

## Reporting Non-Incentivized Loan Modifications Through the FHA Connection

The Federal Housing Administration (FHA) is pleased to announce a new mechanism through which servicers must report non-incentivized loan modifications. FHA emphasizes the importance of accurate and timely reporting of loan modifications, including timely incentive claim filing, because the data provided to FHA within the incentive claim process provides a method of capturing critical information about the recasting of mortgages.

After the execution of a loan modification, servicers are eligible to collect an incentive payment if they file a claim within 60 days of the execution date of the modification. However, many servicers miss the 60-day deadline or merely neglect to file a claim for the incentive payment. In the past there was no way for servicers to supply FHA with information about the modified loan, such as the new principal, term, and/or interest rate. As a result, servicers not only lose the opportunity to recover costs for completing a modification, but they may incur further monetary damages by delaying possible future claims activity after the original loan maturity date automatically terminates the FHA insurance.

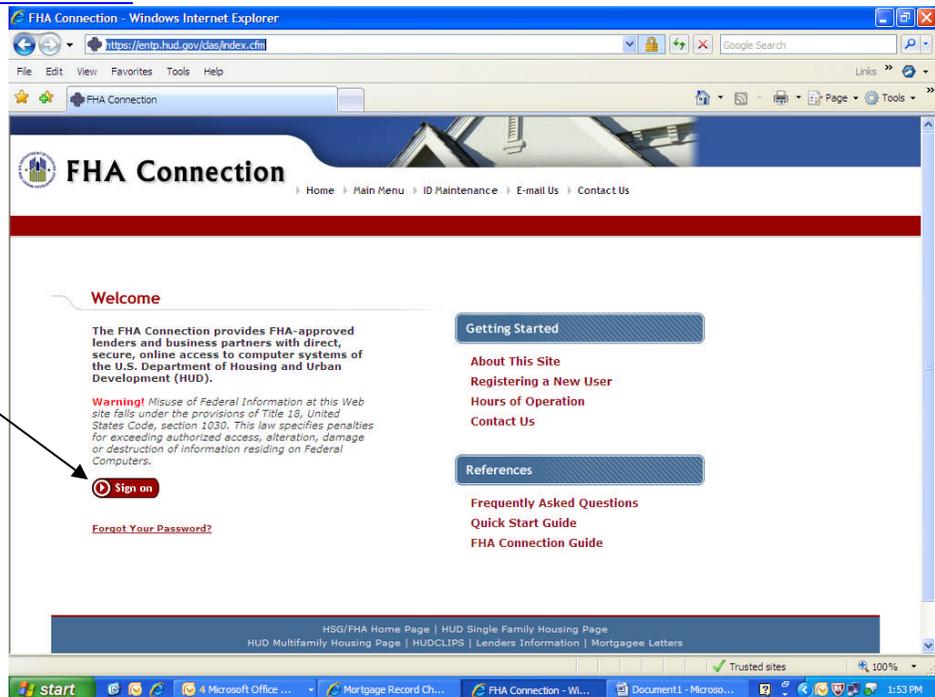
### **Steps for reporting non-incentivized loan modifications through the FHA Connection (FHAC)**

#### **Step 1 - Sign in**

To log into the FHA Connection go to the following web location:

