



Brandon Feikle &lt;brandon.feikle@cardinalfinancial.com&gt;

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**Thank you for contacting the FHA Resource Center, RE: 07649034**

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**DoNotReply** <donotreplyfha@hud.gov>

Fri, Dec 19, 2025 at 7:53 AM

To: "brandon.feikle@cardinalfinancial.com" &lt;brandon.feikle@cardinalfinancial.com&gt;

Cc: "brandon.feikle@cardinalfinancial.com" &lt;brandon.feikle@cardinalfinancial.com&gt;



Dear Brandon Feikle,

Thank you for contacting the FHA Resource Center. The information you requested in response to the above referenced service request number is provided below.

If the information does not fully address your question, please forward this email (do not reply) to [answers@hud.gov](mailto:answers@hud.gov), and provide additional information so that we may better serve you. You may also speak directly to a customer service representative by calling 1-800-CALL-FHA (1-800-225-5342) or visit our online knowledge base at [www.hud.gov/answers](http://www.hud.gov/answers), 24 hours/7 days a week.

Your question was regarding Chapter 13 Bankruptcy (See SR 07648452)

Good Morning:

The HUD 4000.1 requires written permission from the bankruptcy court for borrowers in an active Chapter 13, but it does not mandate a specific format (e.g., court order versus letterhead) so long as the documentation clearly evidences authorization; accordingly, properly identifiable written email communication from the Chapter 13 trustee or the trustee's authorized staff is acceptable when it explicitly confirms:

- (1) the trustee has reviewed the proposed FHA transaction,
- (2) the borrower is in compliance with the repayment plan, and
- (3) the trustee approves the borrower's incurrence of new mortgage debt (and payoff of the bankruptcy, if applicable).

In addition, per HUD Handbook 4000.1 (Electronic Documentation), the Mortgagee must authenticate all documents received electronically by examining source identifiers such as the sender's email address or fax banner, or by contacting the source directly to verify validity, and must document the name and telephone number of the individual with whom the verification was completed; therefore, when email correspondence is used in lieu of formal letterhead, the Mortgagee's file must clearly reflect this authentication. If the electronic communication lacks clarity regarding authorization to incur new debt, or if the source cannot be reasonably authenticated, a formal trustee letter or court order would be required to satisfy 4000.1 II.A.5.a.iii, and Mortgagees must also remain mindful of any applicable investor overlays that may impose stricter documentation requirements.

Sincerely,  
FHA Customer Service Team

DISCLAIMER: All policy information contained in this knowledge base article is based upon the referenced HUD policy document. Any lending or insuring decisions should adhere to the specific information contained in that underlying policy document.

----- Original Message -----

From: Brandon Feikle [[brandon.feikle@cardinalfinancial.com](mailto:brandon.feikle@cardinalfinancial.com)]  
Sent: 12/18/2025, 9:39 AM  
To: [brandon.feikle@cardinalfinancial.com](mailto:brandon.feikle@cardinalfinancial.com)  
Subject: RE: Thank you for contacting the FHA Resource Center, RE: 07648452

Good Morning.

First and foremost, thank you for taking the time to reply. One clarifying question because our team has overseen multiple hundreds of these over the last 10 years and it has been common that the debtor(borrower) attorney shares the email communication with the trustee. Often the trustee states they have reviewed the request and they approve it. Each and every bankruptcy district across the country handles it very different, but our team always submits over the Loan Estimate so that it clearly outlines incurring the new debt and paying off the bankruptcy and in another communication, it is always verifies the borrower has been compliant with the repayment plan.

So my clarifying question is, can written email communication be used if the trustees team is properly identifiable in the email communication and they verify the approval to complete the FHA loan or does the written communication need to be on a form of letterhead. An example is pictured below. Thank you again for taking the time for clarity. It's very appreciated.

[cid:image001.png@01DC7002.336F7420]

Brandon Feikle

Branch Manager | Retail | NMLS 97906

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From: DoNotReply <[donotreplyfha@hud.gov](mailto:donotreplyfha@hud.gov)<<mailto:donotreplyfha@hud.gov>>>  
Sent: Thursday, December 18, 2025 8:18 AM  
To: [brandon.feikle@cardinalfinancial.com](mailto:brandon.feikle@cardinalfinancial.com)<<mailto:brandon.feikle@cardinalfinancial.com>>  
Subject: Thank you for contacting the FHA Resource Center, RE: 07648452

[FHA Logo]

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Your question was regarding Chapter 13 Bankruptcy

Chapter 13 Bankruptcy's. The guidance requests written permission from the bankruptcy court, but what does this specifically mean? Does it have to be a court order? or Written permission from the court will suffice?

HUD considers written authorization from the Chapter 13 bankruptcy trustee acceptable, provided the letter explicitly states that the trustee has reviewed and approves the borrower's request to enter into the FHA mortgage transaction and confirms the borrower is in compliance with the repayment plan. The documentation must clearly evidence authorization for the refinance and the incurrence of new mortgage debt; absent this clarity, a court order or judge-signed approval would be required. It would also be prudent to consult with your investor, as they may have additional requirements or restrictions that must be met and documented.

How does a bankruptcy affect a borrower's eligibility for an FHA mortgage?

The Mortgagee must document the passage of two years since the discharge date of any bankruptcy. If the bankruptcy was discharged within two years from the date of case number assignment, the Mortgagee must be downgraded to a Refer and manually underwritten.

If the credit report does not verify the discharge date or additional documentation is necessary to determine if any liabilities were discharged in the bankruptcy, the Mortgagee must obtain the bankruptcy and discharge documents.

For Manually Underwritten loans:

A Chapter 7 bankruptcy (liquidation) does not disqualify a Borrower from obtaining an FHA-insured Mortgage if, at the time of case number assignment, at least two years have elapsed since the date of the bankruptcy discharge. During the most recent two years, the Borrower must have:

- re-established good credit; or
- chosen not to incur new credit obligations.

An elapsed period of less than two years, but not less than 12 months, may be acceptable, if the Borrower:

- can show that the bankruptcy was caused by extenuating circumstances beyond the Borrower's control; and
- has since exhibited a documented ability to manage their financial affairs in a responsible manner.

A Chapter 13 bankruptcy does not disqualify a Borrower from obtaining an FHA-insured Mortgage, if at the time of case number assignment at least 12 months of the pay-out period under the bankruptcy has elapsed.

The Mortgagee must determine that during the most recent 12 months, the Borrower's payment performance has been satisfactory and all required payments have been made on time; and the Borrower has received written permission from bankruptcy court to enter into the mortgage transaction.

If the credit report does not verify the discharge date or additional documentation is necessary to determine if any liabilities were discharged in the bankruptcy, the Mortgagee must obtain the bankruptcy and discharge documents.

The Mortgagee must also document that the Borrower's current situation indicates that the events which led to the bankruptcy are not likely to recur.

For additional information see Handbook 4000.1 II.A.4.b.iii(F) and II.A.5.a.iii(H) at <https://www.hud.gov/hud-partners/single-family-handbook-4000-1>

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FHA Customer Service Team

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[<https://hud4.my.salesforce.com/servlet/servlet.ImageServer?oid=00Dt0000000g9W7&esid=018SJ00000kOp2B&from=ext>]