



FHA INFO 2024-64

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## HUD Proposes Updated Requirements for Partial Claim Payoff Statements and Recording Timeframes

Today, the Federal Housing Administration (FHA) posted a draft Mortgagee Letter (ML), *Partial Claim Document Recording and Payoff Statements*, on [FHA's Office of Single Family Housing Drafting Table](#) (Drafting Table) for public review and feedback.

Over one million borrowers with FHA-insured mortgages have utilized partial claims to bring their mortgage current and avoid foreclosure. Partial claims become due and payable when the FHA-insured mortgage is sold, refinanced, or otherwise terminated.

With this draft ML, HUD is seeking to ensure that borrowers, closing agents, attorneys, and title agents are aware of the partial claim subordinate lien amount owed by ensuring that the partial claim payoff is provided to the party requesting the payoff statement for the FHA-insured first mortgage. FHA believes this will help minimize losses to the FHA Mutual Mortgage Insurance Fund and prevent any potential challenges related to the subordinate lien for those refinancing their mortgage or selling their home. In addition, this ML proposes to partially alleviate an operational burden on mortgagees by increasing the time allowed to record a partial claim.

This draft ML proposes to:

- Establish a new procedure requiring mortgagees to obtain partial claim payoff statements from HUD's [SMART Integrated Portal \(SIP\)](#) and provide it when they receive a payoff request on an existing FHA-insured mortgage.
- Extend the time allowed for mortgagees to record partial claim security instruments from 5 to 15 days.

In the first and second quarters of fiscal year 2025, enhancements are scheduled to be introduced in SIP that provide functionality to support mortgagees. This includes the ability to

view and download the entire partial claim history associated with a borrower, and the property and request multiple payoff statements at one time.

Interested stakeholders are encouraged to thoroughly review the draft ML and provide feedback through October 10, 2024. Instructions for providing feedback are posted on the [Drafting Table](#). FHA will carefully consider all feedback received before publishing a final ML.

As a reminder, this draft is not official departmental policy and cannot be used in connection with any FHA-insured mortgage until finalized. FHA's existing policies remain in effect until amended.

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- Call 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339.

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