



**FHA INFO 2023-64**

**August 9, 2023**

### **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 Mortgagee 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.

Stakeholders are encouraged to review and familiarize themselves with the changes in [Handbook 4000.1](#). A separate redline version of Handbook 4000.1 has also been posted on the [Handbook 4000.1 Information web page](#). The online version of Handbook 4000.1 is 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](http://www.hud.gov/answers).
- E-mail [answers@hud.gov](mailto: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](http://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

