

Distribution Date: July 18, 2013

HUD/FHA Offices Closed July 22, 2013 /Denver HOC Industry Call / Condominium Information and Industry Call

Please note that this message is longer than normal, so ensure you scroll down to view all available information. Four items are covered in this message:

1. HUD/FHA Offices Closed on Monday, July 22
2. Denver HOC Industry Call
3. Condominium Information and Industry Call
4. Training Opportunities

## ITEM 1: HUD OFFICES TO CLOSE NATIONWIDE ON MONDAY, JULY 22

The U.S. Department of Housing and Urban Development (HUD) is notifying the public today that it will close its offices nationwide on Monday, July 22 as a result of government-wide automatic spending cuts that took effect on March 1, 2013. HUD will resume normal operation on Tuesday, July 23. We encourage those with business in HUD offices to plan accordingly.

On designated furlough days, employees are forbidden to engage in any agency-related activities and all HUD/FHA Offices will be closed. The remaining HUD/FHA scheduled furlough days are:

- Monday, July 22
- Friday, August 2
- Friday, August 16
- Friday, August 30

Please note that response times to your requests for information and processing may be delayed by up to two additional days during these time periods (this is in addition to the normal 2-3 day standard response time). HUD/FHA apologizes for the inconveniences that may be caused by the implementation of these furlough days and will work with our clients to minimize any negative impacts.

On designated furlough days, certain FHA services will still be available to our clients. Available services are outlined below:

1. **The FHA Resource Center.** The Resource Center will be open and available to assist clients with FHA-related calls (800-225-5342) and emails ([answers@hud.gov](mailto:answers@hud.gov)) during its normal business hours of 8:00 AM to 8:00 PM Eastern. Please note that Resource Center staff will be unable to escalate policy clarification or case specific questions to HUD employees on furlough days. Clients will be required to call back on the next business day to seek escalation once HUD Offices have re-opened.
2. **FHA National Servicing Center (NSC) Call Center.** The NSC Call Center will be open and available to assist clients with FHA servicing related calls (877-622-8525) and emails during its normal business hours of 8:00 AM to 8:00 PM Eastern. Please note that NSC Call Center staff will be unable to escalate policy clarification or case specific questions to HUD employees on furlough days. Clients will be required to call back on the next business day to seek escalation once HUD Offices have re-opened.
3. **HUD Internet Sites.** HUD's main web page (<http://www.hud.gov>), FHA Connection (<https://entp.hud.gov/clas/>), and the HUD Home bidding site (<http://www.hud.gov/hudhomes>) will be operational and available for normal use. Please note that any system support requests or system outages during furlough days will not be addressed until the next business day.
4. **Marketing and Management Contractors.** Bidding and maintenance contracts on HUD-owned properties will be available to accept and process bids as well as maintain HUD Homes. Please note that any requests for HUD clarification or support on these contracts will not be available until the next business day.

## ITEM 2: DENVER HOC INDUSTRY CONFERENCE CALL

**Topic:** Field Review of Appraisals Contracts – Texas, Minnesota, Kansas, & Wisconsin

**Date/Time:** Wednesday, July 24 from 10 – 11am Central

**Call-in Number:** 1-877-336-1839; Access Code 6855463

**Description:** The U.S. Department of Housing and Urban Development has a need for Field Review of Appraisals services in the states of Texas, Minnesota, Kansas, and Wisconsin. You are invited to participate in an industry conference concerning this opportunity. The purpose of this conference is to acquaint industry with HUD's work requirements, obtain industry comment prior to issuance of the solicitations, and present the timeline for most of the procurement actions.

**Special Instructions:** No registration is necessary but there are a limited number of phone lines available. You can find the draft Statement of Work and a formal announcement here:

<https://www.fbo.gov/index?s=opportunity&mode=form&id=55856c6337e7f92af71ae29da6d10a74&tab=core&cvie w=0>.

### ITEM 3: CONDOMINIUM INFORMATION AND INDUSTRY CALL

#### Short Term Leasing/Transient Usage/Hotel Purposes

Recently, there has been an increase in the number of condominium project approval applications submitted with language that allows rental of a unit for less than 30 days, use of a unit for hotel purposes or contains mortgagee exception clauses. The term transient or hotel purposes is defined to mean (1) any rental for a period of less than 30 days, or (2) any rental if the occupants of the housing accommodations are provided customary hotel services such as room service for food and beverages, maid service, furnishing and laundering of linen, and bellboy service.

