

## **FHA Provides Quality Control Plans, Counseling Incentive**

On Tuesday, May 13, 2014 the Federal Housing Administration released its *"Blueprint for Access"* that promotes the initiative – Homeowners Armed With Knowledge (HAWK) – a pilot housing counseling program. FHA hopes these efforts will help expand access to credit for underserved borrowers.

The FHA's HAWK will reduce upfront mortgage insurance premiums by 50 basis points and annual premiums by 10 basis points if borrowers receive housing counseling. After two years without delinquency, borrowers would be eligible for an additional 15 basis points shaved off the annual bill. Such reductions add up to nearly \$9,800 in savings for the average FHA loan balance of \$180,000 and would reflect the lower risk to the agency's insurance fund of lending to borrowers who have gone through counseling.

HAWK will be a two-year pilot program. FHA plans to publish more information in the Federal Register throughout 2014 and may amend all final details depending on public comments before commencing the program in the fall.

In an effort to address the lender's fears about accommodating riskier borrowers, FHA is working on a quality assurance proposal that will offer more clarity and transparency to FHA policies. Also, FHA plans to introduce a supplemental national lender performance metric to complement the existing Lender Compare Ratio. These tools will provide a better assessment of the lender performance.