

SFH Guaranteed Origination

May 6, 2024

Updates to HB-1-3555, Chapters 9, 10, and 16

The Single Family Housing Guaranteed Loan Program (SFHGLP) is pleased to announce revisions to technical Handbook 1-3555, Chapter 9, Income Analysis; Chapter 10, Credit Analysis; and Chapter 16, Closing the Loan and Requesting the Guarantee. These changes became effective upon the recent issuance of a [Procedure Notice \(PN\)](#). Below are the highlighted revisions:

Chapter 9 – Income Analysis

- Clarified that tax transcripts not received prior to closing will not delay the loan closing, but are still required to be obtained and retained in the lender's permanent loan file.
- Included written and email verifications as acceptable methods for verifying employment within 10 days of loan closing.
- Clarified the most recent asset information available at the time of loan application should be obtained by the lender.
- Removed "part-time income" from the Income and Documentation Matrix (Attachment 9-A) and included this type of income under "base wages."
- Clarified repayment income guidance for "unreimbursed employee or business expenses" on the Income and Documentation Matrix (Attachment 9-A).
- Clarified that the use of social security benefits as repayment income is permissible when the income is reasonably expected to continue for at least 3 years into the mortgage.
- Added "foreign assets" to the Assets and Reserves Matrix (Attachment 9-A).
- Updated guidance on the sourcing of gift funds to eliminate the level of sensitive financial documentation requested from the gifting party.
- Updated the list of Federally Mandated Exclusions from Income (Attachment 9-D).

Chapter 10 – Credit Analysis

- Added monthly subscription services, gym memberships, etc. to the list of eligible sources of non-traditional credit.

Chapter 16 – Closing the Loan and Requesting the Guarantee

- Updated the maximum insurance deductible permitted to 5% of the total coverage amount for hazard insurance and \$10,000 for flood insurance.
- Clarified that when permitting a high deductible, lenders must be mindful of the applicant's repayment ability to ensure the deductible selected is reasonable and will not cause undue hardship on the applicant.