

# Request for Waiver of Housing Directive

U.S. Department of Housing and Urban Development  
Office of Housing  
Federal Housing Commissioner

OMB Approval No. 2502-0029  
(Expires 09/30/2016)

1. Field Office Office of Lender Activities and Program Compliance	2. Program and DAS (e.g., multifamily development) Office of Single Family Housing
3. Waiver Requested by (person, entity, HUD employee) John S. Higgins, Acting Director HQ Quality Assurance Division	
4. Waiver Item (directive number, date, page, paragraph, etc.) FHA Single Family Housing Policy Handbook 4000.1 Section V.A.3.a.i(C) Loan File Selection/Early Payment Default Reviews Relief Sought For FHA-insured mortgages located in the Presidentially Declared Major Disaster Areas of Louisiana Hurricane Harvey DR-4345, Texas Hurricane Harvey DR-4332, Florida Hurricane Irma DR-4337, Georgia Hurricane Irma DR-4338, Puerto Rico Hurricane Irma DR-4336, South Carolina Hurricane Irma DR-4346, Virgin Islands Hurricane Irma DR-4335, Puerto Rico Hurricane Maria DR-4339, Virgin Islands Hurricane Maria DR-4340, and California Wildfires DR-4344 that have a mortgage Closing Date before the start date for the respective Incident Period as determined by the Federal Emergency Management Agency (FEMA), and that meet the definition of an early payment default (4000.1 Section V.A.3.a.iv(B)(1)) and became early payment defaults between [ ]	
5. <input type="checkbox"/> Yes (skip No. 6) <input checked="" type="checkbox"/> No (go to No. 6) If previously approved, give Counsel's name and date of approval.	
6. Counsel Determination. The Waiver Proposal <b>does not conflict</b> <input checked="" type="checkbox"/> <b>conflicts</b> <input type="checkbox"/> with statutory or regulatory provisions (cite rule or provision)	

Counsel (signature) <i>Amy Brown</i>	Date 1/8/18
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7. Employee Justification (attach additional pages if necessary)

FHA Single Family requires that mortgagees must select early payment defaults (EPD) for review on a monthly basis. EPDs are FHA-insured mortgages that become 60 days delinquent within the first six payments. The mortgagee performs a loan file compliance review for all EPD selections to insure the mortgagee complied with FHA Single Family origination and underwriting requirements. As a result of the catastrophic disasters associated with the Presidentially Declared Major Disaster Areas (PDMDA) of Hurricanes Harvey, Irma and Maria, and the California Wildfires, there is a significant increase in EPDs in these PDMDAs. These EPDs are likely the result of loss of employment, income, property damage/repairs, forced relocation, etc., and not the result of non-compliance with FHA Single Family origination and underwriting requirements. Therefore, FHA is waiving its loan level quality control program loan file selection requirements found in 4000.1 Section V.A.3.a.i(C) and 4000.1 Section V.A.3.a.iv(B)(2), for FHA-insured mortgages in these PDMDAs that have a mortgage Closing Date before the start date for the respective Incident Period as determined by the Federal Emergency Management Agency (FEMA), and that meet the definition of an early payment default (4000.1 Section V.A.3.a.iv(B)(1)) and became early payment defaults between September 1, 2017 and February 28, 2018. With this waiver, mortgagees do not need to include EPDs in the origination and underwriting loan file compliance review activities found in 4000.1 Section V.A.3.c for FHA-insured mortgages in these PDMDAs that have a mortgage Closing Date before the start date for the respective Incident Period as determined by FEMA, and meet the definition of an early payment default (4000.1 Section V.A.3.a.iv(B)(1)) and became early

Field Office Concurrence		
Name Joy Hadley	Title Director, Office of Lender Activities and Program Compliance	Date
8. <input type="checkbox"/> Granted <input checked="" type="checkbox"/> Not Granted	Housing Director (signature) <i>Joy Hadley</i>	Date 1/9/2018
Comments		

To view full text for Relief Sought under section 4 above, and Employee Justification under section 7 above, see attached additional page.

