



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

1 **Date:** XXXX, 2024

2 **Mortgagee Letter** 2024-XX

3 **To:** All FHA-Approved Mortgagees
4 All Direct Endorsement Underwriters
5 All Eligible Submission Sources for Condominium Project Approvals
6 All FHA Roster Appraisers
7 All FHA-Approved 203(k) Consultants
8 All FHA-Approved Title I Lenders
9 All HUD-Certified Housing Counselors
10 All HUD-Approved Nonprofit Organizations
11 All Governmental Entity Participants
12 All Real Estate Brokers
13 All Closing Agents

14 **Subject** Adoption of Federal Flood Risk Management Standard (FFRMS) for
15 Minimum Property Standards (MPS) in Special Flood Hazard Areas
16 (SFHA)

17 **Purpose** This Mortgagee Letter (ML) updates New Construction property elevation
18 requirements in SFHAs.

19 **Effective Date** The provisions of this ML are effective immediately.
20 All updates will be incorporated into a forthcoming update of the HUD
21 Handbook 4000.1, *FHA Single Family Housing Policy Handbook*
22 (Handbook 4000.1).

23 **Affected** The provisions of this ML apply to all FHA Title II Single Family forward
24 **Programs** and Home Equity Conversion Mortgage (HECM) programs.

25 **Background** On April 23, 2024, the U.S. Department of Housing and Urban
26 Development (HUD) Office of Environment and Energy (OEE) published
27 the final rule, *Floodplain Management and Protection of Wetlands;*
28 *Minimum Property Standards for Flood Hazard Exposure; Building to the*
29 *Federal Flood Risk Management Standard*, [Docket No. FR-6272-F-02] in
30 the Federal Register. This final rule revises HUD's regulations governing

1 floodplain management and the protection of wetlands to implement the
2 Federal Flood Risk Management Standard (FFRMS) in accordance with
3 [Executive Order 13690](#) titled, “[Establishing a Federal Flood Risk](#)
4 [Management Standard and a Process for Further Soliciting and Considering](#)
5 [Stakeholder Input](#),” dated January 30, 2015.

6 The purpose of the amendment of the property standards is to decrease
7 potential damage from floods, increase the safety and soundness of the
8 Property for residents, and provide for more resilient communities in flood
9 hazard areas.

10 In pursuit of these goals, the amendment revises HUD’s Minimum Property
11 Standards (MPS) under 24 CFR § 200.926d(c)(4), *Drainage and flood*
12 *hazard exposure*, which addresses construction requirements for residential
13 structures under HUD’s mortgage insurance programs. The change requires
14 that the lowest floor in newly constructed structures located within the 1-
15 percent-annual-chance (100-year) floodplain be built at least two feet above
16 the Base Flood Elevation (BFE). This new elevation standard is applicable
17 to New Construction with building permit application submission dates on
18 and after January 1, 2025.

19 The flood elevation standards for Manufactured Housing remain unchanged
20 by this rule.

21 **Summary of**
22 **Changes**

This ML:

- 23 • revises the eligibility for New Construction in an SFHA
24 (II.A.1.b.iv(A)(1)(b)) and (II.B.2.b.iii(A)(4)(b)) to align with MPS in
25 24 CFR § 200.926d(c)(4), *Drainage and flood hazard exposure*;
 - 26 • updates the Existing Construction section title to clarify the
27 applicable type of construction (II.A.1.b.iv(A)(1)(c)) and
28 (II.B.2.b.iii(A)(4)(c));
 - 29 • updates the Eligibility for Condominiums in SFHAs section title to
30 clarify the applicable stage of construction (II.A.1.b.iv(A)(1)(d)) and
31 (II.B.2.b.iii(A)(4)(d));
 - 32 • updates the Manufactured Housing section title to clarify the
33 applicable stage of construction (II.A.1.b.iv(A)(1)(e)) and
34 (II.B.2.b.iii(A)(4)(e));
 - 35 • updates the requirements for New Construction located in Special
36 Flood Hazard Areas (II.A.8.i.vii(A)(5)) with applicable links for
37 reference; and
 - 38 • removes duplicative Flood Hazard Areas section from the HECM for
39 Purchase product and renumbers subsequent sections
(II.B.8.a.vi(E)(1)(e)).
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1 **FHA Single**
2 **Family Housing**
3 **Policy**
4 **Handbook**
5 **4000.1**
6
7 **Title II Insured**
8 **Housing**
9 **Programs**
10 **Forward**
11 **Mortgages**

