



FHA INFO 2023-04

January 18, 2023

FHA Publishes Updates to Single Family Housing Policy Handbook 4000.1

Today, the Federal Housing Administration (FHA) published its latest version of the *Single Family Housing Policy Handbook* 4000.1 ([Handbook 4000.1](#)). This update includes enhancements and revisions to existing guidelines and various technical edits. In many cases, this newly added language augments and enhances existing policy. The updates also consider feedback received from industry stakeholders.

Update 13 includes language to clarify instruction, adds new guidance and information in Sections I, II, III, and IV and Appendix 3.0., and incorporates previously published Mortgagee Letters (MLs).

In addition to the incorporation of previously published MLs, some of the more notable updates include, but are not limited to, the following new guidance:

- **Section I – Doing Business with FHA**
 - Clarified the documentation requirements for updating Corporate Officer information.
 - Removed Cease Operations language that was duplicated in the Voluntary Withdrawal procedure to avoid confusion.
 - Moved Title I Chattel Appraisers content into a separate section to differentiate between Chattel Appraisers and FHA Roster Appraisers.

- **Section II – Origination through Post-Closing/Endorsement**
 - Provides guidance for borrowers who earn self-employment or commission income when the income has been earned for less than two years.
 - Revised guidance for tenant/landlord sales transactions for consistency with 203(b) requirements.
 - Removed installation seasoning requirements for Manufactured Homes that apply to all refinances, to apply only to cash-out transactions consistent with requirements for all other property types.
 - Added guidance on the measurement of Contributory Value for Accessory Dwelling Units.
 - Revised the reporting requirements for Title II FHA Roster Appraisers when specific water supplies are used in conjunction with water purchased and hauled to a site under Required Analysis and Reporting.
 - Eliminated the use of Market Conditions Addendum (Form 1004MC) to align FHA with the government-sponsored enterprises (GSEs) and the Department

of Veterans Affairs (VA), provided an update to the market condition required reporting in connection with the elimination of Form 1004MC, and deleted the entire section of Handbook 4000.1 associated with the prior requirement for the form.

- **Section III – Servicing and Loss Mitigation**
 - For the FHA Home Affordable Modification Program (HAMP) loss mitigation option, added an exemption for mortgages backed by mortgage revenue bonds to ensure Mortgagees that rely on those bonds are not out of compliance with the terms of their bond agreements and the related IRS code. Mortgagees currently must request a variance for this exemption.
 - Increased borrower consideration for Deed-in-lieu of Foreclosure from \$2,000 to \$3,000 to align with the borrower compensation amount offered by the GSEs and HUD's Pre-Foreclosure Sales option.

- **Section IV – Claims and Disposition**
 - Clarified and updated the Reasonable Diligence Time Frame in the Calculation of Preservation and Protection Period to include an approved extension period based on feedback from stakeholders on ML 2022-06.

Handbook 4000.1 updates are effective as follows:

- The Handbook 4000.1 Transmittal reflects the addition of specific ML guidance, which is effective as previously announced in the corresponding ML.
- Changes identified in Section II.A of Handbook 4000.1 may be implemented immediately but must be implemented for mortgages with case numbers assigned on or after April 18, 2023
- All other changes may be implemented immediately but no later than April 18, 2023.

Stakeholders are encouraged to review the changes outlined in the Handbook 4000.1 Transmittal. Additionally, a separate redline version of Handbook 4000.1 has been posted on the [Handbook 4000.1 Information Page](#). The online version of Handbook 4000.1 is currently being updated and will be available soon.

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](#)

This email was sent using GovDelivery Communications Cloud on behalf of the Office of Housing and the Federal Housing Administration, U.S. Department of Housing and Urban Development, 451 7th St. SW, Washington, DC 20410

