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 administrationâ€™s broader emphasis on limiting federal benefits to individuals with verified legal status.
by Jim Malmberg
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