

FHA Issues Disaster-Related Policy Waiver for Early Payment Default Quality Control Review Requirements

Today, the Federal Housing Administration (FHA) issued a limited [waiver](#) of its policy regarding Early Payment Default (EPD) review requirements found in the [Single Family Housing Policy Handbook 4000.1](#) (Handbook 4000.1), Sections V.A.3.a.i.(C) and V.A.3.a.iv.(B)(2). This waiver applies to FHA-insured mortgages located in [Presidentially-Declared Major Disaster Areas](#) (PDMDAs) affected by Hurricane/Tropical Storm Helene and/or Hurricane Milton.

FHA policy requires that mortgagees select all EPDs for review monthly and perform a quality control review to ensure compliance with FHA Single Family origination and underwriting requirements. Given the possibility of an increase in EPDs in these disaster areas, FHA is waiving the requirement for mortgagees to conduct certain quality control reviews because it believes EPDs on loans closed prior to the disaster are most likely a result of unforeseen circumstances associated with these disasters, such as loss of employment and/or income, property damage and repairs, forced relocation, and other contributing factors.

The current policy is being waived for FHA-insured mortgages that:

- are in a PDMDA associated with Hurricane/Tropical Storm Helene and/or Hurricane Milton,
- have a mortgage closing date before the start date of the applicable incident period as determined by the Federal Emergency Management Agency ([FEMA](#)), and
- became an EPD between November 1, 2024, and April 30, 2025.

Mortgagees also must continue to provide borrowers in the affected areas with appropriate [FHA Loss Mitigation](#) options, report delinquencies in the [Single Family Default Monitoring System](#) (SFDMS), and meet all other servicing and loss mitigation requirements in Section III of [Handbook 4000.1](#).