

HUD Housing & FHA Monthly Review



ANNOUNCEMENTS

Biniam Gebre assumes role as Acting Assistant Secretary and FHA Commissioner



As I assume the role of Acting Assistant Secretary and FHA Commissioner, I wanted to take a moment to extend my greetings to all of our external partners. I have had the privilege of working with many of you during my time as General Deputy Assistant Secretary, and look forward to our continued partnership. During former Commissioner Galante's tenure, she implemented a robust policy agenda in the face of the housing crisis. The release of the FY2014 Annual Report highlighted the results of this work with a \$21 billion improvement in value of FHA's MMI Fund in just two short years. I feel privileged to have been a part of the well-oiled machine that helped us stay on top of Housing's many priorities while building solid relationships with all of our external stakeholders.

With a very successful FY 2014 in the books, and as we head into the holiday season, I find myself very thankful for the hard work and dedication of the entire Office of Housing and FHA team. I'm looking forward to working closely with you all and to a fantastic FY 2015.

- Biniam

FHA's Annual Report: Back in the Black

- From the Desk of Biniam Gebre:

<http://portal.hud.gov/hudportal/documents/huddoc?id=DeskBiniamGebre11-18-14.pdf&hootPostID=5cb659bbfaec80fad4f1b44ef3aee44d>

- FHA Annual Report to Congress: Regarding the Financial Status of the FHA MMI Fund:

http://portal.hud.gov/hudportal/documents/huddoc?id=FY2014FHAAnnRep11_17_14.pdf

- FHA MMI Fund Report Summary Slide Deck (with charts):

<http://portal.hud.gov/hudportal/documents/huddoc?id=FHAAnnRepDeckv111614.pdf>



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IN THE NEWS

Bloomberg: FHA Loan Insurance Fund Is Back in the Black, Report Shows

- <http://www.bloomberg.com/news/2014-11-17/fha-insurance-fund-is-back-in-the-black-actuarial-report-shows.html>

The Wall St. Journal: Federal Housing Administration in the Black for First Time Since 2011

- <http://online.wsj.com/articles/federal-housing-authority-in-the-black-for-first-time-since-2011-1416246473>

CNBC: Federal Housing Administration back in the black

- <http://www.cnbc.com/id/102191887>

POLICY DEVELOPMENTS

SINGLE FAMILY HOUSING

HUD Qualified Mortgage (QM)

On Monday November 3, the Office Single Family Housing published a Federal Register Notice announcing HUD's adoption of changes made by the CFPB to certain transactions that are exempt from QM. This notice also announced that HUD will not adopt the cure provisions for points and fees contained in the CFPB's rule; as such cure provisions may violate the statutory requirement for FHA's minimum cash investment. The Notice announced that HUD is seeking to implement a separate cure provision.

- Link:

<https://www.federalregister.gov/articles/2014/11/03/2014-25492/huds-qualified-mortgage-rule-announcement-of-intention-to-adopt-changes-pertaining-to-exempted>

HECM Financial Assessments and Funding Requirements

On November 10, the Office of Single Family Housing published two Mortgagee Letters - one announced revisions to the HECM program's Financial Assessment and Property Charge Set Aside requirements and other policy changes; and a second that announced a new Financial Assessment and Property Charge Guide. Both Mortgagee Letters contain policy changes to the HECM Financial Assessment and Property Charge Set Aside requirements that take into consideration public comments received in response to FHA's September 12, 2013 Federal Register Notice (Docket No. FR-5735-N-01). After reviewing comments received in response to the publication of the Federal Register Notice, HUD revised its requirements for the financial assessment and the funding requirements for the payment of property charges.

- Link to Revised Changes to the Home Equity Conversion Mortgage (HECM) Program Requirements Mortgagee Letter:

<http://portal.hud.gov/hudportal/documents/huddoc?id=14-21ml.pdf>

- Link to Home Equity Conversion Mortgage (HECM) Financial Assessment and Property Charge Requirements Mortgagee Letter:

<http://portal.hud.gov/hudportal/documents/huddoc?id=14-22ml.pdf>

Program Changes to FHA Refinance of Borrowers in Negative Equity Positions (FHA Short Refi)

On November 14, the Office of Single Family Housing published a Mortgagee Letter that extends the expiration date of the FHA Short Refi program to December 31, 2016. The Mortgagee Letter also reiterates the permitted use of proceeds from government entities and instrumentalities of government to extinguish a portion of the negative equity.

(continued on next page)

Additionally, this program supports refinances for borrowers who owe more than the current value of their home and plays an important role in helping to realign property values and mortgage obligations for sustainable, long-term homeownership.

