



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

December 30, 2004

MORTGAGEE LETTER 2004-47

TO: ALL APPROVED MORTGAGEES

SUBJECT: TOTAL Mortgage Scorecard User Guide Update

On November 20, 2003, the Federal Housing Administration (FHA) issued Notice H-2003-25, FHA's Technology Open To Approved Lenders (TOTAL) Mortgage Scorecard User Guide. This Mortgagee Letter contains the User Guide in its entirety with updates to clarify policy, provide additional guidance, and incorporate the credit policy guidance announced in Mortgagee Letter 2004-44. A summary of the major changes follows:

Page 1: Makes clear that only the feedback document upon which the lender based its credit decision must be submitted in the endorsement binder.

Page 4: Includes references to FHA's hybrid Adjustable Rate Mortgages, first announced with ML 2004-10, and removes underwriting instructions for buydowns in conformity with ML 2004-28.

Page 5: Reiterates that property tax estimates for underwriting purposes must be predicated on the value of the improvements once reassessed by the taxing authority.

Page 9: Permits other than the Direct Endorsement (DE) underwriter to clear ineligibility issues if the automated underwriting system used by the lender renders an "accept/ineligible" risk classification.

Page 15: To comport with instructions in ML 2004-44, allows for cash reserves to include certain retirement accounts, and eliminates proscription for cash reserves obtained from acceptable gifts.

Page 18: Clarifies that *either* a divorce decree or the assumption agreement with deed transfer evidence may be used to satisfy contingent liability requirements.

If you have any questions about this Mortgage Letter, please contact your local Homeownership Center in Atlanta (888-696-4687), Denver (800-543-9378), Philadelphia (800-440-8647), or Santa Ana (888-827-5605).

Sincerely,

John C. Weicher
Assistant Secretary for Housing-
Federal Housing Commissioner

Attachment