



FHA INFO 2022-69

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FHA Offers New Flexibilities for Borrowers Previously Affected by COVID-19

Today, the Federal Housing Administration (FHA) published [Mortgagee Letter \(ML\) 2022-09, Calculating Effective Income after a Reduction or Loss of Income for Borrowers Affected by Presidentially-Declared COVID-19 National Emergency](#).

The guidance in this ML allows flexibility in calculating income for borrowers who experienced a gap in employment and/or a reduction or loss of income due to a COVID-19 related economic event, where the borrower's effective income is now stable. These flexibilities will allow more borrowers who have recovered from a COVID-19 related economic event to be appropriately evaluated for FHA financing.

FHA defines a COVID-19 Related Economic Event as a temporary: (1) loss of employment, (2) reduction of income, and/or (3) reduction of hours worked during the Presidentially-Declared COVID-19 National Emergency. As a result, the ML updates the borrower's effective income calculation guidelines for the following sections in the *Single Family Housing Policy Handbook* 4000.1 (Handbook 4000.1):

- Sections II.A.4.c.iii and II.A.5.b.iii – Primary Employment
- Sections II.A.4.c.iv and II.A.5.b.iv – Part-Time Employment
- Sections II.A.4.c.v and II.A.5.b.v – Overtime, Bonus or Tip Income
- Sections II.A.4.c.viii and II.A.5.b.viii – Employed by Family-Owned Business
- Sections II.A.4.c.ix and II.A.5.b.ix – Commission Income
- Sections II.A.4.c.x and II.A.5.b.x – Self-Employment Income
- Sections II.A.4.c.xi and II.A.5.b.xi – Additional Required Analysis of Stability of Employment Income

The policies in this ML are effective for case numbers assigned on or after September 5, 2022; however, mortgagees may begin implementing immediately.

These updates will be incorporated in a future version of [Handbook 4000.1](#).

For more information, read today's [press release](#).

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