

# HUD Housing & FHA Monthly Review



## ANNOUNCEMENTS

Thanks to the historic safeguards that have been put in place to protect consumers over the last few years and boosted by both the creation of more than 10 million jobs over the past 59 months and the impact of our programs, the housing market is improving\*. In November, we got confirmation that all our hard work to improve the health of the MMI Fund was paying off – a positive actuarial report that showed growth of \$21 billion in just two years!!

By now you have probably heard that last Thursday, in Phoenix, the President and the Secretary announced FHA would be reducing its annual mortgage insurance premiums on new single family loans. The Office of Housing has been working with the Secretary and the White House on this announcement and I'm thrilled to share the final details with all of you.

On January 26<sup>th</sup>, we will lower the annual insurance rate by half a percent. That may not sound like much, but it will have a big impact. For the average new FHA borrower, this means a \$900 reduction in their annual mortgage payment. In the next three years, two to three million borrowers will be able to take advantage of those savings, including nearly 250,000 who otherwise would not have been able to afford to buy a home. We're talking about saving billions of dollars in mortgage payments in the coming years. That helps folks build a stronger financial future and supports the housing market recovery.

During the crisis, FHA had to act to protect the MMI Fund, which included policy changes and raising premiums to historical levels. This was absolutely necessary, but now, too many creditworthy families who can and want to buy a home responsibly are finding it too expensive. For 80 years, FHA has helped put the dream of homeownership back within reach for responsible borrowers – and that's exactly what we're doing today.

We were very thoughtful in arriving at a half percent reduction. This change is big enough to make a difference for families, but small enough so that FHA is still responsibly growing the Fund. In other words, we're going to continue to deliver on our dual mission of protecting affordability and managing the Fund well. FHA has always been America's partner in opportunity – and with your help we're going to continue to deliver on that promise.

- Biniam

*HUD Acting Assistant Secretary for Housing and FHA Commissioner*

### PRESIDENT OBAMA'S REMARKS:

<http://www.whitehouse.gov/the-press-office/2015/01/08/remarks-president-housing-phoenix-az>

### - Video:

[https://www.youtube.com/watch?v=a\\_l0ljanlUc](https://www.youtube.com/watch?v=a_l0ljanlUc)

### HUD PRESS RELEASE: FHA TO REDUCE ANNUAL INSURANCE PREMIUMS:

[http://portal.hud.gov/hudportal/HUD?src=/press/press\\_releases\\_media\\_advisories/2015/HUDNo\\_15-001](http://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories/2015/HUDNo_15-001)

### FHA MORTGAGE INSURANCE FACT SHEET:

<http://www.whitehouse.gov/the-press-office/2015/01/07/fact-sheet-making-homeownership-more-accessible-and-sustainable>

### MORTGAGEE LETTER:

<http://portal.hud.gov/hudportal/documents/huddoc?id=15-01ml.pdf>

### \*FROM ANNOUNCEMENT: Measuring Progress in the Housing Market

<http://blog.hud.gov/index.php/2015/01/08/measuring-progress-housing-market-4/#more-8052>



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## IN THE NEWS

- CNN: FHA to lower cost of mortgage insurance:  
[http://money.cnn.com/2015/01/07/real\\_estate/fha-mortgage-insurance/](http://money.cnn.com/2015/01/07/real_estate/fha-mortgage-insurance/)

- Inman: FHA slashing mortgage insurance premiums by \$900 a year:  
<http://www.inman.com/2015/01/07/fha-slashing-annual-mortgage-insurance-premiums-by-900-a-year/>

- CNBC: FHA to lower cost of mortgage insurance:  
<http://www.cnbc.com/id/102318078>

## POLICY DEVELOPMENTS

### SINGLE FAMILY HOUSING

#### ***FHA 2015 Loan Limits Announced***

On December 5<sup>th</sup>, the FHA announced its loan limits for 2015. This mortgagee letter provides notice of FHA's single family housing loan limits for Title II Forward Mortgages and Home Equity Conversion Mortgages (HECMs); and provides loan limit instructions for streamline refinance transactions without an appraisal.

