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

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

Date: November 14, 2023

Mortgagee Letter 2023-20

To: All FHA-Approved Mortgagees
All Direct Endorsement Underwriters
All Eligible Submission Sources for Condominium Project Approvals
All FHA Roster Appraisers
All FHA-Approved 203(k) Consultants
All HUD-Certified Housing Counselors
All HUD-Approved Nonprofit Organizations
All Governmental Entity Participants
All Real Estate Brokers
All Closing Agents

Subject	Update to Property Inspection Fees
Purpose	This Mortgagee Letter (ML) updates inspection fees for Property Preservation and Protection.
Effective Date	The provisions of this ML may be implemented immediately. All updates will be incorporated into a forthcoming update of the HUD Handbook 4000.1, *FHA Single Family Housing Policy Handbook* (Handbook 4000.1).
Affected Programs	The provisions of this ML apply to all FHA Title II Single Family forward mortgage programs.
Background	HUD requires mortgagees to perform property inspections to determine occupancy status, ascertain property condition and to maintain property preservation. Property inspections ensure the condition of FHA-insured properties do not contribute to neighborhood blight but support vibrant communities while safeguarding the Mutual Mortgage Insurance Fund. HUD recognizes that FHA's reimbursable expenses for inspection costs have not kept up with industry costs. Through this ML, HUD is increasing the allowable inspection fees to align with industry standards.

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HUD will continue to review its maximum property preservation allowances to ensure the allowable fees align with industry standards.

Summary of Changes

This ML updates Appendix 7.0 – Property Preservation Allowances and Schedules (Applies to Servicing Only) for property inspections.

FHA Single Family Housing Policy Handbook 4000.1

The policy changes will be incorporated into Handbook 4000.1 as follows:

APPENDIX 7.0 – PROPERTY PRESERVATION ALLOWANCES AND SCHEDULES (APPLIES TO SERVICING ONLY)

INSPECTIONS	
Initial Occupancy Inspection	$30/$20 per each additional unit
Occupancy Follow-Up Inspections	$30/$20 per each additional unit
Vacant Inspections (Ongoing) • First-Time Vacant Property Inspection (One time) • Follow-Up Vacant Property Inspections	 $45/$30 per each additional unit $45/$30 per each additional unit

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Paperwork Reduction Act

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3501-3520) and assigned OMB control numbers 2502-0005; 2502-0059; 2502-0117; 2502-0189; 2502-0302; 2502-0306; 2502-0322; 2502-0358; 2502-0404; 2502-0414; 2502-0429; 2502-0494; 2502-0496; 2502-0524; 2502-0525; 2502-0527; 2502-0538; 2502-0540; 2502-0556; 2502-0561; 2502-0566; 2502-0570; 2502-0583; 2502-0584; 2502-0589; 2502-0595; 2502-0600; 2502-0610; and 2502-0611. In accordance with the PRA, 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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Feedback or Questions

HUD welcomes feedback from interested parties and will consider feedback in determining the need for future updates. Any feedback or questions regarding this ML may be directed to the FHA Resource Center at 1-800-CALLFHA (1-800-225-5342), answers@hud.gov, or www.hud.gov/answers. The FHA Resource Center is prepared to accept calls from persons who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. Information on how to make an accessible phone call is available at https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs.

Signature

Julia R. Gordon
Assistant Secretary for Housing -
FHA Commissioner

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