To date, condominium legal governing documents containing the unacceptable language have made the project ineligible for FHA approval unless the documents have been amended to remove or revise the language. FHA is announcing another option that may be used as an alternative to amending the condominium legal governing documents.

Mortgagee Clause/Transient Usage/Hotel Purposes: The recorded Covenants, Conditions and Restrictions (CC&Rs) or other legal governing documents require an amendment to remove this language **or** the Association Board may provide an executed written statement on letterhead, signed and dated, that affirms that there are no units within the project currently rented for less than 30 days and/or pursuant to the lessor providing any services normally associated with a hotel.

FHA Originating Lender: If the Association determines that they will not amend the legal governing documents but will provide a statement, then the originating lender will also be required to provide an executed statement on letterhead, signed and dated, that affirms in the event of a conveyance action to the lender that they will not rent the associated unit for less than 30 days and/or provide any services normally associated with a hotel. This statement **must** be provided in the case binder submitted for insurance endorsement – this includes loans insured under the Lender Insurance authority.

Borrower(s): All borrowers will be required to execute (sign and date) form HUD-92561, Borrower's Contract with Respect to Hotel and Transient Use of Property. A copy of the executed form must be provided in the case binder submitted for insurance endorsement – this includes loans insured under the Lender Insurance authority. This requirement is applicable for all condominium loans using FHA insured financing.

#### Phase I Environmental Site Assessments

Section 1.7 of the Condominium Project Approval and Processing Guide (Guide), attachment to Mortgagee Letter 2011-22, states that for proposed or under construction projects, a Phase I Environmental Site Assessment (ESA) performed in accordance with ASTM E-1527-05 "Standard Practice for Environmental Site Assessments" must be included in the project approval package submitted to FHA. The Phase I ESA must not predate the condominium approval submission by more than 12 months and must be updated, as described in ASTM 1527-05, if between 180 days (6 months) and 12 months. Because there has been misunderstanding regarding this requirement, FHA is clarifying when a new or updated ESA is required. Lenders who process condominium project applications using the DELRAP option must also obtain a Phase I ESA for proposed or under construction projects. The requirements

defined below are applicable to all condominium project applications processed and reviewed under the HRAP or DELRAP options.

| <b>Project Status</b>                                                                                                                                                                   | <b>Requirement</b>                                                                                                                                                                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Phase I ESA covering <u>entire</u> project (including all planned phases)                                                                                                               | Cannot predate condominium application package date by more than 12 months or new Phase I will be required; if between 6-12 months, an updated Phase I will be required                |
| Submission of annexation (phase requests)                                                                                                                                               | If not included in initial Phase I then a new Phase I will be required                                                                                                                 |
| Phase I and on site review performed on the entire project, and the project will be legally phased and constructed and the construction goes beyond 12 months for each additional phase | New or updated Phase I not required                                                                                                                                                    |
| Annexation of land                                                                                                                                                                      | New Phase I will be required                                                                                                                                                           |
| Acquisition of project by another person(s) – change in user for whom the initial Phase I ESA was developed                                                                             | Must satisfy User's Responsibilities defined in Section 6, subject to Section 4.8 of the ASTM E-1527-05; if more than 12 months since acquisition date, a new Phase I will be required |

#### **Case Number Assignment – Site Condominiums**

FHA has seen an increase in the number of case numbers ordered and assigned as a site condominium although the unit is located within a project that requires approval or may even be a property located in a planned unit development (PUD). Data integrity is essential – before a case number is requested, the lender should verify the property type. This includes looking at FHA's requirements for identifying site condominiums. Condominium project approval is not required for site condominiums meeting **all** of the defined requirements in Section 1.8.1 of the Condominium Project Approval and Processing Guide, attachment to Mortgagee Letter 2011-22. Lenders and FHA staff cannot make data corrections to case numbers assignments where it was ordered incorrectly as a site condominium. These correction requests will be submitted in writing to the jurisdictional Homeownership Center who will forward to Headquarters for coordination with our contractor to make the necessary database changes.

