

To: All Customers **From:** Credit Risk
Date: 03/18/21 **Memo #:** 21039
Subject: **Updates to FHA Single Family Handbook - Reminder**

Reminder from FHA previous announcement [INFO # 20-85](#) on November 18, 2020. FHA published updates to the Single Family Housing Policy Handbook 4000.1 ([SF Handbook](#)). These updates include revisions and additional clarifications to various FHA policies and programs throughout the SF Handbook.

As a quick reference, following are some additional highlights of sections in the 4000.1 with revisions or additional clarification.

ALLOWABLE MORTGAGE PARAMETERS

- Maximum Mortgage Amounts
- Loan-to-Value Limits
- The maximum LTV ratios vary depending upon the type of Borrower, type of transaction (purchase or refinance), program type, and stage of construction.
 - Maximum LTV for Identity-of-Interest and Tenant/Landlord Transactions
 - Family Member Transactions
 - The 85 percent LTV restriction may be exceeded if a Borrower purchases as their Principal Residence:
 - the Principal Residence of another Family Member; or
 - a Property owned by another Family Member in which the Borrower has been a tenant for at least six months immediately predating the sales contract. A lease or other written evidence to verify tenancy and occupancy is required.
 - Tenant Purchase
 - The 85 percent LTV restriction may be exceeded if the current tenant purchases the Property where the tenant has rented the Property for at least six months immediately predating the sales contract. A lease or other written evidence to verify tenancy and occupancy is required.

ORIGINATION/PROCESSING

- Applications and Disclosures
- General Mortgage Insurance Eligibility
- Underwriting the Property
 - Property Acceptability Criteria

UNDERWRITING THE BORROWER USING THE TOTAL MORTGAGE SCORECARD

- Underwriting with an Automated Underwriting
- Credit Requirements
- Income Requirements
- Asset Requirements

MANUAL UNDERWRITING OF THE BORROWER

- Credit Requirements
- Income Requirements
- Asset Requirements
- Final Underwriting Decision

ADDITIONAL 4000.1 SECTIONS WITH REVISIONS

- Procedures for Endorsement
- New Construction
- HUD Real Estate Owned Purchasing
- Condominiums
- General Condominium Project Approval Requirements
- Construction Types (Application of Minimum Property Requirements and Minimum Property Standards by Construction Status)
- Crawl Space Observation Requirements
- Utility Services Photograph, Exhibits and Map Requirements
- HUD Real Estate Owned Properties

Please review the revised [SF Handbook 4000.1](#) in its entirety for complete details of all revisions and additional clarifications.

RESOURCES

- [SF Handbook](#).
- [FHA INFO #20-85](#)
- Flagstar Announcement: [Updates to FHA Single Family Handbook and New Construction Requirements](#)

CUSTOMER SUPPORT

If you have questions, please email underwritingsupport@flagstar.com or call the underwriting support desk at (866) 945-9872.