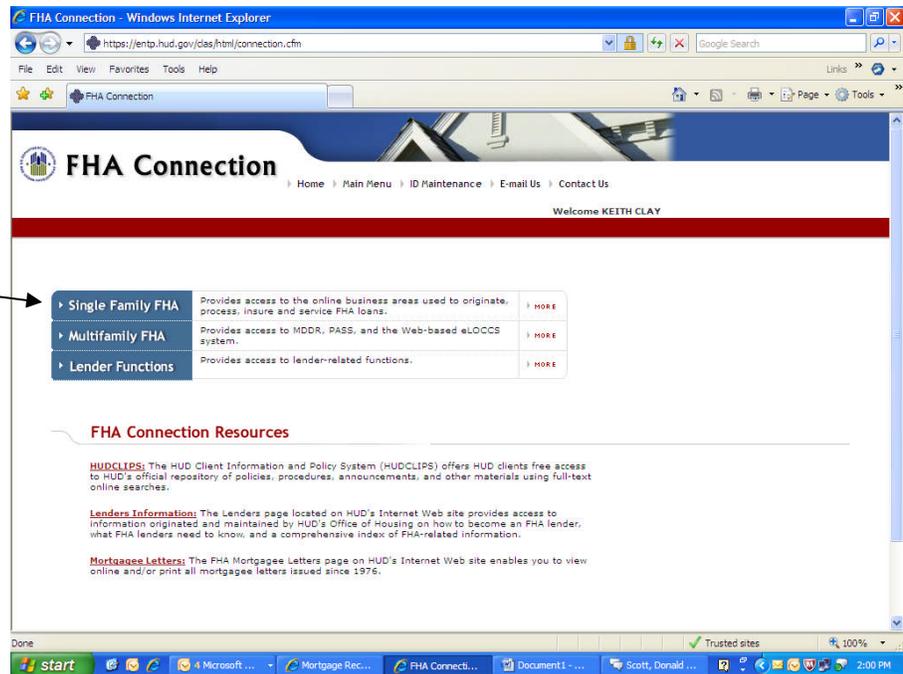
<https://entp.hud.gov/clas/index.cfm>

Sign In



## Step 2 – Select “Single Family FHA”

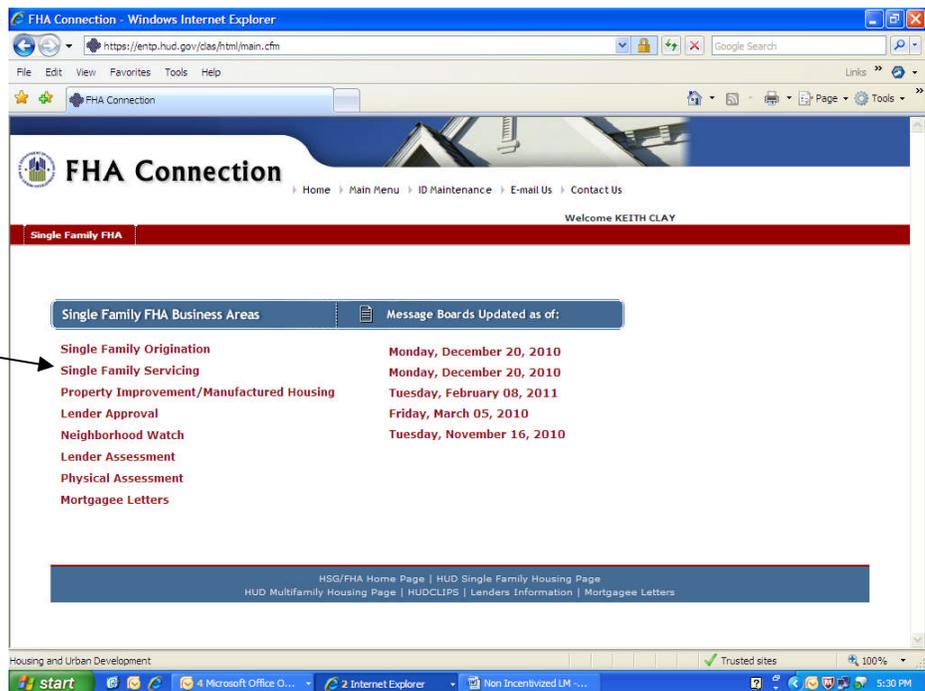
Select “Single Family FHA”



The screenshot shows the FHA Connection website in a Windows Internet Explorer browser. The address bar displays <https://entp.hud.gov/das/html/connection.cfm>. The page features a navigation menu with 'Home', 'Main Menu', 'ID Maintenance', 'E-mail Us', and 'Contact Us'. A 'Welcome KEITH CLAY' message is visible. The main content area contains three menu items: 'Single Family FHA', 'Multifamily FHA', and 'Lender Functions'. The 'Single Family FHA' item is highlighted with a blue background and a white arrow pointing to it from the text box on the left. Below the menu items is a section titled 'FHA Connection Resources' with links for 'HUDCLIPS', 'Lenders Information', and 'Mortgagee Letters'.

