

WHOLESALE BULLETIN

IMPORTANT INFORMATION: PLEASE READ IMMEDIATELY

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21W-084

Attention: Valued Broker Partners

November 19, 2021

Please take a moment to read the important information contained in this bulletin.

Included in this Bulletin: Update to FHA 4000.1 Handbook Section II Origination through Post Closing Endorsement

FHA has recently released the below updates to the 4000.1 Handbook 4000.1, effective January 24, 2022 (can also be implemented immediately). Most of the updates include improvement and/or revisions to existing policies.

Below is a list of some highlights to the updates being made to the 4000.1 Handbook –

Residency Requirements

Removed guidance regarding non-U.S. Citizens per ML 2021-12.

Contingent Liabilities

Updated language to clarify it is not required to verify 12 months of timely payments for a divorce decree or other court orders.

Addressing Temporary Reduction in Income

Added guidance for underwriting borrowers affected by a government shutdown or similar pause in employment.

Checking and Savings Accounts Required Documentation

Removed written statement requirement for bank accounts co-held by a non-borrower.

Gifts (Personal and Equity) (Documentation Requirement)

Building on Own Land Minimum Required Investment (Documentation Requirement)

Provides guidance regarding gifts of land to require proof of ownership by the donor and evidence of the transfer of title to the borrower and added links to the requirements in the Building on Own Land product sheet.

Required Documentation for Disbursement of Mortgage Proceeds

Updated guidance to clarify that the final acknowledged Closing Disclosure or similar legal document signed by the borrower must be obtained.

Payment History Requirements

Provides clarity for Mortgages underwritten through TOTAL Scorecard and manually underwritten Mortgages, that the Mortgagee must document the payment history for the previous 12 months.

Refinances without a Term Reduction, with a Term Reduction of less Than Three Years or Refinances with a Term Reduction of Three Years or More

Updated Streamline Refinance's net tangible benefit guidance to specify the required minimum term reduction.

Required Inspections for New Construction Financing

Expanded guidance to allow, in certain circumstances, a qualified trades person or contractor to provide the required inspections and certifications.

FHA Appraisal Requirements in Changing Markets – Required Analysis and Reporting

Provides an alternative and guidance for Appraisers in the absence of two credible comparable listings.

Please refer to FHA Transmittal Issued October 26, 2021 for additional guidance.

If you have any questions, contact your local Account Executive, Production Coordinator, or Regional Vice President, Brian Daily, SVP Wholesale: Brian.Daily@mwfinc.com, 909-255-8332.

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