



OFFICE OF INSPECTOR GENERAL
U.S. Department of Housing and Urban Development

March 31, 2021

The Honorable Maxine Waters
Chairwoman
Committee on Financial Services
U.S. House of Representatives
2129 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Al Green
Chairman
Committee on Financial Services
Subcommittee on Oversight and Investigations
U.S. House of Representatives
2347 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairwoman Waters and Chairman Green,

I am writing to inform you that my office is closing the review we initiated in December 2020 to examine whether Federal Housing Administration's (FHA) consistently followed and communicated its policy regarding the eligibility of non-residents, including Deferred Action for Childhood Arrivals (DACA) recipients, for FHA-insured single family mortgage loans. Former HUD Deputy Secretary Brian Montgomery announced on January 19, 2021 that FHA was waiving the provision of Handbook 4000.1 Section II.A.1.b.ii(A)(9)(c), which had been interpreted to render DACA recipient's ineligible for FHA loans.¹ The following day, HUD announced and explained this waiver to its program participants through FHA Info #21-04, and stated its intention to remove Section II.A.1.b.ii(A)(9)(c) from Handbook 4000.1.²

Because FHA's policy on nonresident alien and DACA recipient eligibility has been changed and clarified publicly, we have stopped our work to examine HUD's application of its prior policy. We will consider FHA's implementation of its new policy in our future risk assessment to determine if additional work in this area is necessary. Our memorandum to FHA notifying them that we have closed the review will be posted on our website and available at this link:

<https://www.hudoig.gov/reports-publications/memorandum/evaluation-closure-federal-housing-administration-residency>.

¹ HUD Waiver of FHA Single Family Housing Policy Handbook 4000.1, Section II.A.1.b.ii(A)(9)(c), Jan. 19, 2021, available at: <https://www.hud.gov/sites/dfiles/OCHCO/documents/HousingWaiver4000.1.pdf> (last accessed March 18, 2021).

² FHA Info #21-04, Jan. 20, 2021, available at: https://www.hud.gov/sites/dfiles/SFH/documents/SFH_FHA_INFO_21-04.pdf (last accessed March 30, 2021).

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Should you or your staff have any questions, please do not hesitate to contact Kathleen Hatcher, Director of Congressional Affairs, khatcher@hudoig.gov.

Sincerely,

A handwritten signature in black ink that reads "Rae Oliver Davis". The signature is written in a cursive, flowing style.

The Honorable Rae Oliver Davis
Inspector General

Enclosure:

December 18, 2020 letter from IG Oliver Davis to Chairwoman Waters and Chairman Green re. June 23, 2020 request for investigation into changes to FHA policy related to DACA

CC: The Honorable Patrick McHenry
Ranking Member
Committee on Financial Services
U.S. House of Representatives