## Step 3 – Select “Single Family Servicing”

Select “Single Family Servicing”



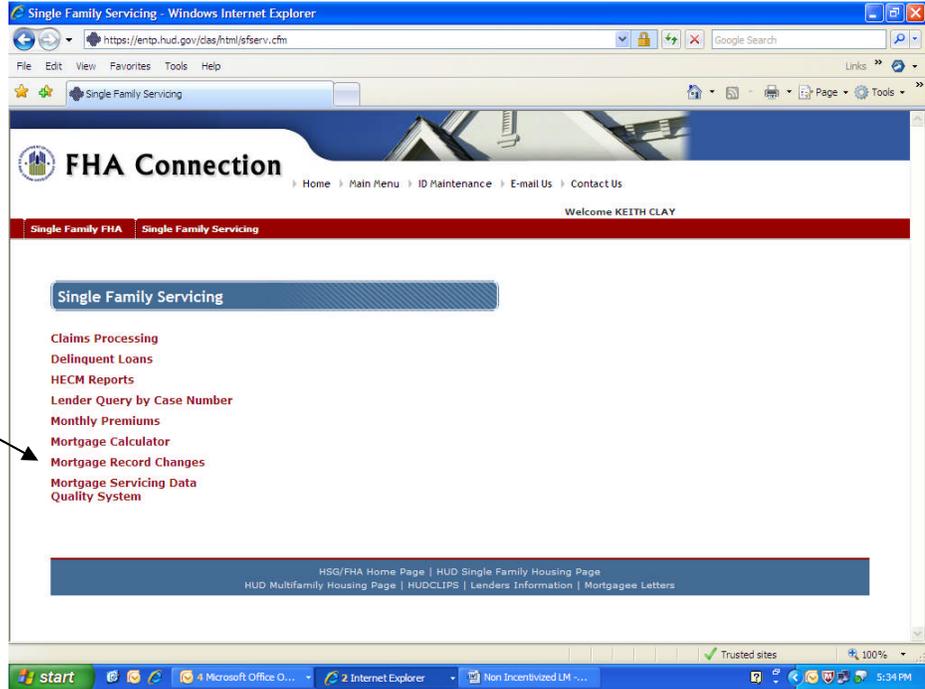
The screenshot shows the FHA Connection website in a Windows Internet Explorer browser. The address bar displays <https://entp.hud.gov/das/html/main.cfm>. The page features a navigation menu with 'Home', 'Main Menu', 'ID Maintenance', 'E-mail Us', and 'Contact Us'. A 'Welcome KEITH CLAY' message is visible. The main content area contains a 'Single Family FHA Business Areas' section. The 'Single Family Servicing' item is highlighted with a blue background and a white arrow pointing to it from the text box on the left. Below the menu items is a section titled 'Message Boards Updated as of:' with a list of items and their update dates.

Single Family FHA Business Areas	Message Boards Updated as of:
Single Family Origination	Monday, December 20, 2010
Single Family Servicing	Monday, December 20, 2010
Property Improvement/Manufactured Housing	Tuesday, February 08, 2011
Lender Approval	Friday, March 05, 2010
Neighborhood Watch	Tuesday, November 16, 2010
Lender Assessment	
Physical Assessment	
Mortgagee Letters	

At the bottom of the page, there is a footer with links: 'HSG/FHA Home Page | HUD Single Family Housing Page | HUD Multifamily Housing Page | HUDCLIPS | Lenders Information | Mortgagee Letters'.

