



# U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

**Date:** August 17, 2012

**To:** All FHA-Approved Mortgagees

## Mortgagee Letter 12-15

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**Subject** Documentation Requirements for Income from the Social Security Administration (SSA).

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**Purpose** This Mortgagee Letter (ML) clarifies guidance on documentation requirements for different types of SSA income used for income qualification purposes. This ML is provided in response to requests for clarification on this issue.

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**Effective Date** This ML is effective immediately.

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**Affected Topics** This ML affects topics found in HUD Handbook 4155.1, Mortgage Credit Analysis for Mortgage Insurance, listed in the table below. HUD will incorporate these changes into the relevant FHA Single Family On-Line Handbook.

<b>HUD 4155.1, Mortgage Credit Analysis for Mortgage Insurance on One-to Four-Unit Mortgage Loans</b>
4.D.2.k, Social Security Income

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**Documentation  
Requirements  
for Income  
from the Social  
Security  
Administration**

The following guidance replaces HUD Handbook 4155.1, 4.D.2.k, in its entirety.

All income from the Social Security Administration (SSA) including, but not limited to, Supplemental Security Income (SSI), Social Security Disability Insurance (SSDI), and Social Security Income, can be used to qualify the borrower if the income has been verified, and is likely to continue for at least a three year period from the date of mortgage application.

The lender must verify income by obtaining from the borrower any one of the following documents:

- Federal tax returns;
- the most recent bank statement evidencing receipt of income from the SSA;
- a Proof of Income Letter, also known as a “Budget Letter” or “Benefits Letter” that evidences income from the SSA (Please visit [www.ssa.gov](http://www.ssa.gov) for an explanation of types of letters issued by the SSA); or
- a copy of the borrower’s Social Security Benefit Statement, SSA-1099/1042S.

In addition to verification of income, the lender must document the continuance of this income by obtaining from the borrower (1) a copy of the last Notice of Award letter which states the SSA’s determination on the borrower’s eligibility for SSA income, or (2) equivalent document that establishes award benefits to the borrower (equivalent document). If any income from the SSA is due to expire within three years from the date of mortgage application, that income may only be considered as a compensating factor.

***Reference:***

For information on compensating factors, see HUD Handbook 4155.1, paragraph 4.F.

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**Documentation  
Requirements  
for Income  
from the Social  
Security  
Administration  
(continued)**

If the Notice of Award or equivalent document does not have a defined expiration date, the lender shall consider the income effective and likely to continue. The lender should not request additional documentation from the borrower to demonstrate continuance of Social Security Administration income. Under no circumstance may lenders inquire into or request documentation concerning the nature of the disability or the medical condition of the borrower

**Note:** Pending or current re-evaluation of medical eligibility for benefit payments is not considered an indication that the benefit payment is not likely to continue.

**Note:** An initial Notice of Award letter (or its equivalent) may specify a start date for receipt of income in the future. Lenders may consider this income as effective income as of the start date specified in the Notice of Award Letter. The borrower must have other income to qualify for the mortgage until the start date for receipt of income.

**Note:** Other forms of long-term disability income (such as worker's compensation or private insurance) may be considered qualifying income with a reasonable expectation of continuance. Lenders should use procedures similar to those noted above to verify such income.

***Reference:***

For information on effective income, see HUD Handbook 4155.1, paragraphs 4.D.1.a and 4.D.2.a.

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**Information  
Collection  
Requirements**

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**Questions**

For further information, please contact the FHA Resource Center by calling 1-800CALL FHA (1-800-225-5342) or email [answers@hud.gov](mailto:answers@hud.gov). Persons with hearing or speech impairments may access this number via TTY by calling the Federal Information Relay Service at (800) 877-8339.

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**Signature**

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Carol J. Galante  
Acting Assistant Secretary for Housing-Federal Housing Commissioner

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