

FHA Issues Disaster-Related Policy Waiver for Early Payment Default Quality Control Review Requirements for Mortgages in Areas Affected by Texas Severe Storms

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 the [Presidentially-Declared Major Disaster Area](#) (PDMDA) for the recent Texas severe storms, straight-line winds and flooding.

FHA policy requires that mortgagees select all EPDs for review each month and perform a quality control review to ensure compliance with FHA Single Family origination and underwriting requirements. FHA is waiving the requirement for mortgagees to conduct certain quality control reviews on EPDs in this disaster area because it believes EPDs on loans closed prior to the disaster could most likely be a result of unforeseen circumstances associated with the disaster, 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 the PDMDA for Texas Severe Storms, Straight-Line Winds and Flooding ([DR-4879-TX](#)),
- have a mortgage closing date before the Incident Period start date of July 2, 2025, and
- become EPDs between August 1, 2025, and January 31, 2026.

Mortgagees 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](#).