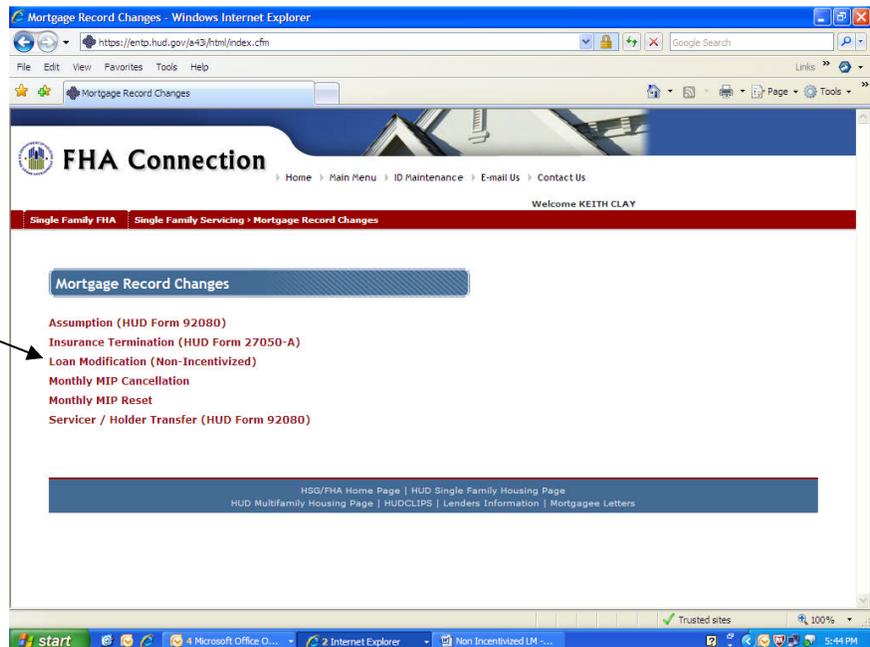
## Step 4 – Select “Mortgage Record Changes”

Select “Mortgage Record Changes”



## Step 5 – Select “Loan Modification (Non-Incentivized)”

Select “Loan Modification (Non-Incentivized)”



## Step 6 - Input the FHA Case Number and Original Mortgage Amount

Input FHA Case number xxx-xxxxxxx and the original mortgage amount.

Loan Modification (Non-Incentivized)

FHA Case Number:

Original Mortgage Amount:

Send Reset

Message Board Monday December 20, 2010

HSG/FHA Home Page | HUD Single Family Housing Page  
HUD Multifamily Housing Page | HUDCLIPS | Lenders Information | Mortgagee Letters

## Step 7 – Enter the new modification data and press the “Send” button to process the transaction.

Loan Modification (Non-Incentivized) Transaction

**WARNING**

Use this page only to record a non-incentivized loan modification. If you intend to file a claim for loan modification incentive payment, please submit a [loss mitigation claim request](#) from the [Single Family Insurance Claims Processing menu](#).

Enter a new non-incentivized loan modification for FHA case number and press the send button.

	Original Value	Current Value	Modified Value
Mortgage Amount:	\$ 52,900.00	\$ 42,631.08	<input type="text"/>
Interest Rate:	09.500	09.500	<input type="text"/>
Agreement Date:		06-02-2006	<input type="text"/>
First Payment Date:	11-01-1986	07-01-2006	<input type="text"/>
Maturity Date:	10-01-2016	06-01-2023	<input type="text"/>

Previous Loan Modifications

Agreement Date	Loan Amount	Rate	First Payment Date	Maturity Date
06-02-2006	\$ 42,631.08	09.500	07-01-2006	06-01-2023

Send New Request

Enter the new loan modification data.

Press the Send Button to complete the transaction.

See example below: New Mortgage Amount of \$52,000 with the Interest Rate lowered to 6.5%, Agreement Date 03/13/2011, First Payment Date 03/01/2011 and a Maturity Date of 03/01/2033.

Loan Modification (Non-Incentivized) Transaction

**WARNING**

Use this page only to record a non-incentivized loan modification. If you intend to file a claim for loan modification incentive payment, please submit a [loss mitigation claim request](#) from the [Single Family Insurance Claims Processing menu](#).