- Link to ML:

<http://portal.hud.gov/hudportal/documents/huddoc?id=14-23ml.pdf>

Extension of the Waiver of Requirements to Condominium Project Approval Process for Single Family Housing

On November 26, the Office of Single Family Housing announced that it extended the waiver of requirements outlined in Mortgagee Letter 2011-22, “Condominium Approval Process for Single Family Housing— Consolidation and Update of Approval Guidance”, and the Condominium Project Approval and Processing Guide, that were initially issued on November 27, 2013. The one-year waiver extension allows for certain condominium projects or developments that otherwise would not qualify for FHA mortgage insurance, to remain eligible. The limited duration waiver extension helps ensure the availability of affordable housing units by waiving provisions pertaining to master/blanket hazard, flood, liability and other insurance requirements.

- Link to waiver extension on the FHA Condominium Home Mortgage Insurance page:

http://portal.hud.gov/hudportal/HUD?src=/program/offices/housing/sfh/ins/sfh_ins_condominiums

Increasing Opportunities for Use of FHA’s Claims Without Conveyance of Title (CWCOT)

On November 27, the Office of Single Family Housing published a Mortgagee Letter entitled, “Increasing Opportunities for Use of FHA’s Claims Without Conveyance of Title (CWCOT)”. The Mortgagee Letter announces that servicers must bid the Commissioner’s Adjusted Fair Market Value as the Reserve Price at the foreclosure sale. FHA established this policy because it is expected to result in additional CWCOT Claim filings, which generally result in higher net returns to the Mutual Mortgage Insurance Fund than Conveyance Claims.

The requirement is optional for servicers with less than 5,000 loans and Housing Finance Agencies.

- Link to ML:

<http://portal.hud.gov/hudportal/documents/huddoc?id=14-24ml.pdf>

MULTIFAMILY HOUSING

Emergency Call Systems Memo

On Friday, October 31, the Office of Multifamily Housing published a memo to the Field from the Deputy Assistant Secretary Ben Metcalf on emergency call systems. Owners, sponsors, and stakeholder groups have reported inconsistent guidance on which types of emergency call systems are required for elderly Multifamily properties, with reports that HUD staff have specifically instructed properties to maintain pull-cord technology in elderly properties rather than replacing this outdated technology with wireless or electronic emergency call systems. This memo is intended to clarify Multifamily policy related to emergency call systems in elderly properties by describing the functional requirements of an emergency call system and explaining how those functional requirements can be met using a variety of manual, electronic, and wireless emergency alert systems.

- Link to Memo:

http://portal.hud.gov/hudportal/documents/huddoc?id=Emergency_Call_System_Memo.pdf

Housing Notice on Passbook Savings Rate

On October 31, the Office of Multifamily Housing published a notice on the passbook savings rate. Multifamily Housing has analyzed their policy with respect to the interest rate that should be used by owners and management agents of HUD assisted properties to impute income from tenant assets over \$5,000. Currently, for assets over \$5,000, regulations require HUD to use the greater of current income earned or income earned based on a current passbook savings rate, as determined by HUD.

This policy seeks to update the rate to more accurately reflect interest currently being earned on assets. The notice is effective February 1, 2015.

- Link:

<http://portal.hud.gov/hudportal/documents/huddoc?id=14-15hsgn.pdf>

Federal Financing Bank (FFB) Risk Sharing

On November 17, the Office of Multifamily Housing released a memorandum requesting letters of interest from Housing Finance Agencies (HFAs) that wish to utilize a new financing structure. The FFB program is limited to Level I HFAs in good standing, with a rating of "A" or better, assuming 50% of the risk. For HFAs anticipating closings in January and February 2015, the letter should be submitted by November 21, 2014.

-Link to memo:

<http://portal.hud.gov/hudportal/documents/huddoc?id=FFB Risk Share HFA Letter.pdf>

Waiting List Administration Guidance

On November 28, the Office of Multifamily Housing published a notice on the administration of waitlist. This notice provides guidance on the administration of waiting lists for Multifamily Housing properties, on the topics of opening the waiting list, placing applicants on the waiting list, and outreach. This notice does not mandate any new practices for Multifamily owners and agents, but rather provides additional options for owners in their waiting list administration to further ensure fair housing compliance. For additional details, owners should review federal regulations at 24 C.F.R Part 5, as well as HUD Handbook 4350.3 REV-1 Occupancy Requirements of Subsidized Multifamily Housing Programs.

- Link to Housing Notice:

<http://portal.hud.gov/hudportal/documents/huddoc?id=14-16hsgn.pdf>

MANUFACTURED HOUSING PROGRAMS

Manufactured Housing Consensus Committee

On Wednesday, November 12, the Office of Manufactured Housing Programs published a Federal Register Notice announcing the upcoming meeting of the Manufactured Housing Consensus Committee from December 2-4, 2014 at the Sheraton Pentagon City Hotel, Arlington, Virginia from 9:00am to 5:00pm each day. The agenda for the meeting is also set forth in this Notice, which includes among other topics, the RV Park Model Memorandum dated October 1, 2014, and a report from the Department of Energy on progress of manufactured housing energy standards. The meeting is open to the public, including scheduled times for public comment.

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