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FHA Loan Requirements, Handbook Kick in Next Week

The changes to FHA loan qualification criteria, originally scheduled for implementation in June, will instead be implemented **on the 15th** of this month. The new 800 plus page FHA Single Family Housing Policy Handbook covers a variety of changes, small and large, to how borrower characteristics are to be measured and documented. Some changes loosen requirements or ease documentation while others do the opposite.

Among the most contentious changes is the way some debt, especially **deferred student loan debt**, must be handled. Under existing rules, student loan payments which are deferred for a year or more beyond closing do not have to be included in the calculation of debt-to-income (DTI) ratios. The new regulations require that, for all deferred debt, the lender must obtain written documentation of the deferral from the creditor along with evidence of the outstanding balance and terms of the deferral. The calculation of monthly obligation will be the actual monthly payment or 5 percent of the outstanding balance, 2 percent in the case of a student loan.

Charge accounts are also **now included in the DTI calculation** unless there is a one year history of full and on-time payments as are installment loans with 10 or fewer months remaining unless the total of those remaining payments is less than 5% of the monthly gross income. Accounts on which the mortgage applicant is an authorized user, previously excluded from the DTI, must now be figured into the calculation absent documentation that the primary borrower has made all of the previous 12 months' worth of payments.

Changes to income calculations will probably affect fewer people. Applications qualifying based on **commission income** will only need one year's verification of commission rather than two. Self-employed individuals will no longer need to provide a year-to-date balance sheet, and there has been more specificity added to documentation requirements for VA and long-term disability income and income from rental property.

Most of the other changes are technical in nature or will simply not affect many borrowers. Anyone interested in reviewing the new handbook may locate it here and a HUD-issued list of frequently asked questions is available at the HUD portal.

National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.33%	-0.12	0.00
15YR Fixed	6.89%	-0.10	0.00
30YR FHA	6.95%	-0.10	0.00
30YR Jumbo	7.44%	-0.06	0.00
7/6 SOFR	6.81%	-0.19	0.00
30YR VA	6.97%	-0.10	0.00

Rates as of: 11/20

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	99.51	+0.41
10 YR Treasury	4.9403	-0.1033
30 YR Treasury	5.3324	-0.0738

Pricing as of: 11/20 5:59PM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Nov 11	199.8	-2.35%
Building Permits	Oct	1.3M	-7.5%
Housing Starts	Oct	1.31M	+7.21%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Oct	63	-4.69%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Nov	25	-13.79%

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