

To: All Customers **From:** Credit Risk
Date: 09/17/20 **Memo #:** 20094
Subject: **FHA – Mortgage Letter 2020-30**

FHA published [Mortgage Letter 2020-30 \(ML\)](#), FHA's underwriting guidelines for mortgages involving borrowers who were granted a Previous Mortgage Forbearance on the subject property or other residence.

The provisions of the ML may be implemented immediately but must be implemented for case numbers assigned on or after November 9, 2020. The policies updated in this ML supersede the requirements in the FHA Handbook 4000.1 where they conflict.

The following listed below are highlights and should not substitute a full examination and analysis of the [Mortgage Letter 2020-30](#).

Generally, a borrower who was granted Mortgage Payment Forbearance is eligible for a new FHA insured mortgage provided:

- The borrower continued to make regularly scheduled payments and the Forbearance Plan is terminated, or
- For Cash-Out refinances, the borrower has completed the Forbearance Plan and made at least 12 consecutive monthly payments post forbearance; or
- For Purchase and No Cash-Out refinances, the borrower has completed the Forbearance Plan and made at least three consecutive monthly payments post forbearance; or
- For Credit Qualifying Streamline refinance, the borrower has completed the Forbearance Plan and made less than three consecutive monthly payments post forbearance; and
- For all Streamline refinance transactions, the borrower has made at least six payments on the FHA-insured mortgage being refinanced (where the FHA insured Mortgage has been modified after forbearance, the Borrower must have made at least six payments under the Modification).

These policy changes for borrowers with previous Mortgage Payment Forbearance will be incorporated into applicable sections of Handbook 4000.1

- Housing Obligations/Mortgage Payment History (TOTAL), (II.A.4.b.iii(K))
 - Late Payments for Purchases and No Cash-Out Refinances
 - Cash-Out Refinances
- Payment History on Housing Obligations (Manual), (II.A.5.a.iii(C))
- Cash-Out Refinances, (II.8.A.d.v(A)(2))
- Rate and Term, (II.A.8.d.vi(A)(1)(b))
- Simple Refinance, (II.A.8.d.vi(B)(1)(b))
- Streamline Refinances, (II.A.8.d.vi(C)(2)(b))
- Streamline Refinances Maximum Mortgage Calculations, (II.A.8.d.vi(C)(j))

Please view the [Mortgage Letter 2020-30](#) in its entirety for detailed information.