

Announcement # 25-43**Date:** April 10, 2025**FHA Info 2025-04: Handbook 4000.1 Updates**

On January 10, 2025 FHA issued Info 2025-04 announcing the publication of the updated Single Family Housing Policy Handbook 4000.1 The update includes minor policy changes, technical edits, and incorporates previously published policy. Pennymac is aligning with these changes.

Two notable updates are included within this announcement and must be implemented for mortgages with case numbers assigned on or after April 10, 2025.

Self-Employed Income:

Appendix 2.0 - Analyzing IRS Forms section of the Handbook has been updated to clarify adjustments that can be added back to the borrower's income for qualification purposes.

- IRS 1040 - Schedule C: Business use of home can now be added back to income.
- IRS Form 1120 and 1120S: Amortization and non-recurring casualty losses can now be added back to income.
- IRS Form 1065 – K1: Amortization and non-recurring casualty losses can now be added back to income.

NBS Requirements:

If the **borrower** resides in a community property state, or the property being insured is located in a community property state, the following NBS debt requirements apply except when excluded by state law:

- A credit report must be obtained for the NBS.
- The debt of the NBS must be included on the URLA.
- The obligations of the NBS must be included in the qualifying ratios.

As a reminder, the loan file must contain a written note referencing the specific state law that justifies the exclusion of any debt from consideration.

Please refer to the HUD 4000.1 Handbook for complete requirements.

Please contact your Sales Representative with any questions.