



FHA INFO #21-59

July 20, 2021

FHA Publishes New Handbook 4000.1 Update

Today, the Federal Housing Administration (FHA) published a new update to the *Single Family Housing Policy Handbook* 4000.1 ([Handbook 4000.1](#)). The updates include enhancements and revisions to existing guidance as well as various other technical edits. In most cases, however, this newly added language augments and enhances existing policy.

FHA remains committed to making it easier for mortgagees to conduct business by maintaining and enhancing Handbook 4000.1 with regularly scheduled updates to ensure it remains the comprehensive source of policy guidance for single family mortgage originators, servicers, and other stakeholders.

Highlights of updates to Handbook 4000.1 include:

- **Section I — *Doing Business with FHA***
 - Clarifies lender approval policies and that a mortgagee must fully comply with all eligibility requirements to be approved by FHA to originate, underwrite, close, endorse for insurance, service, purchase, hold, or sell FHA Title I or Title II mortgages at the time of approval, and continue to meet those requirements at all times.
 - Updates the case binder submission requirements for the Test Case Phase of Title II Direct Endorsement (DE) Authority by clarifying that a mortgagee must submit all Test Case files using the *FHA Catalyst: Case Binder Module*; and relocating test case requirements previously located in Handbook 4000.1 Section II.A.7.d.vii. to Section I.A.5.a.iii(A)(3)(a) of the Handbook.

- **Section II — *Origination through Post-Closing/Endorsement***
 - Eliminates the need for a partial waiver of current hazard, liability, and flood insurance coverage requirements for certain types of condominium projects that do not qualify as a Site Condominium.

- Updates protocols for Transfer of Control from the developer or builder to the unit owners to align with market practices and state and local requirements.
- Incorporates policy guidance on student loan payment calculations from ML 2021-13 as well as providing an exception for student loans in forbearance due to COVID-19.
- **Section III — Servicing and Loss Mitigation**
 - Revises disclosure and submission guidance for Voluntary Termination of Mortgage Insurance.
 - Updates guidance to require requests for exceeding Property Preservation allowances be submitted at least five days prior to conveyance of the property.
 - Incorporates policy guidance on the COVID-19 Advanced Loan Modification and COVID-19. Forbearance policies from ML 2021-15
 - Updates the effective date of Section III - Servicing and Loss Mitigation, Appendix 4.0, and Appendix 5.0, as HUD extended the implementation date for this guidance in ML 2021-14.
- **Section IV — Claims and Disposition**
 - Clarifies alternative claim review documentation that HUD will accept as proof of tax payment from a tax monitoring service.
- **Section V — Quality Control, Oversight and Compliance**
 - Clarifies the required documentation for a mortgagee's quality control program by stating all applicable documents must be dated to demonstrate compliance with retention and reporting time frames.
 - Incorporates policies requiring mortgagees not approved for eCaseBinder (eCB) submission through FHA Connection must use the *FHA Catalyst*: Case Binder Module to submit both Single Family forward and reverse (Home Equity Conversion Mortgage) case binders that were requested through the Loan Review System (LRS) for post-endorsement technical review.
 - Incorporates policy guidance on the number of Early Payment Defaults that require an appraisal field review and clarify property and appraisal Quality Control review requirements to align with Property Acceptability Criteria and Appraiser and Property Requirements for Title II Forward and Reverse Mortgages.

Stakeholders are encouraged to review and familiarize themselves with the changes outlined in the Handbook 4000.1 transmittal in their entirety. Additionally, a separate redline version of the Handbook 4000.1 has been posted on the [Handbook Information Page](#).

Quick Links

- Online and PDF versions of Handbook 4000.1:
https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsgb
- Handbook 4000.1 Information Page:
https://www.hud.gov/program_offices/housing/sfh/handbook_4000-1

- Mortgagee Letters:
https://www.hud.gov/program_offices/administration/hudclips/letters/mortgagee

Need Support? Contact the FHA Resource Center.

- Visit our knowledge base to obtain answers to frequently asked questions 24/7 at www.hud.gov/answers.
- E-mail answers@hud.gov. Emails and phone messages will be responded to during normal hours of operation, 8:00 AM to 8:00 PM (Eastern), Monday through Friday on all non-Federal holidays.
- Call 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339.

About FHA INFO

FHA INFO is a publication of the Federal Housing Administrations (FHA), Office of Single Family Housing, U.S. Department of Housing and Urban Development, 451 7th Street, SW, Washington, DC 20410. We safeguard our lists and do not rent, sell, or permit the use of our lists by others, at any time, for any reason.

Visit the [FHA INFO Archives](#) to access FHA INFO messages. For additional information and resources, visit the FHA Single Family Housing main page on HUD.gov

Stay Connected with the Office of Housing and the Federal Housing Administration:



SUBSCRIBER SERVICES:
[Manage Subscriptions](#) | [Help](#)