Special Flood Hazard Areas (II.A.1.b.iv(A)(1))

(b) Eligibility for New Construction of Site Built Housing or Units in Condominium Project or Legal Phase in SFHAs

If any portion of the dwelling and related Structures or equipment essential to the Property Value is located in an SFHA, the Property is not eligible for FHA mortgage insurance, unless the Mortgagee:

- obtains a FEMA-issued final LOMA or LOMR that removes the Property from the SFHA; or
- obtains a FEMA NFIP Elevation Certificate ([FEMA Form FF-206-FY-22-152](#)) based on the finished construction, documenting that when the building permit application submission date, or its equivalent date, is:
 - before January 1, 2025, the lowest floor of the residential building, including the basement, and all related Structures or equipment essential to the Property Value are built at or above the 100-year flood elevation in compliance with the NFIP criteria; or
 - on or after January 1, 2025, the lowest floor of the property improvements, including the basement and other permanent enclosures, and all related Structures or equipment essential to the Property Value are at least two feet above the FEMA-determined Base Flood Elevation (BFE).

The Mortgagee must ensure that Flood Insurance is obtained when a FEMA NFIP Elevation Certificate (FEMA Form FF-206-FY-22-152) documents that the Property remains located within an SFHA.

The building permit application submission date, or its equivalent date, will be required on form [HUD-92541](#), *Builder's Certification of Plans, Specifications, and Site*. In jurisdictions where building permits are not issued, an equivalent application submission date represents the request for jurisdictional approval to start construction. The construction start date serves as the equivalent date when no prior application submission date is available.

(c) Eligibility for Existing Construction of Site Built Housing in SFHAs

When any portion of the residential improvements is determined to be located within an SFHA, Flood Insurance must be obtained.

(d) Eligibility for Existing Construction Condominiums in SFHAs

The Mortgagee must ensure the Condominium Association obtains Flood Insurance on buildings located within the SFHA. The [Flood Insurance](#)

[coverage](#) (II.C.2.c.vii(D)) must protect the interest of the Borrowers who hold title to an individual unit, as well as the common areas of the Condominium Project.

(e) Eligibility for Existing and New Construction Manufactured Housing in SFHAs

The finished grade level beneath the Manufactured Home must be at or above the 100-year return frequency flood elevation. If any portion of the dwelling and related Structures or equipment essential to the Property Value for both new and existing Manufactured Homes is located in an SFHA, the Property is not eligible for FHA mortgage insurance, unless the Mortgagee:

- obtains a FEMA-issued LOMA or LOMR that removes the Property from the SFHA; or
- obtains a FEMA NFIP Elevation Certificate ([FEMA Form FF-206-FY-22-152](#)) showing that the finished grade beneath the Manufactured Home is at or above the 100-year return frequency flood elevation.

The Mortgagee must ensure that Flood Insurance is obtained when a FEMA NFIP Elevation Certificate (FEMA Form FF-206-FY-22-152) documents that the Property remains located within an SFHA.

Site Considerations (II.A.8.i.vii(A))

(5) Flood Hazard Areas

A New Construction Property must meet:

- the [Eligibility for New Construction of Site Built Housing or Units in Condominium Project or Legal Phase in SFHAs](#) requirements; or
- the [Eligibility for Existing and New Construction Manufactured Housing](#) requirements.

