

FHA CONNECTION

(Changes and Processing Instructions for Lenders)

January 31, 2013

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1 Purpose

The purpose of this document is to explain changes on the FHA Connection (FHAC) that affect the business processes of FHA Mortgage Lenders. In order to better identify the source and purpose of the secondary financing funds used on the loan, modifications were made to the secondary financing information collected on the **Insurance Application Update** screen. These changes will be effective February 2, 2013.

2 Secondary Financing – Source / Purpose

In the *Worksheet* section of the **Insurance Application Update** screen, the **Secondary Financing - Source** field was modified and renamed to **Secondary Financing - Source / Purpose (Figure 1)**. In this field, the user is now required to select both the source and purpose of the secondary financing. A drop-down list with options for the purpose of the secondary financing was added. Also, fields were added for entering information for up to three secondary financing amounts (**Amount 1, Amount 2 and Amount 3**).

*** Worksheet Information ***

Appraised Value:	<input type="text" value="369000"/> .00	Sales Price:	<input type="text" value="369000"/> .00
Current Housing Expense:	<input type="text" value="500"/> .00	Unpaid Principal Balance:	<input type="text"/> .00
		Principal Write-off Amount:	<input type="text"/> .00
Total Requirements:	<input type="text" value="20000"/> .00	Total Income:	<input type="text" value="9071"/> .00
Total Mortgage Payment:	<input type="text" value="3200"/> .00	Total Fixed Payment:	<input type="text" value="4753"/> .00
UFMIP Paid in Cash:	<input type="text"/>		
Borrower Funds to Close		Verified Assets:	<input type="text" value="31755"/> .00
Required Investment:	<input type="text" value="15879"/> .00	Months in Reserve:	<input type="text"/>
Borrower Paid Closing Costs:	<input type="text"/> .00	Seller Concession Amount:	<input type="text"/> .00
Seller Concession (%):	<input type="text"/>		
Gift Letters			
Letter 1 Amount:	<input type="text"/> .00		
Source:	N/A	EIN Name:	New
EIN:	<input type="text"/>		
Letter 2 Amount:	<input type="text"/> .00		
Source:	N/A		
EIN:	<input type="text"/>		
Secondary Financing			
Amount 1:	<input type="text" value="5000"/> .00		
Source / Purpose:	Section 115 Entities	non-HUD Lender EIN:	<input type="text"/>
HUD Lender ID:	Select Secondary Financing Source	non-HUD Lender Name:	Borrower's Closing Costs
HUD Lender Name:	N/A		Select Secondary Financing Purpose
Amount 2:			N/A
Source / Purpose:	Government & Nonprofit Instrumentality of Government		Borrower's Closing Costs
HUD Lender ID:	Nonprofit (not Instrumentality of Government)		Required Minimum Cash Investment
HUD Lender Name:	Private Organizations / Eligible Individuals		Tax Abatement
Amount 3:			Other
Source / Purpose:	Select Secondary Financing Source	non-HUD Lender EIN:	<input type="text"/>
HUD Lender ID:		non-HUD Lender Name:	Select Secondary Financing Purpose
HUD Lender Name:			<input type="text"/>
		OR non-HUD Lender EIN:	<input type="text"/>
		non-HUD Lender Name:	<input type="text"/>

Figure 1: Modified *Worksheet Information* section of the **Insurance Application Update** page (partially displayed)

2.1 Section 115 Entities Added as a Source of Secondary Financing

Mortgagee Letter 2012-24 deemed Section 115 entities to be “instrumentalities of government” for the purpose of providing secondary financing under FHA Single Family programs. Therefore, *Section 115 Entities* was added as an option on the drop-down list of sources in the **Secondary Financing - Source / Purpose** field (**Figure 1**).

3 Screens in Development

NOTE: Certain changes showing on the following FHAC screens are still in development and are not to be used or completed by the lender. They are illustrated below.

3.1 FHA Approval Lists: Affordable Housing Providers and Community Land Trust links

The screenshot displays the 'FHA Approval Lists' interface. It features a blue header bar with the title 'FHA Approval Lists'. Below the header, there are two columns of items, each preceded by a small icon of a document with a checkmark. The items are listed in red text. Two items, 'Affordable Housing Providers' and 'Community Land Trusts', are highlighted with a red rectangular box, and a yellow box with the word 'New' is connected to each by a thin black line, indicating they are new additions. The items are organized into two main sections: '203k Consultants' and 'Appraisers' on the left, and 'HECM Counseling Agencies' and 'Underwriters' on the right.

