



WHOLESALE BULLETIN

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19W-020

Attention: Business Development Managers & Mortgage Brokers

March 15, 2019

Please take a moment to read the important information contained in this bulletin.

Included in this Bulletin: Managing Mortgage Risk Trends – FHA TOTAL Scorecard

The Federal Housing Administration (FHA) announced that it is taking initial steps to better mitigate the increasing risks in recent Single Family fiscal year (FY) endorsements. Effective for mortgages with case numbers assigned on and after March 18, 2019, FHA's Technology Open to Approved Lenders (TOTAL) Mortgage Scorecard will specifically manage the decrease in average borrower credit scores and the excessive risk layering that results when multiple risk factors are present.

New FHA mortgages with case numbers assigned to the TOTAL Mortgage Scorecard via an automated underwriting system (AUS) on and after March 18, 2019, may receive feedback indicating the loan must be manually underwritten. Final underwriting review decisions for those mortgages must be documented in accordance with existing FHA requirements for manually underwritten mortgages.

FHA will carefully monitor the impact of this change and is preparing to implement additional changes to maintain a better balance of managing risk and fulfilling its mission.

NOTE: Any FHA leads or loans that do not have case numbers assigned before this date, and have higher DTIs, or lower scores, may be at risk for AUS approval.

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