

FHA Publishes Updates to Single Family Housing Policy Handbook 4000.1

Today, the Federal Housing Administration (FHA) published updates to its *Single Family Housing Policy Handbook* 4000.1 ([Handbook 4000.1](#)), the comprehensive, authoritative source for Single Family Housing policy guidance for industry stakeholders doing business with FHA. This update adds new guidance, eliminates outdated guidance, clarifies instructions, and incorporates previously published Mortgagee Letters (MLs) and various technical edits.

This update does not include provisions related to the 21st Century ROAD to Housing Act (P.L. 119-101) which are under evaluation.

Program participants should note the following key changes in this update:

- **II.A.4.c.ii Employment Related Income (TOTAL) and II.A.5.b.ii Employment Related Income (Manual)** — Added definitions for Written Verification of Employment, Electronic Verification of Employment, and Reverification of Employment which clearly define the three types of verifications of employment available for documenting income during the underwriting process. This will clarify expectations particularly where third-party vendors are involved, reduce compliance issues, and enable better management of risk.
- **II.A.4.d.iii(L)(2) Federal Home Loan Bank Homeownership Set-Aside Program (TOTAL) and II.A.5.c.iii(L)(2) Federal Home Loan Bank Homeownership Set-Aside Program (Manual)** — Clarified that FHLB Set-Aside funds may be provided either as a grant or as secondary financing.
- **III.A.2.i.vii(B)(1) Mortgage Status** — Refined Mortgage Status to remove maximum arrearage for Outside the Waterfall loan modifications.
- **III.A.2.p.ii(E)(2) Reasonable Diligence in Completing Foreclosure (Standard)** — Updated to add mortgagees must not file an Extension and Variances Automated Requests System (EVARS) request for automatic extensions.
- **III.B.1.r.iii(A) Compliance Package** — Updated the compliance package list to include the most recent Home Equity Conversion Mortgage Life Expectancy Set Aside analysis and notice to borrower.
- **Appendix 6.1 Automatic Extension to HUD's Initiation of Foreclosure Timeline** — New appendix added to include the list of automatic extensions.

Handbook 4000.1 Resources

- **Handbook 4000.1 Information Webpage:** For comparison purposes, a separate redline version has been posted on the [Handbook 4000.1 Information web page](#).
- **Handbook 4000.1 Archive:** All previous versions of Handbook 4000.1 are now available on the [HUD Archives website](#).

For a summary of revisions, effective dates, and related information, consult the list of changes included at the beginning of the Handbook. All program participants are encouraged to familiarize themselves with the updated [Handbook 4000.1](#).