

FHA INFO #19-22

May 17, 2019



**TO: All FHA-Approved Mortgagees and Servicers
All Other Interested Stakeholders in FHA Transactions**

NEWS AND UPDATES

Technical Correction to Borrower Qualifications for FHA-HAMP Option in *FHA Single Family Housing Policy Handbook 4000.1*

Today, the Federal Housing Administration (FHA) is notifying FHA-approved mortgagees via this communication of an inconsistency in its *Single Family Housing Policy Handbook 4000.1* (SF Handbook) update issued on March 27, 2019. The update highlights corrected borrower qualification language for the FHA-HAMP option in Section III.A.2.k.v.(B)(2) of the SF Handbook.

The correction to the qualification criteria is in bold below and should read as follows:

(2) Borrower Qualifications

The Mortgagee must ensure that the Borrower meets the following eligibility criteria for the FHA-HAMP Option:

- The Mortgagee's calculations show that the resulting monthly Mortgage Payment not exceeding 40 percent of the Borrower's gross monthly income can be offered, provided that either:
 - the Borrower(s) existing front-end ratio is **greater than 31** percent; or
 - 85 percent of the Borrower's surplus income is insufficient to cure arrears within six months.

The criteria noted above will be incorporated into a future update of the SF Handbook. In the interim, mortgagees should continue to utilize the correct evaluation process in the Loss Mitigation Home Retention Option Priority Waterfall in Section III.A.2.j.iii.

Quick Links

- Connect to the online and portal document format (PDF) versions of HUD Handbook 4000.1 at: https://www.hud.gov/program_offices/housing/sfh/handbook_4000-1

Resources

Contact the FHA Resource Center:

- Visit our online knowledge base to obtain answers to frequently asked questions 24/7 at: www.hud.gov/answers.
- E-mail the FHA Resource Center at: 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.

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