



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

March 31, 2021

The Honorable Robert Menendez
United States Senate
528 Hart Senate Office Building
Washington, DC 20510

Dear Senator Menendez,

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 30, 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,



The Honorable Rae Oliver Davis
Inspector General

Enclosure:

December 18, 2020 letter from IG Oliver Davis to Senator Menendez re. June 8, 2020 request for investigation into changes to FHA policy related to DACA

CC:

The Honorable Sherrod Brown, United States Senate
The Honorable Juan Vargas, U.S. House of Representatives
The Honorable Pete Aguilar, U.S. House of Representatives
The Honorable Catherine Cortez Masto, United States Senate
The Honorable Cory A. Booker, United States Senate
The Honorable Mazie K. Hirono, United States Senate
The Honorable Chris Van Hollen, United States Senate
The Honorable Kirsten Gillibrand, United States Senate
The Honorable Bernard Sanders, United States Senate
The Honorable Jeffrey A. Merkley, United States Senate
The Honorable Elizabeth Warren, United States Senate
The Honorable Jacky Rosen, United States Senate
The Honorable Amy Klobuchar, United States Senate
The Honorable Jesús G. "Chuy" Garcia, U.S. House of Representatives
The Honorable Sylvia R. Garcia, U.S. House of Representatives
The Honorable Raúl M. Grijalva, U.S. House of Representatives
The Honorable Alexandria Ocasio-Cortez, U.S. House of Representatives
The Honorable Joaquín Castro, U.S. House of Representatives
The Honorable Adriano Espaillat, U.S. House of Representatives
The Honorable Bill Foster, U.S. House of Representatives
The Honorable Vicente Gonzalez, U.S. House of Representatives
The Honorable Julia Brownley, U.S. House of Representatives
The Honorable Gilbert R. Cisneros, Jr., U.S. House of Representatives
The Honorable Carolyn B. Maloney, U.S. House of Representatives
The Honorable Nydia M. Velázquez, U.S. House of Representatives
The Honorable Gregory Meeks, U.S. House of Representatives

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The Honorable Grace F. Napolitano, U.S. House of Representatives
The Honorable Ed Perlmutter, U.S. House of Representatives
The Honorable Jim Costa, U.S. House of Representatives
The Honorable Nanette Diaz Barragán, U.S. House of Representatives
The Honorable Norma J. Torres, U.S. House of Representatives
The Honorable Albio Sires, U.S. House of Representatives
The Honorable Lucille Roybal-Allard, U.S. House of Representatives
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The Honorable Barbara Lee, U.S. House of Representatives
The Honorable Adam Smith, U.S. House of Representatives
The Honorable Alma S. Adams, Ph.D., U.S. House of Representatives