#### **Industry Call to Discuss Guideline Clarifications**

**Conference Call Title:** Condominium Guideline Clarifications

**Date/Time:** Friday, July 26, 2013 from 2:30 PM to 3:30 PM Eastern

**Teleconference Number:** (800) 260-0719. Please begin dialing into the teleconference meeting 10 minutes early as the call will begin promptly at 2:30 PM Eastern.

**Access Code:** 298100

**Description of Conference Call:** FHA Single Family Housing will host an industry conference call where staff will be available to provide an overview and address questions on guideline clarifications contained in this email message.

**Who should attend?** FHA approved lenders; industry partners, other stakeholders and all other interested parties.

**Special Instructions:** There are a limited number of available conference call-in lines. In order to maximize the number of attendees we ask that offices with multiple participants call in from a single conference room where possible. If we determine that a significant number of callers were unable to access the call because of limited lines, we may offer a second session.

#### ITEM 4: TRAINING OPPORTUNITIES

**Title:** FHA Lender Training in Phoenix, Arizona **ON-SITE TRAINING**

**Date/Time:** Wednesday August 7 and Thursday August 8 from 8:30am to 4:30pm (Local Time)

**Registration Link:** <http://www.hud.gov/emarc/index.cfm?fuseaction=emar.registerEvent&eventId=1816&update=N>

**Location:** Hyatt Regency Phoenix, 122 N Second St, Phoenix, AZ 85004

**Description:** FREE CLASSROOM TRAINING - Online registration required. FHA representatives from the Santa Ana Homeownership Center will conduct a 2-day live training where they will cover a wide range of topics, including recent program changes, Mortgagee Letters, automated (AUS) vs. manual underwriting, review & discussion of feedback certificate and documentation, Income & Assets calculations, Refinance Transactions, Post Endorsement Technical Reviews (PETRs) that may lead to loan indemnification, Insuring Deficiencies, highlights of underwriting the FHA appraisal and much more. This training is most beneficial for new mortgage lending professionals; or, a refresher course for seasoned professionals. Real estate sales professionals and loan originators are encouraged to attend.

**Special Instructions:** Onsite registration starts from 8:00 AM to 8:30 AM. Onsite parking is not available; however, there are several parking garages within walking distance. The Hyatt Regency will provide parking validation for three (3) hours at Regency Parking Garage located on the South side of the hotel. Rate is \$2/hour; \$8/day maximum with validation.

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**Title:** FHA Hot Topics & Updates (New Orleans, LA) **ON-SITE TRAINING**

**Date/Time:** Tuesday, August 13 from 8:30am – 4:30pm Central

**Registration:** <http://www.hud.gov/emarc/index.cfm?fuseaction=emar.registerEvent&eventId=1812&update=N>

**Location:** 500 Poydras Street, 9<sup>th</sup> Floor, New Orleans, LA 70130

**Description:** This FREE one-day classroom training will provide clarification to current Underwriting Hot Topics, Insuring/Eligibility Issues and Frequently Asked Questions (FAQs) in today's FHA lending environment. Topics covered will include: FHA Updates including most recent Mortgagee Letters, Maximum Mortgage Calculations, Refinance Transactions, FHA Real Estate Owned, Credit, Income and Asset Scenarios, as well as utilizing FHA Systems. There will also be time for open discussion between the audience and HUD staff.

**Special Instructions:** Class size is limited; first-come, first served. On the day of the class, check-in begins at 8:00 a.m. Class begins promptly at 8:30 a.m. Central Time. Registration is required.

**Questions?** E-mail us at [denverhoc-pudtraining@hud.gov](mailto:denverhoc-pudtraining@hud.gov).

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**Title:** The FHA Appraisal (New Orleans, LA) **ON-SITE TRAINING**

**Date/Time:** Wednesday, August 14 from 8:30am – 4:30pm Central

**Registration:** <http://www.hud.gov/emarc/index.cfm?fuseaction=emar.registerEvent&eventId=1814&update=N>

**Location:** 500 Poydras Street, 9<sup>th</sup> Floor, New Orleans, LA 70130

**Description:** This FREE one-day classroom training discusses FHA appraisal requirements including FHA Appraisal Protocol, updates to FHA appraisal policy, as well as equips attendees with the knowledge to determine property eligibility. This course provides a refresher to seasoned FHA appraisers, as well as provides valuable information to appraisers new to the FHA roster. CE credit available for the State of Louisiana.

