



WHOLESALE BULLETIN

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22W-055

Attention: Valued Broker Partners**June 30, 2022**

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

Included in this Bulletin: FHA 4000.1 Handbook Revisions

FHA has announced revisions and clarifications to the 4000.1 Handbook.

The following revisions and clarifications have been incorporated into the most recent version of the 4000.1 Handbook.

Refer to the applicable Handbook section for complete details on these changes.

Handbook Section	Revision
I.A.6.j.i Use of Contractors – Permissible Use	Updated guidance to include the use of Third-Party Verification (TPV) vendors for occupancy verification.
I.B.1.e.i Post-approval Requirements – Compliance with Law	Updated to clarify FHA's existing requirements for Appraisers and Mortgagees regarding compliance with fair housing laws, per ML 2021-27.
I.B.4.b.iii(A)(2)(b)(ii) Board of Directors Information; I.B.4.b.iii(A)(3)(b) Principal Management and Staff Members – Required Documentation	Updated language for clarity and added a hyperlink.
I.B.4.b.iii(A)(6) General Application Requirements – Articles of Organization and Bylaws; I.B.4.b.iii(B)(1)(c) Program Specific Eligibility Requirements – HUD Homes – Articles of Organization and Bylaws; I.B.4.b.iii(B)(2)(b) Program Specific Eligibility Requirements – FHA Mortgagor – Articles of Organization and Bylaws	Relocated program specific requirements to general requirements in I.B.4.b.iii(A)(6) and renumbered subsequent sections.
II.A.1.a.i(A)(1)(b)(ii) Appraisal Update	Revised and simplified language to emphasize appraisal update options for Mortgagees.
II.A.1.a.i(A)(2) Handling of Documents	Revised to clarify requirements for the owner of the electronically transmitted data.
II.A.1.a.i(A)(2)(b) Information Obtained via Internet	Removed language to simplify document review protocols.
II.A.1.a.i(A)(4)(a) Policy on Use of Electronic Signatures – Definition	Added language to update the definition for electronic signatures.

II.A.1.a.iii(A) Application Document Processing – Mortgagee Responsibilities	Incorporated the requirements from ML 2019-13 and added a hyperlink to the Single-Unit Approval section to define the case number assignment protocols.
II.A.1.a.iii(B)(6) Ordering Appraisals	Clarified appropriate type of case number for appraisal practices and updated prohibited practices for consistency with fair housing requirements.
II.A.1.a.iii(B)(7)(a) Appraisal Effective Date – Standard	Added language to align the text with the Appraisal Logging User Certification process in FHAC.
II.A.1.a.iii(B)(10) Ordering an Update to an Appraisal	Added clarifying language to address appraisal updates to address exterior inspections.
II.A.2.a.ii(B) Nationwide Mortgage Limits – Low-cost Area; II.A.2.a.ii(C) Nationwide Mortgage Limits – High-cost Area; II.A.2.a.ii(D) Nationwide Mortgage Limits – Special Exceptions for Alaska, Hawaii, Guam, and the Virgin Islands	Updated nationwide mortgage limits, per ML 2021-28.
II.A.3.a.ii(C) Access to Property	Added clarifying language for the joint maintenance agreement.
II.A.3.a.ii(P)(2) Individual Residential Water Purification Systems – Standard	Corrected a technical error and updated the description of the maintenance plan requirements for water purification systems.
II.A.3.a.v Property Acceptability Criteria – Quality of Appraisal	Updated to clarify FHA's requirements for Appraisers and Mortgagees regarding compliance with fair housing laws, per ML 2021-27.
II.A.4.d.iii(F)(3) Gifts (Personal and Equity) (TOTAL) – Required Documentation; II.A.5.c.iii(F)(3) Gifts (Personal and Equity) (Manual) – Required Documentation	Revised language to provide more precise guidance on the loaning of funds to a gift donor by the Mortgagee.
II.A.4.d.iii(J)(1)(c) Secondary Financing Provided by Governmental Entities and HOPE Grantees (TOTAL) – Required Documentation; II.A.5.c.iii(J)(1)(c) Secondary Financing Provided by Governmental Entities and HOPE Grantees (Manual) – Required Documentation	Inserted requirements from ML 2012-24 to provide acceptable sources of proof of Section 115 status.
II.A.8.d.v(A)(1)(a) Cash-Out Refinances – Occupancy Requirements – Standard	Clarified permissible owner occupancy requirements for cash-out refinance transactions.
II.A.8.d.vi(A)(2)(b)(i) Calculating Maximum Mortgage Amount – Standard – Excess Cash Back; II.A.8.d.vi(B)(3)(c) Calculating Maximum Mortgage Amount for Simple Refinance Transactions – Excess Cash Back; II.A.8.d.vi(C)(4)(j)(i) Maximum Mortgage Calculation for Streamline Refinances – Standard – Excess Cash Back	Clarified compliance requirements for excess cash back policies.
II.A.8.d.vi(C)(2)(a)(ii) Streamline Refinances – Occupancy Requirements – Required Documentation	Updated guidance to include the use of Third-Party Verification (TPV) vendors for occupancy verification for streamline refinances.
II.A.8.e Programs and Products – Refinance of Borrowers in Negative Equity Positions Program (Short Refi) [EXPIRED]	Deleted the contents of the expired Refinance of Borrowers in Negative Equity Positions Program (Short Refi) section and reserved the section for future use.
II.A.8.i.iv Required Documentation for New Construction Financing	Provided simplified instructions for Termite Treatment Exception Areas.