Enter a new non-incentivized loan modification for:  
FHA case number \_\_\_\_\_ and press the send button.

	Original Value	Current Value	Modified Value
Mortgage Amount:	\$ 52,900.00	\$ 42,631.08	52000
Interest Rate:	09.500	09.500	06.5
Agreement Date:	06-02-2006	02 / 13 / 2011	
First Payment Date:	11-01-1986	07-01-2006	03 / 01 / 2011
Maturity Date:	10-01-2016	06-01-2023	03 / 01 / 2030

Previous Loan Modifications				
Agreement Date	Loan Amount	Rate	First Payment Date	Maturity Date
06-02-2006	\$ 42,631.08	09.500	07-01-2006	06-01-2023

Step 8 – After you hit the send button it populates the next screen (see below) verify information. Once you have confirmed the information is correct hit the Send button again.

Once you have confirmed the information is correct hit the Send button again.

Loan Modification (Non-Incentivized) Confirmation

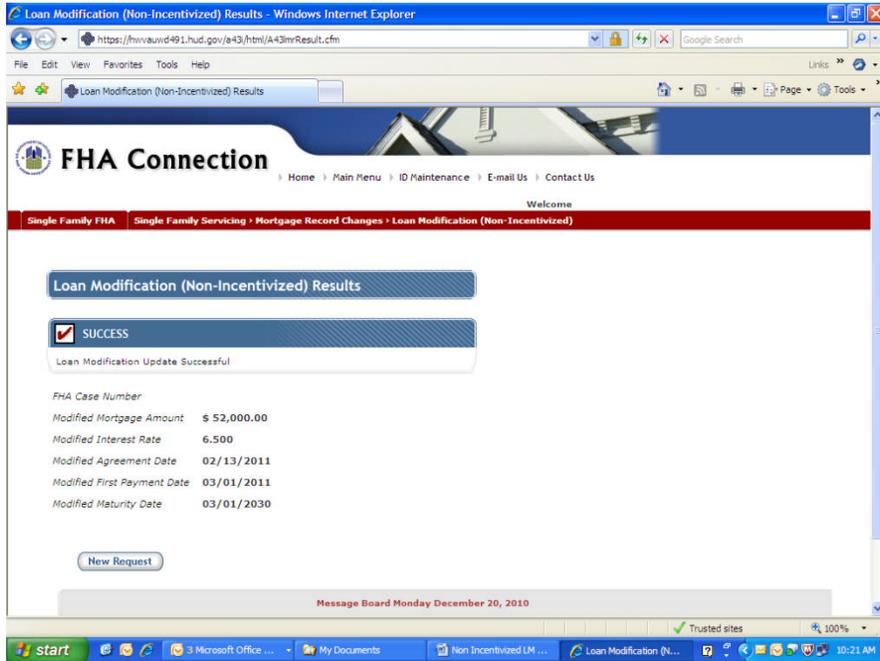
Confirm entered non-incentivized loan modification data for:  
FHA case number \_\_\_\_\_ and Press send button for update.

	Original Value	Current Value	Entered Value
Mortgage Amount:	\$ 52,900.00	\$ 42,631.08	\$ 52,000.00
Interest Rate:	09.500	09.500	6.500
Agreement Date:	06-02-2006	02-13-2011	
First Payment Date:	11-01-1986	07-01-2006	03-01-2011
Maturity Date:	10-01-2016	06-01-2023	03-01-2030

Message Board Monday December 20, 2010

HSG/FHA Home Page | HUD Single Family Housing Page  
HUD Multifamily Housing Page | HUDCLIPS | Lenders Information | Mortgage Letters

**Step 9 – The next screen indicates the transaction has been processed successfully or there are errors. Below is a screen shot of a successful transaction.**



**Step 10 – An example of an unsuccessful transaction.**

Please correct all items that come back in red.

Explanation of error(s).

