



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

Date: March 26, 2025

Mortgagee Letter 2025-09

To: All FHA-Approved Mortgagees
All Direct Endorsement Underwriters
All Eligible Submission Sources for Condominium Project Approvals
All FHA Roster Appraisers
All FHA-Approved 203(k) Consultants
All FHA-Approved Title I Lenders
All HUD-Certified Housing Counselors
All HUD-Approved Nonprofit Organizations
All Governmental Entity Participants
All Real Estate Brokers
All Closing Agents

Subject Revisions to Residency Requirements

Purpose This Mortgagee Letter (ML) updates the Borrower's residency requirements to be eligible for FHA-insured financing.

Effective Date The provisions of this ML may be implemented immediately but must be implemented for FHA case numbers assigned on or after May 25, 2025.

All policy updates in the ML will be incorporated into a forthcoming update of the HUD Handbook 4000.1, *FHA Single Family Housing Policy Handbook* (Handbook 4000.1).

Affected Programs The provisions of this ML apply to all FHA Title II Single Family forward and Home Equity Conversion Mortgage (HECM) programs.

Background The U.S. Department of Housing and Urban Development (HUD) is updating its residency requirements for Borrower eligibility for FHA-insured Mortgages. This update aligns FHA's requirements with recent executive actions that emphasize the prioritization of federal resources to protect the financial interests of American citizens and ensure the integrity of government-insured loan programs.

The Administration has reaffirmed its commitment to safeguarding economic opportunities for U.S. citizens and lawful Permanent Residents while ensuring that federal benefits, including access to FHA-insured Mortgages, are reserved for individuals who hold lawful Permanent Resident status. Currently, non-permanent residents are subject to immigration laws that can affect their ability to remain legally in the country. This uncertainty poses a challenge for FHA as the ability to fulfill long-term financial obligations depends on stable residency and employment. Under 24 C.F.R. § 203.33, HUD requires Mortgagees to evaluate a Borrower's ability to sustain long-term financial commitments, and no statute or regulations address noncitizen eligibility for FHA-insured loans. In the past, FHA's residency requirements have required Mortgagees to document the Borrower's lawful residency status demonstrating long-term financial stability and eligibility for federal programs. FHA does not retain citizenship or residency data from the loan application and therefore does not maintain information on the number of non-permanent residents who have received FHA-insured loans under past policies.

This update ensures that FHA's mortgage insurance programs are administered in accordance with Administration priorities while fulfilling its mission of providing access to homeownership.

Summary of Changes

This ML removes the Non-permanent Residents sections in its entirety, eliminating eligibility for non-permanent resident Borrowers, and updates the requirements for permanent residents in the following sections:

- Residency Requirements (II.A.1.b.ii(A)(9));
- Residency Requirements (II.B.2.b.ii(A)(4));
- Non-credit Qualifying Exemptions (II.A.8.d.vi(C)(1)(a)); and
- Special Documentation and Procedures for Non-credit Qualifying Streamline Refinances (II.A.8.d.vi(C)(5)(b)).

FHA Single Family Housing Policy Handbook 4000.1

The policy changes will be incorporated into Handbook 4000.1 as follows:

Title II Insured Housing Programs Forward Mortgages – General Borrower Eligibility Requirements (II.A.1.b.ii(A))

(9) Residency Requirements

Origination through Post-closing/Endorsement

The Mortgagee must determine the residency status of the Borrower based on information provided on the mortgage application and other applicable documentation. A Social Security card is not sufficient to prove immigration

or work status. The following categories of individuals are eligible for FHA-insured financing in accordance with the requirements set forth below:

(a) Permanent Residents

(i) Standard

A Borrower with lawful permanent resident status may be eligible for FHA-insured financing provided the Borrower satisfies the same requirements, terms, and conditions as those for U.S. citizens.

(ii) Required Documentation

The mortgage file must include evidence of lawful permanent residence and indicate that the Borrower is a lawful permanent resident on the *URLA*.

The U.S. Citizenship and Immigration Services (USCIS) within the Department of Homeland Security provides evidence of lawful permanent resident status.

(b) Citizens of the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau

(i) Standard

A Borrower with citizenship in the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau may be eligible for FHA-insured financing provided the Borrower satisfies the same requirements, terms, and conditions as those for U.S. citizens.

(ii) Required Documentation

For Borrowers who are citizens of the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau, the mortgage file must include evidence of such citizenship.

No Cash-Out Refinances (II.A.8.d.vi)

(C) Streamline Refinances

Streamline Refinance may be used when the proceeds of the Mortgage are used to extinguish an existing FHA-insured first mortgage lien. Mortgagees

must manually underwrite all Streamline Refinances in accordance with the guidance provided in this section.

(1) Streamline Refinance Exemptions

(a) Non-credit Qualifying Exemptions [Text was deleted in this section.]

