

The chart below provides a summary of the most significant updates made to the 4000.1 Handbook in the March 2019 update. For a complete list of all changes, please see the FHA 4000.1 Handbook aka Transmittal. Note that many of the updates stated in the Transmittal are simply incorporating previously published Mortgagee Letters. Those updates will not be included in this chart as they don't reflect a newly-announced policy or policy clarification.

Topic	Prior Guidance	New Guidance	Summary ¹
Section I – Doing Business with FHA			
I.A.3.c.iv(B)(3)(b)(ii) Employees – Standard – Compensation	The Mortgagee must not compensate employees who perform underwriting, Quality Control (QC), or mortgage servicing activities on a commission basis.	The Mortgagee must not compensate employees who perform underwriting or Quality Control (QC) activities on a commission basis.	Employees performing mortgage servicing activities are no longer prohibited from being compensated on a commission basis.
I.A.8.f Recertification Extension Requests	The Mortgagee may request an extension of its recertification package due date.	The Mortgagee may request an extension of its recertification package due date only as the result of a natural or catastrophic event resulting in a disruption of employee or mortgagee business operations.	Now, the only acceptable reason for a recertification extension is a natural or catastrophic event resulting in a disruption of employee or mortgagee business operations. THIS IS EXTREMELY IMPORTANT AND SHOULD BE RELAYED TO MANAGEMENT IN CHARGE OF MAINTAINING YOUR FHA APPROVAL.
Section II – Origination through Post-Closing/Endorsement			
II.A.1.b.iii(A)(2)(c) Exceptions to the FHA Policy Limiting the Number of Mortgages per Borrower	A non-occupying co-Borrower on an existing FHA-insured Mortgage may qualify for an FHA-insured Mortgage on a new Property to be their own Principal Residence.	A non-occupying co-Borrower on an existing FHA-insured Mortgage may qualify for another FHA-insured Mortgage on a new Property to be their own Principal Residence. A Borrower with an existing FHA-insured Mortgage on their own Principal Residence may qualify as a non-occupying co-Borrower on other FHA-insured Mortgages.	Clarifies that a borrower with an existing FHA mortgage on their own primary residence may qualify as a non-occupying co-borrower on other FHA-insured mortgages. (Indicates that someone can be a non-occupying co-borrower on more than one other FHA mortgage.)

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Section II – Origination through Post-Closing/Endorsement (cont'd)			
II.A.1.b.ii(A)(13)(b) Tax Liens	Tax liens may remain unpaid if the Borrower has entered into a valid repayment agreement with the lien holder to make regular payments on the debt and the Borrower has made timely payments for at least three months of scheduled payments. The Borrower cannot prepay scheduled payments in order to meet the required minimum of three months of payments. The lien holder must subordinate the tax lien to the FHA-insured Mortgage.	Tax liens may remain unpaid if the Borrower has entered into a valid repayment agreement with the lien holder to make regular payments on the debt and the Borrower has made timely payments for at least three months of scheduled payments. The Borrower cannot prepay scheduled payments in order to meet the required minimum of three months of payments. Except for federal tax liens, the lien holder must subordinate the tax lien to the FHA-insured Mortgage.	Federal tax liens in repayment do not require a subordination agreement from the IRS.
II.A.4.c.ii(C)(3) Past Employment Documentation; II.A.4.c.v Overtime, Bonus and Tip Income (TOTAL); II.A.5.b.ii(C)(3) Past Employment Documentation; II.A.5.b.v Overtime, Bonus and Tip Income (Manual)	No previous guidance.	Tip Income has been added as a category to the guidance for Overtime and Bonus Income.	Tip income is analyzed and documented the same as Overtime and Bonus Income.

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Section II – Origination through Post-Closing/Endorsement (cont'd)			
II.A.4.d.iii(F)(3) Required Documentation – Documenting the Transfer of Gifts; II.A.5.c.iii(F)(3) Required Documentation – Documenting the Transfer of Gifts	If the gift funds are paid directly to the settlement agent, the Mortgagee must verify that the settlement agent received the funds from the donor for the amount of the gift, and that the funds were from an acceptable source.	If the gift funds are not verified in the Borrower's account, obtain the certified check or money order or cashier's check or wire transfer or other official check evidencing payment to the Borrower or settlement agent, and the donor's bank statement evidencing sufficient funds for the amount of the gift.	Clarifies that a donor bank statement is required when gift funds are wired directly to the settlement agent.
II.A.6.a.vii Mortgagee Closing Requirements – Certifications; II.A.7.b.v Closing Disclosure and Settlement Certification	(A) Borrower Certification The Borrower must sign the certification on form HUD-92900-A and the Settlement Certification in accordance with the instructions provided on the form.	(A) Borrower Certification The Borrower must sign the certification on form HUD-92900-A for all transactions and the Settlement Certification for purchase transactions in accordance with the instructions provided on the form. The Settlement Certification is not required for refinance transactions.	Clarifies that the HUD-92900-A is required for all transactions but the Settlement Certification is only required for purchase transactions.

This chart is provided as a summary document only. Please consult the full guidelines of the FHA 4000.1 handbook for underwriting guidance.