



FHA INFO 2023-89

November 07, 2023

FHA Implements System Enhancements to Accommodate Accessory Dwelling Unit Loan Processing

On October 16, 2023, the Federal Housing Administration (FHA) published [Mortgagee Letter \(ML\) 2023-17, Revisions to Rental Income Policies, Property Eligibility, and Appraisal Protocols for Accessory Dwelling Units](#), which provided expanded financing options for borrowers seeking to purchase properties with an existing accessory dwelling unit (ADU), rehabilitate existing structures to add ADUs, or construct new homes with ADUs.

To support changes announced in the ML, FHA is enhancing its [FHA Connection \(FHAC\)](#) system by adding:

- An “Accessory Dwelling Unit” Yes/No indicator field to the Case Number Assignment, Insurance Application, Home Equity Conversion Mortgage (HECM) Financial Assessment, and HECM Insurance Application screens.
 - Lenders must use this field to indicate that the property is a one-unit with an ADU. If lenders do not indicate “Yes,” the default value will be “No.”
- An “Amount of Total Income Derived from ADU” field to the Forward Loan Insurance Application, HECM Financial Assessment, and HECM Insurance Application screens.
 - Lenders must use this field to indicate the dollar amount of ADU rental income that is included in Total Income.
- A “Limited or No History of ADU Income” checkbox to the Forward Loan Insurance Application, HECM Financial Assessment, and HECM Insurance Application screens.

This new functionality will be available for use beginning Friday, November 17, 2023, and must be used for transactions on properties with ADUs by December 4, 2023.

The Business-to-Government (B2G) Interface is available immediately but must be used for transactions with an ADU by January 14, 2024. Refer to the [B2G Interface webpage](#) for technical requirements.

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.

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