



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

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

**Date: August 10, 2016**

**Mortgagee Letter 2016-12**

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<b>To</b>	All FHA-approved Mortgagees All Direct Endorsement Underwriters All FHA Roster Appraisers All FHA Roster Inspectors All FHA-approved 203(k) Consultants All HUD-approved Housing Counselors All HUD-approved Nonprofit Organizations All Governmental Entity Participants All Real Estate Brokers
<b>Subject</b>	203(k) Rehabilitation Mortgage Insurance Program: 203(k) Consultant Draw Inspection Fee
<b>Purpose</b>	The purpose of this Mortgagee Letter is to revise the maximum fee that may be charged by the 203(k) Consultant (Consultant) for the Draw Inspection.
<b>Effective Date</b>	The provisions of this Mortgagee Letter are effective immediately.
<b>Affected Topics</b>	This guidance will affect HUD's Single Family Housing Policy Handbook 4000.1 (Handbook 4000.1), section II.A.9.c.iii, <i>Draw Inspection Fee</i> .
<b>Background</b>	In accordance with Handbook 4000.1, FHA requires Mortgagees and Consultants to comply with the Consultant Fee Schedule described in Section II.A.9.c. HUD is continuing to analyze the overall Consultant Fee structure established in 1995; however, it has been determined that the current \$100 limit on the Draw Inspection Fee discourages consultant participation in the Section 203(k) program and has the potential to limit access to credit.

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**Summary of Changes**

The Consultant *Draw Inspection Fee* is amended to permit a fee that is reasonable and customary for that area provided such fee does not exceed a new dollar limit.

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**HUD Single Family Housing Policy Handbook 4000.1**

HUD Handbook 4000.1, section II.A.9.c.iii, Draw Inspection Fee is amended to read:

For each draw request, the Consultant may charge an Inspection Fee that is reasonable and customary for work performed in the area where the property is located, provided the fee does not exceed a maximum of \$350.

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**Information Collection Requirements**

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control number 2502-0527. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

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**Questions**

Any questions regarding this Mortgagee Letter may be directed to the FHA Resource Center at 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number by calling the Federal Information Relay Service at (800) 877-8339. For additional information on this Mortgagee Letter, please visit [www.hud.gov/answers](http://www.hud.gov/answers).

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**Signature**

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Principal Deputy Assistant Secretary for Housing