

# LENDERS UPDATE™

## ALT & ASSOCIATES NEWSLETTER

A COMPLIMENTARY SERVICE TO THE MORTGAGE LENDING INDUSTRY

Main Office:  
2102 BUSINESS CENTER DRIVE  
SUITE 130  
IRVINE, CA 92612

Tel: 949.253.5755

Fax: 949.253.5756

**DAVID JEROME ALT**  
*Attorney at Law*

[David.j.alt@altandassociates.com](mailto:David.j.alt@altandassociates.com)  
[www.altandassociates.com](http://www.altandassociates.com)

**April 7, 2013**

---

## TAXES AND THE FHA

---

On April 4, HUD released a “reminder” dealing with FHA mortgage loan eligibility of borrowers, where such borrowers have a tax debt or tax lien. The reminder is in the form of a FAQ and is basically a reaffirmation of current policy.

A borrower with delinquent tax debts or taxes is not eligible for an FHA insured mortgage until the delinquent account is brought current, paid, otherwise satisfied, or a satisfactory repayment plan is entered into and complied with.

Tax liens may only remain unpaid if the lien holder subordinates the tax lien to the FHA insured mortgage. Regular payments on a tax repayment plan must be included in the qualifying ratios.

The FHA reminds lenders that the IRS will take a second lien position without the need for independent documentation of subordination. Therefore IRS tax liens with a satisfactory repayment plan do not jeopardize FHA eligibility for FHA mortgage insurance.

Remember that the overall analysis of credit worthiness must include the borrower's previous failure to make payments and must document the lender's analysis of how that failure does not represent a risk of mortgage default.

A note in the FAQ contains a further reminder that the lender remains accountable for compliance with FHA borrower eligibility requirements, regardless of whether a TOTAL Mortgage Scorecard "Accept" recommendation has been received.

**The Lenders Update is published via e-mail as a complimentary service to our friends and clients in the financial industry throughout California and the United States.**

**Only those persons who have personally requested this newsletter are on our distribution list.**

**SHOULD YOU NOT WISH TO CONTINUE TO RECEIVE THIS SERVICE, PLEASE JUST SEND US AN EMAIL TO "OP-OUT" AT:**

**[sherry.edwards@altandassociates.com](mailto:sherry.edwards@altandassociates.com)**

**ALSO, SHOULD YOU HAVE COLLEAGUES WHO WISH TO BE ADDED TO THIS COMPLIMENTARY SERVICE, PLEASE HAVE THEM E-MAIL US AT:**

**[sherry.edwards@altandassociates.com](mailto:sherry.edwards@altandassociates.com)**

**ALT & ASSOCIATES provides regulatory, compliance, operational advice and transactional assistance, as well as litigation representation, to the financial services industry. Over the past three decades, members of the firm have represented Institutional Lenders and Mortgage Bankers and Brokers in all aspects of their operations.**

**If you have any questions please contact:**

**David J. Alt, Esq.**

**[David.j.alt@altandassociates.com](mailto:David.j.alt@altandassociates.com)**

**You may view previous issues on our website at:**

**[www.altandassociates.com](http://www.altandassociates.com)**

*Who's Who in American Law*

*Martindale Hubble Pre-Eminent Attorney*