II.A.8.p.ii(F)(4)(b)(i) Condominiums – Exception to FHA Insurance Requirements – Standard – Manufactured Housing Condominium Project	Updated language to be consistent with the Common Interest Housing Development section.
II.A.8.p.iii(D)(2) Single-Unit Approval Case Number Assignment	Incorporated the requirements from ML 2019-13 regarding Single-Unit Approval Case Number Assignment as a new section with a link to form HUD-9991.
II.A.9.b.ii Consultant Duties – Consultant Inspection	Clarified language on Consultant requirements to conduct an on-site property inspection.
II.C.2.c.vii(E)(1)(a) Exception for FHA Insurance Requirements – Standard – Manufactured Housing Condominium Project	Revised and simplified language for consistency with related sections.
II.D.2 General Appraiser Requirements	Updated to include and clarify guidance specific to Nondiscrimination Policy and compliance with FHA guidelines and Appraiser Conduct, per ML 2021-27.
II.E.2.a.i(A)(1) Borrower Eligibility – Definition II.E.3.a.i Direct Loans - Definition	Updated definitions for consistency within the Handbook and Glossary.
III.A.1.k.ii(F) Artificial Principal Payment Reduction	Deleted a section and subsequent sections were renumbered automatically.
III.A.2.h.ii(D) Error Reports and Correction; III.A.2.h.vii Reporting the Delinquency to HUD	Updated effective date per ML 2021-31.
III.A.2.i.ii(A) Loss Mitigation Review Process – Review Requirements – 90-Day Review; III.A.2.i.vii(A) Loss Mitigation Review Process – Loss Mitigation Agreements – Standard	Clarified the Mortgagee must exclude certain co-Borrowers from the loss mitigation review requirements to comply with state, local, and federal servicing laws.
III.A.2.j.i HUD’s Loss Mitigation Program – Definitions; III.A.2.k.v(A) Loss Mitigation Home Retention Options – FHAHAMP – Definitions; III.A.2.k.v(C) Loss Mitigation Home Retention Options – FHAHAMP Options	Added “FHA-HAMP” variations to distinguish the FHA-HAMP Option from all other loss mitigation options.
III.A.2.k.v(A) Loss Mitigation Home Retention Options – FHAHAMP – Definitions	Updated the definition of a Partial Claim.
III.A.2.k.v(C)(2) FHA-HAMP Options – FHA-HAMP Standalone Partial Claim	Updated language to clarify the amounts that may be included in an FHA-HAMP Standalone Partial Claim.
III.A.2.k.v(F) Loss Mitigation Home Retention Options – FHAHAMP – Partial Claim Provisions; III.A.2.k.v(H) Loss Mitigation Home Retention Options – FHAHAMP – Loan Documents; III.A.3.g.vi HOPE for Homeowners – Default and Loss Mitigation	Deleted “FHA-HAMP” to not distinguish the FHA-HAMP Option from all other loss mitigation options policy requirements.
III.A.2.k.v(H)(4) Execution of Partial Claim Documents after Trial Payment Plan	Clarified the execution requirements when a Trial Payment Plan (TPP) is required.
III.A.2.k.vi(B) Non-incentivized Loan Modifications – Standard	Updated the non-incentivized reporting requirements to include the COVID-19 Advance Loan Modification and COVID-19 Recovery Modification.
III.A.2.n.iv(E) Loss Mitigation for Borrowers in PDMDAs – Disaster Standalone Partial Claim	Aligned the language for calculating the maximum available Partial Claim for consistency with related sections, and updated language to clarify the amounts that may be included in a Disaster Standalone Partial Claim.
III.A.2.o.iii(C)(1)(b) COVID-19 Recovery Standalone Partial Claim – Terms	Updated language to clarify the amounts that may be included in a COVID-19 Standalone Partial Claim.