**FHA Single
Family Housing
Policy
Handbook
4000.1**

Special Flood Hazard Areas (II.B.2.b.iii(A)(4))

(b) Eligibility for New Construction of Site Built Housing or Units in Condominium Project or Legal Phase in SFHAs

**Title II Insured
Housing
Programs
Reverse
Mortgages**

If any portion of the dwelling and related Structures, or equipment essential to the Property Value is located in an SFHA, the Property is not eligible for FHA mortgage insurance, unless the Mortgagee:

- obtains a FEMA-issued final LOMA or LOMR that removes the Property from the SFHA; or
- obtains a FEMA NFIP Elevation Certificate ([FEMA Form FF-206-FY-22-152](#)) based on the finished construction, documenting that

1 when the building permit application submission date, or its
2 equivalent date, is:

- 3 ○ before January 1, 2025, the lowest floor of the residential
4 building, including the basement, and all related Structures or
5 equipment essential to the Property Value are built at or above
6 the 100-year flood elevation in compliance with the NFIP
7 criteria; or
- 8 ○ on or after January 1, 2025, the lowest floor of the property
9 improvements, including the basement and other permanent
10 enclosures, and all related Structures or equipment essential to
11 the Property Value are at least two feet above the FEMA-
12 determined Base Flood Elevation (BFE).

13 The Mortgagee must ensure that Flood Insurance is obtained when a FEMA
14 NFIP Elevation Certificate (FEMA Form FF-206-FY-22-152) documents
15 that the Property remains located within an SFHA.

16 The building permit application submission date, or its equivalent date, will
17 be required on form [HUD-92541](#), *Builder's Certification of Plans,*
18 *Specifications, and Site*. In jurisdictions where building permits are not
19 issued, an equivalent application submission date represents the request for
20 jurisdictional approval to start construction. The construction start date
21 serves as the equivalent date when no prior application submission date is
22 available.

23 **(c) Eligibility for Existing Construction of Site Built Housing in SFHAs**

24 When any portion of the residential improvements is determined to be
25 located within an SFHA, Flood Insurance must be obtained.

26 **(d) Eligibility for Existing Construction Condominiums in SFHAs**

27 The Mortgagee must ensure the Condominium Association obtains Flood
28 Insurance on buildings located within the SFHA. The Flood Insurance
29 coverage must protect the interest of the Borrowers who hold title to an
30 individual unit, as well as the common areas of the Condominium Project.
31 See [Flood Insurance \(Existing Construction\)](#) (II.C.2.c.vii(D)).

32 **(e) Eligibility for Existing and New Construction Manufactured**
33 **Housing in SFHAs**

34 The finished grade level beneath the Manufactured Home must be at or
35 above the 100-year return frequency flood elevation. If any portion of the
36 dwelling and related Structures or equipment essential to the Property Value
37 for both new and existing Manufactured Homes is located in an SFHA, the
38 Property is not eligible for FHA mortgage insurance, unless the Mortgagee:

Mortgagee Letter 2024-XX, Continued

- 1 • obtains a FEMA-issued LOMA or LOMR that removes the Property
- 2 from the SFHA; or
- 3 • obtains a FEMA NFIP Elevation Certificate ([FEMA Form FF-206-](#)
- 4 [FY-22-152](#)) showing that the finished grade beneath the
- 5 Manufactured Home is at or above the 100-year return frequency
- 6 flood elevation.

7 The Mortgagee must ensure that Flood Insurance is obtained when a FEMA
8 NFIP Elevation Certificate (FEMA Form FF-206-FY-22-152) documents
9 that the Property remains located within an SFHA.

10 **Paperwork**
11 **Reduction Act**

12 The information collection requirements contained in this document have
13 been approved by the Office of Management and Budget (OMB) under the
14 Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3501-3520) and
15 assigned OMB control numbers 2502-0005; 2502-0059; 2502-0117; 2502-
16 0189; 2502-0302; 2502-0306; 2502-0322; 2502-0328; 2502-0358; 2502-
17 0404; 2502-0414; 2502-0429; 2502-0494; 2502-0496; 2502-0524; 2502-
18 0525; 2502-0527; 2502-0538; 2502-0540; 2502-0556; 2502-0561; 2502-
19 0566; 2502-0570; 2502-0583; 2502-0584; 2502-0589; 2502-0600; 2502-
20 0610; and 2502-0611. In accordance with the PRA, HUD may not conduct
21 or sponsor, and a person is not required to respond to, a collection of
information unless the collection displays a currently valid OMB control
number.

22 **Signature**

23 Julia R. Gordon
24 Assistant Secretary for Housing -
25 FHA Commissioner
