

Announcement: CWL2021-27

Issue Date: September 24, 2021

Effective Date: Case Numbers Assigned On or After September 20, 2021

Attachment: none

Updates to FHA and FHA Streamline Guidelines

The following updates have been made to our **FHA Guidelines**:

Borrowers Eligibility

- Permanent Residents must evidence lawful, permanent residence issued by the U.S. Citizenship and Immigration Services (USCIS). In addition, must also indicate the borrower is a lawful permanent resident on the URLA.
- Non-Permanent Residents - Added that *a borrower residing in the U.S. by virtue of refugee or asylee status granted by the USCIS must provide documentation:*
 - *Employment Authorization Document (USCIS Form I-766) or USCIS Form I-94 indicating refugee or asylum status, or*
 - *USCIS Form I-797 notice indicating approval of a USCIS Form I-589, Application for Asylum or Withholding of Removal substantiating the refugee or asylee status.*

Disputed Derogatory Credit Accounts

- Reorganized disputed derogatory credit accounts section for consistency.

Student Loans

- Added clarifying exception for student loans in COVID related forbearance:
 - *Exception: Where a student loan payment has been suspended in accordance with COVID-19 emergency relief, the lender may use the payment amount reported on the credit report of the actual documented payment prior to suspension, when that payment amount is above \$0.*

Employment / Income

- Clarified that the lender must provide current employment *and income* documentation as well as past employment documentation.

Condominiums

- Clarified guidance on eligible property types and units for FHA-insured financing as follows:
 - *A condominium unit must be either located within an FHA-approved condominium project, meet FHA's definition of a Site Condominium, or have completed the FHA Single Unit Approval process before a mortgage can be insured.*

The following update has been made to **FHA Streamline Guidelines**:

Qualifying

- Funds to Close – Updated guidance to clarify requirements when funds to close exceed the total mortgage payment as follows:
 - *If the funds to close exceed the total mortgage payment of the new mortgage, the full amount of the borrower's funds to close must be verified.*