



December 14, 2018

8584 Katy Freeway, Suite 420

Houston, TX 77024

Phone: 713-871-0005

Fax: 713-871-1358

Partners

Thomas E. Black, Jr.¹

Gregory S. Graham²

Shawn P. Black³

Regina M. Uhl⁴ ‡

Senior Lawyers

David F. Dulock

Diane M. Gleason

Associates

Peter B. Idziak³

Daniel S. Engle³

Nick Stevens

Sydney Davis

Margaret Noles

Dora Herran

Of Counsel

David M. Tritter

Calvin C. Mann, Jr.

Retired Partner(s)

Calvin C. Mann, Jr.

¹ Also Licensed in Iowa, New York, and Washington

² Also Licensed in Georgia

³ Also Licensed in New York

⁴ Also Licensed in Kentucky and Illinois

‡ Board Certified- Residential Real Estate Law- Texas Board of Legal Specialization

To: Clients and Friends

From: David F. Dulock

Subject: HUD Removes Ten-Year Home Warranty Protection Plan Requirements For High-LTV FHA Single Family Loans

In the December 14, 2018, issue of the *Federal Register* (83 FR 64269, [click here](#)) HUD published a final rule (“Rule”), effective March 14, 2019, that removes the regulations in 24 CFR 203.18 and 203.200–209 that require borrowers to purchase 10-year home warranty protection plans in order to qualify for FHA mortgage insurance for high loan-to-value mortgages where the dwelling was not approved for guaranty, insurance, or a direct loan before the beginning of construction and where the dwelling is less than one year old.

The Rule, however, does not prohibit borrowers from voluntarily purchasing warranty protection plans; and the Rule retains the requirement that the *Warranty of Completion of Construction* (form HUD–92544) be executed by the builder and the buyer of a newly constructed home as a condition of FHA mortgage insurance.

For a complete explanation of the Rule and HUD’s preamble statements regarding its reasons for issuing the Rule, please click on the above *Federal Register* hyperlink.

This Memorandum is provided as general information in regard to the subject matter covered, but no representations or warranty of the accuracy or reliability of the content of this information are made or implied. Opinions expressed in this memorandum are those of the author alone. In publishing this information, neither the author nor the law firm of Black, Mann & Graham L.L.P. is engaged in rendering legal services. While this information concerns legal and regulatory matters, it is not legal advice and its use creates no attorney-client relationship or any other basis for reliance on the information. Readers should not place reliance on this information alone, but should seek independent legal advice regarding the law applicable to matters of interest or concern to them. The law firm of Black, Mann & Graham L.L.P. expressly disclaims any obligation to keep the content of this information current or free of errors.