**Special Instructions:** Class size is limited; first-come, first served. On the day of the class, check-in begins at 8:00 a.m. Class begins promptly at 8:30 a.m. Central Time. Registration is required.

**Questions?** E-mail us at [denverhoc-pudtraining@hud.gov](mailto:denverhoc-pudtraining@hud.gov).

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**Title:** FHA Hot Topics & Updates (Oklahoma City, OK) **ON-SITE TRAINING**

**Date/Time:** Tuesday, August 20 from 8:30 to 4:30 PM Central Time

**Registration Link:** <http://www.hud.gov/emarc/index.cfm?fuseaction=emar.registerEvent&eventId=1811&update=N>

**Location:** 301 NW 6<sup>th</sup> Street, Suite 200, Oklahoma City, OK 73102

**Description:** This FREE one-day classroom training will provide clarification to current Underwriting Hot Topics, Insuring/Eligibility Issues and Frequently Asked Questions (FAQs) in today's FHA lending environment. Topics covered will include: FHA Updates including most recent Mortgagee Letters, Maximum Mortgage Calculations, Refinance Transactions, FHA Real Estate Owned, Credit, Income and Asset Scenarios, as well as utilizing FHA Systems. There will also be time for open discussion between the audience and HUD staff.

**Special Instructions:** Class size is limited; first-come, first served. On the day of the class, check-in begins at 8:00 a.m. Class begins promptly at 8:30 a.m. Central Time. Registration is required.

**Questions?** E-mail us at [denverhoc-pudtraining@hud.gov](mailto:denverhoc-pudtraining@hud.gov).

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**Title:** The FHA Appraisal (Oklahoma City, OK) **ON-SITE TRAINING**

**Date/Time:** Wednesday, August 21 from 8:30am – 4:30pm Central

**Registration:** <http://www.hud.gov/emarc/index.cfm?fuseaction=emar.registerEvent&eventId=1813&update=N>

**Location:** 301 NW 6<sup>th</sup> Street, Suite 200, Oklahoma City, OK 73102

**Description:** This FREE one-day classroom training discusses FHA appraisal requirements including FHA Appraisal Protocol, updates to FHA appraisal policy, as well as equips attendees with the knowledge to determine property eligibility. This course provides a refresher to seasoned FHA appraisers, as well as provides valuable information to appraisers new to the FHA roster. CE credit pending for the State of Oklahoma.

**Special Instructions:** Class size is limited; first-come, first served. On the day of the class, check-in begins at 8:00 a.m. Class begins promptly at 8:30 a.m. Central Time. Registration is required.

**Questions?** E-mail us at [denverhoc-pudtraining@hud.gov](mailto:denverhoc-pudtraining@hud.gov).

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**Title:** Completing Today's FHA Appraisal in Lake Forest, CA **ON-SITE TRAINING**

**Date/Time:** Friday, September 6 from 8:15am to 5:00pm (Local Time)

**Registration Link:** <http://www.hud.gov/emarc/index.cfm?fuseaction=emar.registerEvent&eventId=1817&update=N>

**Location:** Lake Forest City Hall, 25550 Commercecentre Dr, Lake Forest, CA 92630

**Description:** FREE APPRAISER TRAINING - this course is approved by California's OREA (Office of Real Estate Appraisers) for 7 hrs Continuing Education Units/Credits (CEUs) for California licensed appraisers. For non-CA licensees, please contact your state's licensing board for credit eligibility. FHA representatives will be conducting 1 day instructor-led class where they will discuss how to complete residential appraisals under FHA protocols and highlights of recent program changes. This training is highly valuable for appraisers who would like to be added to the FHA Appraisers Roster and an excellent review for those who are currently on the Roster. For added benefit, eligible licensees will receive 7 CEUs toward your license renewal/recertification. To be eligible, you must attend the entire 7 hours of presentation.

**Special Instructions:** This seminar is designed specifically for appraisers, and also due to limited seating capacity, registration is for appraisers only. Onsite parking is free – please observe all posted signs. Important: Please bring a picture identification, water, and snacks, as there are no vending machines onsite.

**ADDITIONAL FHA EVENTS AND TRAINING OPPORTUNITIES CAN BE FOUND AT:** <http://bit.ly/FHAevents>