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**).

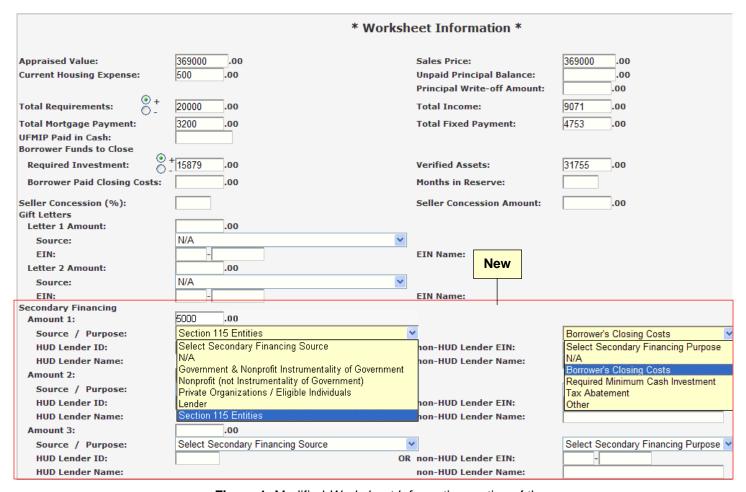


Figure 1: Modified Worksheet Information section of the Insurance Application Update page (partially displayed)

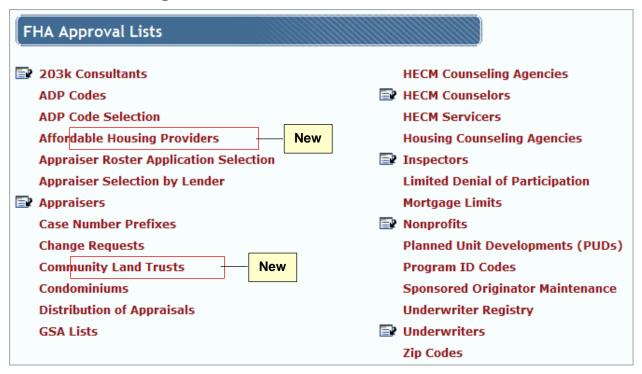
2.1 Section 115 Entities Added as a Source of Secondary Financing

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**).

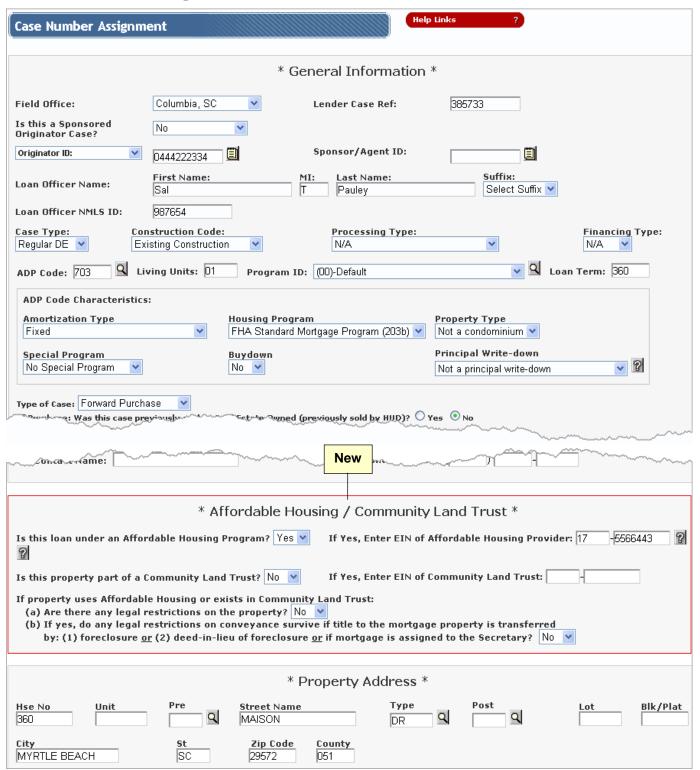
3 Screens in Development

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



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



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

Insurance Application Update ?					
MARNING	Other Functions				
Existing conditions may affect processing. See message(s) below					
FHA Case Number: 461-6750271					
* General Information *					
Property Address: PUD/Condo: N/A 360 MAISON DR MYRTLE BEACH, SC 29572-0000 County Code: 051					
Originator/Principal ID: 044422334 SC MORTGAGE BANK NA NMLS ID: 399801 Loan Officer Name First, MI: Last, Suffix: PAULEY Doan Officer NMLS ID: 987654					
ADP Code: 703 Q Prog	ram ID: (00)-Default				
ADP Code Characteristics:					
Amortization Type Housing Program Fixed FHA Standard Mortgage Progr	Property Type am (203b) Not a condominium				
Special Program No Special Program No	Principal Write-down Not a principal write-down				
Loan Purpose: Existing Occupied Cons Cash-out: No Cons	g Units: truction Code: Existing Construction v truction to Permanent: ing on Own Land: No v				
\$100 REO Down Payment Program: Solar: Yes No PUD: Escrow Data Escrow: Yes No PUD: Feer	ow Complete Date:				
(203K) EEM) Kepair)	ow Amount: .00				
* Worksheet Information *					
Appraised Value: 259900 .00 New Current using Expense: 500	250000 .00				
* Affordable Housing / Community Land Trust Information *					
Is this loan under an Affordable Housing Program: Yes If Yes, EIN of Affordable Housing Provider: 17 -5566443 COLUMBIA HOUSING FUND					

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.