Unless otherwise stated in this section, the following sections of [Origination through Post-closing/Endorsement](#) do not apply to non-credit qualifying Streamline Refinances:

- Ordering Appraisal
 - Transferring Existing Appraisal
 - Ordering Second Appraisal
 - Ordering an Update to an Appraisal
 - Borrower Minimum Decision Credit Score
 - Borrower and Co-Borrower Ownership and Obligation Requirements
 - Co-signer Requirements
 - Principal Residence in the United States
 - Military Personnel Eligibility
 - Borrower Ineligibility Due to Delinquent Federal Non-Tax Debt
 - Delinquent Federal Tax Debt
 - Property Eligibility and Acceptability Criteria
 - National Housing Act's Statutory Limits
 - Nationwide Mortgage Limits
 - LTV Limitations Based on Borrower's Credit Score
 - Underwriting the Property
 - Underwriting the Borrower Using the TOTAL Mortgage Scorecard
 - Credit Requirements (Manual)
 - Income Requirements (Manual)
 - Asset Requirements (Manual)
 - Underwriting of Credit and Debt (Manual)
 - Underwriting of Income (Manual)
 - Underwriting of Assets (Manual)
 - Calculating Qualifying Ratios (Manual)
 - Approvable Ratio Requirements (Manual)
 - Documenting Acceptable Compensating Factors (Manual)
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Streamline Refinances (II.A.8.d.vi(C))

(5) Streamline Refinance Non-credit Qualifying

(a) Borrower Eligibility

A Borrower is eligible for a Streamline Refinance without credit qualification if all Borrowers on the existing Mortgage remain as Borrowers on the new Mortgage. Mortgages that have been assumed are eligible provided the previous Borrower was released from liability.

Exception

A Borrower on the Mortgage to be paid may be removed from title and new Mortgage in cases of divorce, legal separation or death when:

- the divorce decree or legal separation agreement awarded the Property and responsibility for payment to the remaining Borrower, if applicable; and
- the remaining Borrower can demonstrate that they have made the Mortgage Payments for a minimum of six months prior to case number assignment.

(b) Special Documentation and Procedures for Non-credit Qualifying Streamline Refinances [Text was deleted in this section.]

Mortgagees may use an abbreviated [Fannie Mae Form 1003/Freddie Mac Form 65](#), *Uniform Residential Loan Application (URLA)* on non-credit qualifying Streamline Refinances only. For non-credit qualifying Streamline Refinances, Mortgagees are not required to complete Sections 1b-1e, 2, 3, or 5, with the exception of 5a.A (Occupancy), which must be answered.

Title II Insured Housing Programs Reverse Mortgages – General Borrower Eligibility Requirements (II.B.2.b.ii(A))

(4) Residency Requirements

The Mortgagee must determine the residency status of the Borrower based on information provided on the mortgage application and other applicable documentation. A Social Security card is not sufficient to prove immigration or work status. The following categories of individuals are eligible for FHA-insured financing in accordance with the requirements set forth below:

(a) Permanent Residents

(i) Standard

A Borrower with lawful permanent resident status may be eligible for FHA-insured financing provided the Borrower satisfies the same requirements, terms, and conditions as those for U.S. citizens.

(ii) Required Documentation

The HECM file must include evidence of lawful permanent residence and indicate that the Borrower is a lawful permanent resident on the *RLARM*.

The U.S. Citizenship and Immigration Services (USCIS) within the Department of Homeland Security provides evidence of lawful permanent resident status.

(b) Citizens of the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau

(i) Standard

A Borrower with citizenship in the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau may be eligible for FHA-insured financing provided the Borrower satisfies the same requirements, terms, and conditions as those for U.S. citizens.

(ii) Required Documentation

For Borrowers who are citizens of the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau, the HECM file must include evidence of such citizenship.

**Paperwork
Reduction Act**

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3501-3520) and assigned OMB control numbers 2502-0005; 2502-0059; 2502-0117; 2502-0189; 2502-0302; 2502-0306; 2502-0322; 2502-0328; 2502-0358; 2502-0404; 2502-0414; 2502-0429; 2502-0494; 2502-0496; 2502-0524; 2502-0525; 2502-0527; 2502-0538; 2502-0540; 2502-0556; 2502-0561; 2502-0566; 2502-0570; 2502-0583; 2502-0584; 2502-0589; 2502-0600; 2502-0610; and 2502-0611. In accordance with the PRA, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

**Feedback or
Questions**

HUD welcomes feedback from interested parties and will consider feedback in determining the need for future updates. Any feedback or questions regarding this ML may be directed to the FHA Resource Center at 1-800-CALLFHA (1-800-225-5342), answers@hud.gov, or www.hud.gov/answers. The FHA Resource Center is prepared to accept calls from persons who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. Information on how to make an accessible phone call is available at <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>.

Signature

Jeffrey D. Little
General Deputy Assistant Secretary for Housing
