

FHA INFO #16-43
July 6, 2016



TO: All FHA-Approved Mortgagees

NEWS AND UPDATES

Definition Change for Required Investment Field in TOTAL Mortgage Scorecard and FHA Connection

The Federal Housing Administration (FHA) is changing the definition of the Required Investment field in its Technology Open To Approved Lenders (TOTAL) Mortgage Scorecard and FHA Connection (FHAC) technology, **effective for case numbers assigned on or after August 22, 2016**. This definition change will provide a more precise representation of the borrower’s investment into the transaction.

Current and New Definition

	Definition	Data Source
Current Required Investment Definition	Borrower Funds to Close Required: Lenders must enter the total amount that the borrower is required to pay at closing. If the borrower is receiving cash back, the amount should be a negative number.	<i>Uniform Residential Loan Application</i> , Section VII, Details of Transaction Line p; Cash from/to Borrower.
New Required Investment Definition (for case numbers assigned on or after August 22)	Borrower’s Investment into the Transaction: If the borrower is receiving cash back, the amount should be a negative number.	<i>Uniform Residential Loan Application</i> , Section VII, Details of Transaction Line i, Total Costs: <ul style="list-style-type: none"> • Subtract closing costs or other credits paid by an interested third party; • Subtract total Loan Amount (including financed Mortgage Insurance Premium).

TOTAL Mortgage Scorecard Implementation

FHA has notified its Automated Underwriting System (AUS) vendors of this change. The AUS vendors are in the process of making the adjustments to their calculations for submission to the TOTAL Mortgage Scorecard. There may be a small population of loans that have case numbers assigned prior to August 22 that have not previously been scored by the TOTAL Mortgage Scorecard. In these instances:

- A mortgagee's AUS vendor may not know which calculation to use until after the loan with a case number has been scored for the first time, and the AUS vendor obtains the version number that indicates the case number assignment date range; and
- Mortgagees may receive messages from their AUS vendor that the loan needs to be resubmitted and re-run through the TOTAL Mortgage Scorecard in order to obtain the correct result from the TOTAL Mortgage Scorecard.

FHA expects that this scenario will only be applicable to a small number of transactions.

FHAC Implementation

For case numbers assigned on or after August 22, mortgagees should ensure that the amount of the Required Investment entered into FHAC's Required Investment field on the Insurance Application screen is calculated using the new definition.

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 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.										
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.										
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