Category	Item	Status	
203k Consultants	ADP Codes		
	ADP Code Selection		
	Affordable Housing Providers	New	
	Appraiser Roster Application Selection		
	Appraiser Selection by Lender		
	Appraisers	Case Number Prefixes	
		Change Requests	
Community Land Trusts		New	
Condominiums			
Distribution of Appraisals			
GSA Lists			
HECM Counseling Agencies	HECM Counselors		
	HECM Servicers		
	Housing Counseling Agencies		
	Inspectors		
	Limited Denial of Participation		
	Mortgage Limits		
	Nonprofits		
	Planned Unit Developments (PUDs)		
	Program ID Codes		
	Sponsored Originator Maintenance		
	Underwriter Registry		
Underwriters	Underwriters		
	Zip Codes		

3.2 Case Number Assignment: Affordable Housing / Community Land Trust Information Section

Case Number Assignment

Help Links ?

* General Information *

Field Office: Lender Case Ref:

Is this a Sponsored Originator Case?

Originator ID: Sponsor/Agent ID:

Loan Officer Name: First Name: MI: Last Name: Suffix:

Loan Officer NMLS ID:

Case Type: Construction Code: Processing Type: Financing Type:

ADP Code: Living Units: Program ID: Loan Term:

ADP Code Characteristics:

Amortization Type: <input type="text" value="Fixed"/>	Housing Program: <input type="text" value="FHA Standard Mortgage Program (203b)"/>	Property Type: <input type="text" value="Not a condominium"/>
Special Program: <input type="text" value="No Special Program"/>	Buydown: <input type="text" value="No"/>	Principal Write-down: <input type="text" value="Not a principal write-down"/>

Type of Case:

Was this case previously set to owned (previously sold by HUD)? Yes No

Condo Name:

* Affordable Housing / Community Land Trust *

Is this loan under an Affordable Housing Program? If Yes, Enter EIN of Affordable Housing Provider:

Is this property part of a Community Land Trust? If Yes, Enter EIN of Community Land Trust:

If property uses Affordable Housing or exists in Community Land Trust:

(a) Are there any legal restrictions on the property?

(b) If yes, do any legal restrictions on conveyance survive if title to the mortgage property is transferred by: (1) foreclosure or (2) deed-in-lieu of foreclosure or if mortgage is assigned to the Secretary?

* Property Address *

Hse No	Unit	Pre	Street Name	Type	Post	Lot	Blk/Plat
<input type="text" value="360"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="MAISON"/>	<input type="text" value="DR"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
City	St	Zip Code	County				
<input type="text" value="MYRTLE BEACH"/>	<input type="text" value="SC"/>	<input type="text" value="29572"/>	<input type="text" value="051"/>				

3.3 Insurance Application: Affordable Housing / Community Land Trust Information Section

Insurance Application Update
Help Links ?

WARNING

Other Functions

FHA Case Number: 461-6750271

* General Information *

Property Address:
 360 MAISON DR
 MYRTLE BEACH, SC 29572-0000

PUD/Condo: N/A

County Code: 051

Originator/Principal ID: 0444222334
SC MORTGAGE BANK NA
NMLS ID: 399801

Loan Officer Name: SAL [T]

First, MI: PAULEY

Last, Suffix: [v]

Loan Officer NMLS ID: 987654

ADP Code: 703 [Q] **Program ID:** (00)-Default [v] [Q]

ADP Code Characteristics:

Amortization Type Fixed	Housing Program FHA Standard Mortgage Program (203b)	Property Type Not a condominium
Special Program No Special Program	Buydown No	Principal Write-down Not a principal write-down

Borrower Type: Occupant [v] **Living Units:** 01

Loan Purpose: Existing Occupied [v] **Construction Code:** Existing Construction [v]

Cash-out: No [v] **Construction to Permanent:** No [v]

Refinance Type: Not a Refinance [v] **Building on Own Land:** No [v]

Credit Qualifying Streamline: N/A **Manufactured Housing:** Yes No [?]

\$100 RED Down Payment Program: Yes No

Solar: Yes No

Escrow Data **PUD:** Yes No

Escrow: (203k/EEM/Repair) Yes No **Escrow Complete Date:** []/[]/[]

Escrow Amount: [] .00

* Worksheet Information *

Appraised Value: 259900 .00 **Unpaid Principal Balance:** 250000 .00

Current Housing Expense: 500 .00

* Affordable Housing / Community Land Trust Information *

Is this loan under an Affordable Housing Program: Yes [v] [?] **If Yes, EIN of Affordable Housing Provider:** 17-5566443 [v] [?]

Is this property part of a Community Land Trust: No [v] **If Yes, EIN of Community Land Trust:** []-[]-[]

If this property uses either Affordable Housing or exists in Community Land Trust:

(a) Are there any legal restrictions on the property? No [v]

(b) If yes, do any legal restrictions on conveyance survive if title to the mortgage property is transferred by:

(1) foreclosure or (2) deed-in-lieu of foreclosure or if mortgage is assigned to the Secretary? No [v]

Lenders are reminded that Affordable Housing programs must still meet all current guidance to be eligible for FHA insurance; any legal restrictions on conveyance of the property cannot remain in effect in the event title to the property is transferred by foreclosure or deed-in-lieu or the defaulted mortgage is assigned to the HUD Secretary.