

New HUD Policy Ends FHA Mortgages for Undocumented Immigrants

April 21, 2025 - The federal government has announced a major shift in housing policy that will impact access to home loans for undocumented immigrants and other non-permanent residents. The Department of Housing and Urban Development (HUD) will no longer allow individuals without permanent legal status to receive Federal Housing Administration (FHA) mortgages, a move the administration says aligns with its immigration enforcement priorities.

Under the new policy, FHA-approved lenders are instructed to deny mortgage applications from non-permanent residents. The decision reverses a 2021 policy that had extended loan eligibility to some individuals under the Deferred Action for Childhood Arrivals (DACA) program and those with pending asylum claims.

HUD officials argue that long-term financial obligations like home mortgages depend on stable residency and employment. Because non-permanent residents may be subject to changes in immigration status, HUD said it could no longer justify backing their loans with taxpayer funds.

It is currently unclear how many non-permanent residents have previously received FHA-backed loans. Going forward, the agency states that this policy change is part of a broader effort to ensure government housing benefits are reserved for citizens and lawful residents.

FHA loans are often used by first-time buyers and lower-income households because of their reduced down payment requirements and flexible credit standards. The shift reflects the administration's broader emphasis on limiting federal benefits to individuals with verified legal status.

by Jim Malmberg

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