

Date: January 27, 2021



FHA Guideline Update – Minimum Credit Score & DACA Borrowers

Attention: Correspondent Sellers

Re: **Lowered Minimum Credit Score to 600 & FHA to Permit DACA Status Recipients to Apply for FHA Insured Mortgages – FHA Info 21-04**

Effective Date:

- **Immediately**
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FHA Minimum Credit Score

The minimum credit score for standard balance FHA transaction has been lowered to 600. The loan file must still receive an Approve/Eligible AUS recommendation. Manual underwriting not allowed. All other overlays as detailed in our Overlay document still apply.

DACA Borrowers

The Federal Housing Administration (FHA) as of 01/19/2021 is permitting individuals classified under the “Deferred Action for Childhood Arrivals” program (DACA) with the U.S. Citizenship & Immigration Service (USCIS) and are legally permitted to work in the U.S. are eligible to apply for mortgages backed by the FHA.

Based on the above, FHA is waiving the following 4000.1 Handbook subsection (Section II.A.1.b.ii(A)(9)(c) in its entirety:

- Non-US citizens without lawful residency in the U.S. are not eligible for FHA-insured mortgages

The above language will be removed from a subsequent update of the FHA 4000.1 Handbook.

Below are the specific requirements that must be satisfied in order for the borrower and property to be eligible:

- The property will be the borrower’s primary residence
- The borrower has a valid Social Security Number (SSN), except for those employed by the World Bank, a foreign embassy, or equivalent employer identified by HUD
- The borrower is eligible to work in the U.S., as evidenced by the Employment Authorization Document issued by the USCIS; and

- The borrower satisfies the same requirements, terms, and conditions as those for U.S. Citizens

The Employment Authorization Document is required to substantiate work status. If the Employment Authorization Document will expire within one year and a prior history of residency status renewals exists, the lender may assume that continuation will be granted. If there are no prior renewals, the lender must determine the likelihood of renewal based on information from the USCIS.

A borrower residing in the U.S. by virtue of refugee or asylee status granted by the USCIS is automatically eligible to work in this country. The Employment Authorization Document is not required, but documentation substantiating the refugee or asylee status must be obtained.

All other current FHA Overlays apply. Please consult the Overlay Matrix for additional information.

The Correspondent Credit Policy Team