III.A.2.o.iii(C)(2) COVID-19 Recovery Modification	Added “COVID-19 Recovery” to distinguish the COVID-19 Recovery Option from all other loss mitigation options. Added a 40-year loan modification and provided an exemption for Mortgages backed by mortgage revenue bonds, per ML 2022- 07.
III.A.2.o.v Extension of First Legal Deadline Date	Updated language to clarify the extension of deadlines for the first legal action and Reasonable Diligence Time Frame for a COVID-19 Forbearance, per ML 2022-02.
III.A.2.t.i(E) Curtailment of Claims and Unreasonable Property Preservation and Protection Payments	Updated language in the heading title and section, and deleted language regarding property expenses, per ML 2022-06.
III.A.2.t.ii(F)(2)(b) Allowable Bankruptcy Attorney Fees	Updated to clarify reimbursable bankruptcy attorney fees are based on the Fannie Mae Exhibit in effect as of the date bankruptcy is filed by the Borrower.
III.A.2.t.ii(H) CWCOT PostForeclosure Sales Efforts	Updated language to establish an exclusive Post-Foreclosure Sales period for specified buyers and extend time frames as part of FHA’s CWCOT process, per ML 2022-08, and renumbered subsequent sections.
III.A.2.t.ii(I) Single Family Default Reporting Requirements for CWCOT	Added Single Family Default Reporting Requirements for CWCOT per ML 2022-08, and renumbered subsequent sections.
IV.A.2.a.ii(D) Claim Type 01 – Conveyances – Computation of Claim Amount – Property Preservation and Protection Costs	Added Definitions section and details about reasonable payments for property Preservation and Protection costs, per ML 2022-06. Clarified timing of reimbursement of P&P expenses.
IV.A.2.d.iv Submission of Claim Form Parts to HUD for CWCOT	Updated the claim requirements for CWCOT, per ML 2022-08.
IV.A.2.e.ii(A)(6) Claim Type 07 – Pre-Foreclosure Sales – Appraisal and Title Search	Updated the reasonable and customary costs that may be claimed to include a Broker’s Price Opinion (BPO) or Automated Valuation Model (AVM).
IV.A.2.i Claim Type 33 – Disaster Standalone Partial Claim	Deleted “Natural” from the claim type title for consistency with related sections and updated language to align with policy.
IV.A.2.j Claim Type 33 – National Emergency Standalone Partial Claim	Clarified the fees and costs that may be included when filing a claim for a National Emergency Partial Claim.
IV.B.2.f.v Sales Timeline – Exclusive Listing Period; IV.B.2.f.vi Sales Timeline – Extended Listing Period	Expanded the exclusive listing period from 15 Days to 30 Days, per ML 2022-01.
Appendix 4.0 – FHA-Home Affordable Modification Program (FHA-HAMP) Calculations (Applies to Servicing Only)	Added “FHA-HAMP” to distinguish the FHA-HAMP Option calculations from all other loss mitigation options. Aligned the language for calculating the maximum available Partial Claim for consistency with related sections, and updated language to clarify the amounts that may be included in an FHA-HAMP Standalone Partial Claim.

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

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