

**FHA INFO #19-22**

**May 17, 2019**



**TO: All FHA-Approved Mortgagees and Servicers  
All Other Interested Stakeholders in FHA Transactions**

## NEWS AND UPDATES

### **Technical Correction to Borrower Qualifications for FHA-HAMP Option in FHA *Single Family Housing Policy Handbook 4000.1***

Today, the Federal Housing Administration (FHA) is notifying FHA-approved mortgagees via this communication of an inconsistency in its *Single Family Housing Policy Handbook 4000.1* (SF Handbook) update issued on March 27, 2019. The update highlights corrected borrower qualification language for the FHA-HAMP option in Section III.A.2.k.v.(B)(2) of the SF Handbook.

The correction to the qualification criteria is in bold below and should read as follows:

#### **(2) Borrower Qualifications**

The Mortgagee must ensure that the Borrower meets the following eligibility criteria for the FHA-HAMP Option:

- The Mortgagee's calculations show that the resulting monthly Mortgage Payment not exceeding 40 percent of the Borrower's gross monthly income can be offered, provided that either:
  - the Borrower(s) existing front-end ratio is **greater than 31** percent; or
  - 85 percent of the Borrower's surplus income is insufficient to cure arrearages within six months.

The criteria noted above will be incorporated into a future update of the SF Handbook. In the interim, mortgagees should continue to utilize the correct evaluation process in the Loss Mitigation Home Retention Option Priority Waterfall in Section III.A.2.j.iii.