

Monday, July 22, 2019

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NOTICE TO ALL CUSTOMERS

FHA Credit Policy Updates and Clarification

FHA announced via Info#19-34 updates being made to the FHA Single Family Policy Handbook 4000.1. Below is a list of the most significant changes in the Handbook that have been updated in FLCB's FHA Underwriting Guidelines and are effective immediately:

- Updates provide clarification as to when water tests are required for private individual wells or shared wells.
- Simplified guidelines for calculation of overtime, bonus and tip income.
- Removed the requirement for tax returns for commission income $\geq 25\%$ and simplified the calculation of commission income.
- Simplified the calculation of auto allowance income.
- Updated the definition of Premium Pricing and clarified that Premium Pricing credits from the lender or TPO are excluded from the 6% limit on Interested Party contributions provided the lender or TPO is not the seller, real estate agent, builder or developer.
- Updated the policy for when rent below fair market is considered a sales inducement.
- Streamline Refinances: Changed the requirements for the net tangible benefit test when the streamline refinance has a reduction in term.
- Added Requirements for Appraisers:
 - The Appraiser must provide an explanation on the appraisal report if the seller is not the owner of record.
 - The Appraiser must ask to have utilities turned on if they are off.
 - The Appraiser must provide photographs for any negative or positive influences or view that affect the value or marketability of the property
- Added clarity on appraisal requirements applicable to stationary storage tanks; specifically: if the subject property line is located within 300 feet of an aboveground, stationary storage tank with a capacity of 1,000 gallons or more of flammable or explosive material, then the Property is ineligible for FHA insurance.

Resources: [FHA Info #19-34](#) , [SF Handbook Information Page](#)

The Product Guidelines have been updated on the FLCB website at www.flcbmtg.com. Changes are noted in blue font for easy reference.