Public reporting burden for this collection of information is estimated to average xx minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

Distribution: (includes waivers granted and denied)

Original to Field Office;

One copy to each of the following:

Director, Organizational Policy, Planning and Analysis Division, Room 9116, HUD Headquarters, HRO  
Assistant General Counsel, Multifamily Mortgage Division, HUD Headquarters, Room 9230, CAHAA

And one copy to either of the following:

Office of the Deputy Assistant Secretary for Single Family Housing, Room 9282, HUD Headquarters, HU  
Office of the Deputy Assistant Secretary for Multifamily Housing, Room 6106, HUD Headquarters, HT

## Waiver of Housing Directive Additional Page

Full text for Relief Sought under section 4, and Employee Justification under section 7, for waiver item noted below.

### Section 4

Waiver item

FHA Single Family Housing Policy Handbook 4000.1 Section V.A.3.a.i(C) Loan File Selection/Early Payment Default Reviews

Relief Sought

For FHA-insured mortgages located in the Presidentially Declared Major Disaster Areas of Louisiana Hurricane Harvey DR-4345, Texas Hurricane Harvey DR-4332, Florida Hurricane Irma DR-4337, Georgia Hurricane Irma DR-4338, Puerto Rico Hurricane Irma DR-4336, South Carolina Hurricane Irma DR-4346, Virgin Islands Hurricane Irma DR-4335, Puerto Rico Hurricane Maria DR-4339, Virgin Islands Hurricane Maria DR-4340, and California Wildfires DR-4344 that have a mortgage Closing Date before the start date for the respective Incident Period as determined by the Federal Emergency Management Agency (FEMA), and that meet the definition of an early payment default (4000.1 Section V.A.3.a.iv(B)(1)) and became early payment defaults between September 1, 2017 and February 28, 2018, FHA Single Family waives its loan level quality control program requirements found in 4000.1 Section V.A.3.a.i(C) and 4000.1 Section V.A.3.a.iv(B)(2).

### Section 7

Employee Justification

FHA Single Family requires that mortgagees must select early payment defaults (EPD) for review on a monthly basis. EPDs are FHA-insured mortgages that become 60 days delinquent within the first six payments. The mortgagee performs a loan file compliance review for all EPD selections to insure the mortgagee complied with FHA Single Family origination and underwriting requirements. As a result of the catastrophic disasters associated with the Presidentially Declared Major Disaster Areas (PDMDA) of Hurricanes Harvey, Irma and Maria, and the California Wildfires, there is a significant increase in EPDs in these PDMDAs. These EPDs are likely the result of loss of employment, income, property damage/repairs, forced relocation, etc., and not the result of non-compliance with FHA Single Family origination and underwriting requirements. Therefore, FHA is waiving its loan level quality control program loan file selection requirements found in 4000.1 Section V.A.3.a.i(C) and 4000.1 Section V.A.3.a.iv(B)(2), for FHA-insured mortgages in these PDMDAs that have a mortgage Closing Date before the start date for the respective Incident Period as determined by the Federal Emergency Management Agency (FEMA), and that meet the definition of an early payment default (4000.1 Section V.A.3.a.iv(B)(1)) and became early payment defaults between September 1, 2017 and February 28, 2018. With this waiver, mortgagees do not need to include EPDs in the origination and underwriting loan file compliance review activities found in 4000.1 Section V.A.3.c for FHA-insured mortgages in these PDMDAs that have a mortgage Closing Date before the start date for the respective Incident Period as determined by FEMA, and meet the definition of an early payment default (4000.1 Section V.A.3.a.iv(B)(1)) and became early payment defaults between September 1, 2017 and February 28, 2018. Mortgagees must continue to meet the loan file selection requirements in 4000.1 Section V.A.3.a.i(A) Pre-Closing Reviews, (B) Post-Closing Reviews and (D) Servicing Reviews.