr><td><a href="#">Events &amp; Training</a></td><td><a href="#">HUD.gov</a></td></tr><tr><td><a href="#">FHA Forms</a></td><td><a href="#">Making Home Affordable</a></td></tr><tr><td><a href="#">FHA Homeownership Centers</a></td><td><a href="#">Presidentially Declared Disaster Areas</a></td></tr><tr><td><a href="#">FHA Mortgagee Letters</a></td><td><a href="#">Visit our Single Family Home Page</a></td></tr></table>	<a href="#">Archived Webinars</a>	<a href="#">Foreclosure Assistance</a>	<a href="#">Career Opportunities</a>	<a href="#">Grant Opportunities</a>	<a href="#">Contracting Opportunities</a>	<a href="#">HUD Homes Property Listings</a>	<a href="#">Events &amp; Training</a>	<a href="#">HUD.gov</a>	<a href="#">FHA Forms</a>	<a href="#">Making Home Affordable</a>	<a href="#">FHA Homeownership Centers</a>	<a href="#">Presidentially Declared Disaster Areas</a>	<a href="#">FHA Mortgagee Letters</a>	<a href="#">Visit our Single Family Home Page</a>
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