

## HUD Mortgagee Letter 2008-13 - Expansion of FHASecure

Tuesday, 13 May 2008

HUD has released Mortgagee Letter 2008-13, Expansion of FHASecure. This mortgagee letter replaces the specific guidance regarding FHASecure issued in Mortgagee Letter 2007-11 and is effective for case numbers assigned on or after June 14, 2008. FHA is implementing the policies in this letter simultaneously with the implementation of risk-based pricing through notice in the Federal Register May 13, 2008. Mortgagees are reminded that the eligibility criteria for delinquent borrowers and new subordinate financing under the FHASecure initiative are temporary and require that the loan application be signed no later than December 31, 2008. Mortgagees are also reminded that FHA has not changed its underwriting guidelines, but rather its eligibility criteria. Existing policies are still applicable, such as those involving bankruptcy. This mortgagee letter also clarifies guidance issued in Mortgagee Letter 2005-43 regarding cash-out refinance transactions.

For additional information, and a link to Mortgagee Letter 2008-13, click [Read More...](#)

[Click here](#) for a MS Word version of Mortgagee Letter 2008-13

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May 7, 2008

MORTGAGEE LETTER 2008-13

TO: ALL APPROVED MORTGAGEES

SUBJECT: Expansion of FHASecure

In Mortgagee Letter 2007-11, the Federal Housing Administration announced FHASecure, a temporary initiative to permit lenders to refinance delinquent adjustable rate mortgages (ARMs) and/or to offer new subordinate financing where the combined loan-to-value ratio exceeds the applicable FHA loan-to-value ratio and geographical maximum mortgage amount. The Department has decided to expand FHASecure as follows:

- To include borrowers delinquent on their non-FHA ARMs due to a rate reset or the occurrence of an extenuating circumstance but experienced no more than two 30-day or one 60-day late payment in the 12 months prior to the rate reset or extenuating circumstance that caused the delinquency; or
- To include borrowers delinquent on their non-FHA ARMs due to a rate reset or the occurrence of an extenuating circumstance but experienced no more than one 90-day late payment or no more than three 30-day late payments prior to the rate reset or extenuating circumstance that caused the delinquency provided the loan-to-value on the FHA insured first mortgages does not exceed 90 percent.
- Borrowers delinquent on their interest-only and/or payment option ARM are not eligible for this expansion: borrowers with these types of mortgages must demonstrate that a rate reset caused the delinquency and that they were making the monthly mortgage payments within the month due during the 6 months prior to the rate reset.
- For borrowers refinancing delinquent non-FHA ARMs the Up-front mortgage insurance premium (UFMIP) is set at 2.25 percent of the base loan amount (loan amount excluding UFMIP) regardless of the loan-to-value (LTV) ratio. For LTV ratios greater than 95 percent (excluding UFMIP) the Annual premium (collected monthly) is set at .55 percent.

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For the rest of Mortgagee Letter 2008-13, click [here](#)