



SMART SOLUTION BULLETIN #24

April 19, 2019

TO: SMART SOLUTION PARTICIPATING LENDERS

FROM: Betty Temple-Putnam, Sr. Vice President of Single-Family Programs

RE: **FHA Smart Solution Reservations Suspended Due to New HUD Requirements**

HUD's Mortgagee Letter 19-06 dated April 18, 2019, clarifies documentation requirements that FHA-approved Mortgagees must satisfy when originating a mortgage for a borrower using funds from another person or entity to meet their Minimum Required Investment.

This includes specific documentation requirements for Governmental Entity Down Payment Assistance Programs like MHC's Smart Solution Program.

The effective date of the guidance is for case numbers assigned on or after April 18, 2019. Because this new guidance increases required documentation (MHC was not provided any prior notification by HUD to ensure all newly required documentation was in place prior to the effective date), MHC will not accept any new loan reservations for FHA Smart Solution loans with an FHA case number issued on or after April 18, 2019, until further notice.

It is our intention for this reservation suspension to be brief as we work with HUD to ensure our documentation process is in compliance with their new guidance.

The Reservation system will remain open. However, when reserving your loan, you will be required to upload a copy of your Case Number Assignment as part of Reservation Package to verify the date of the assignment was prior to April 18, 2019.

We encourage lenders to verify if any borrowers who have been pre-qualified for an FHA loan may qualify for our Smart Solution Conventional, Rural Development or VA Program.