

FHA Publishes Updates to Single Family Housing Policy Handbook 4000.1

Today, the Federal Housing Administration (FHA) published updates to the *Single Family Housing Policy Handbook* 4000.1 ([Handbook 4000.1](#)).

Handbook 4000.1 is the comprehensive, authoritative source for Single Family Housing policy guidance for industry stakeholders doing business with FHA. It provides industry partners with clear and concise policy and procedure requirements for the FHA Title II forward mortgage program and Title I Property Improvement and Manufactured Home Loan Programs, thereby protecting FHA's Mutual Mortgage Insurance (MMI) Fund. Single Family Housing intends to produce regular updates to ensure Handbook 4000.1 includes FHA's latest policies and processes. Handbook 4000.1 will also contain policy guidance governing the Single Family Housing Title II reverse mortgage program (Home Equity Conversion Mortgage) when fully integrated.

This update contains additions, revisions, and various technical edits to Handbook 4000.1, Sections I, II, III, and IV, Appendix 1.0 and 7.0, and incorporates previously published Mortgage Letters (ML).

Some of the more notable updates include, but are not limited to, the following new guidance:

- **Section I – Doing Business with FHA**
 - Removed language that exempted certain new institutions from providing income and cash flow statements as part of the audited financial statements to clarify existing requirements for Mortgagee approval.
 - Updated language to remove the requirement to register the underwriter for Title I Property Improvement Loans.
- **Section II – Origination through Post-closing/Endorsement**
 - Updated the process for canceling and reinstating case numbers.
 - Added a new section, Foreign Income, as one of the Other Sources of Effective Income.
 - Added guidance on Temporary Interest Rate Buydown to the TOTAL Mortgage Scorecard section to align with guidance in the Manual section.
- **Section III – Servicing and Loss Mitigation**
 - Updated guidance to clarify that the principal and interest (P&I) monthly payment may increase when the Target Payment is not achieved.
 - Updated policy to clarify that excluded property preservation expenses are not included in the maximum property preservation allowance of \$5,000, and an over-allowable request for an excluded expense is not required if the cost of the excluded expense is equal to or less than the amount in Appendix 7.0.A.
 - Updated the mailing address and review process for submission of the title evidence and servicing records package for Hawaiian Home Lands Mortgages to streamline the title approval process.
- **Throughout Sections II, III, IV**
 - Updated Fair Housing, Equal Employment Opportunity, and related language to be consistent in content and word order throughout sections II, III, and IV.
- **Appendix**
 - Clarified the requirements for requesting approval for expenses that exceed the Maximum Property Preservation Allowances.