- Link to ML:  
<http://portal.hud.gov/hudportal/documents/huddoc?id=14-25ml.pdf>

- Counties at ceiling & above:  
<http://portal.hud.gov/hudportal/documents/huddoc?id=14-25mlatch1.pdf>

- Counties between floor & ceiling:  
<http://portal.hud.gov/hudportal/documents/huddoc?id=14-25mlatch2.pdf>

#### ***Expiration of the Federal Housing Administration's Property Flipping Waiver***

On December 10<sup>th</sup>, the Federal Housing Administration's (FHA) Office of Single Family Housing announced that the temporary [waiver](#) of FHA's [regulation](#) that prohibits the use of FHA financing to purchase single family properties that are being resold within 90 days of the previous acquisition, expires on December 31, 2014.

The waiver applies to all sales contracts executed on or after February 1, 2010, until 11:59 PM, December 31, 2014. FHA deems a sales contract to be executed when all parties to the contract have signed the contract, and the contract is enforceable under the law of the state the property is located. Mortgages that are made on properties in which sales contracts have been executed after 11:59 PM, December 31, 2014, are not eligible for a waiver of the regulation prohibiting property flipping. FHA has not extended the waiver beyond December 31, 2014.

- Link to 2012 temporary waiver:  
<http://www.gpo.gov/fdsys/pkg/FR-2012-11-29/pdf/2012-28918.pdf>

- Link to regulation: <http://www.ecfr.gov/cgi-bin/text-idx?rgn=div8&node=24:2.1.1.2.4.1.88.39>

### MULTIFAMILY HOUSING

#### ***Memo Regarding the Use of Marijuana in Multifamily Assisted Properties***

On December 29<sup>th</sup> the Office of Multifamily Housing put forth a memo clarifying the use of medical marijuana in HUD multifamily and senior housing communities. This notice states that HUD multifamily owners/operators have discretion on developing policies and procedures when not to evict a resident for marijuana use under certain conditions on a case-by-case basis. This memo does remind owners of federally assisted housing that they are required to deny admission to any household with a member who the owner determines is, at the time of application for admission, illegally using a controlled substance as defined by the Controlled Substances Act, 21 U.S.C. Section 801 et.

- Link to memo:  
<http://portal.hud.gov/hudportal/documents/huddoc?id=useofmarijinmfassistpropty.pdf>

## HEALTHCARE PROGRAMS

### **Final Rule – Section 232 Financial Reporting Standards**

On Tuesday, December 16, the Office of Healthcare Programs published a final rule “Federal Housing Administration (FHA): Section 232 Healthcare Facility Insurance Program – Aligning Operator Financial Reports with HUD’s Uniform Financial Reporting Standards”, which contained the same provisions as the Interim Rule published on September 16, 2014. The rules provided that operators will have an additional 30 calendar days to comply with the quarterly and annual financial statement reporting requirements.

- Link: <https://www.federalregister.gov/articles/2014/12/16/2014-29464/federal-housing-administration-fha-section-232-healthcare-facility-insurance-program-aligning>

## HOUSING COUNSELING

### **Guidance for Home Equity Conversion Mortgage (HECM) Program Counselors**

On December 9<sup>th</sup> a Housing Notice was put forth to inform HUD-Approved HECM counselors of recent HECM program changes concerning Non-Borrowing Spouses, the insurability of products with certain payment options, prohibition on misleading and deceptive program descriptions and advertising, and new Principal Limit Factors. These changes were announced in HUD Mortgagee Letters (ML) 2014-07, 2014-10, 2014-11, and 2014-12.

- Link: <http://portal.hud.gov/hudportal/documents/huddoc?id=14-17hsgn.pdf>



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