



FHA Changed 14 Rules This Year: What Actually Matters for Homebuyers



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FHA LOANS

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Coltrain Mortgage Team · October 6, 2026 · 7 min read

"Didn't FHA just change a bunch of rules? Does that help me?" If you've seen the headlines, it's a fair question. On June 23, 2026, HUD announced fourteen policy changes to the FHA single-family program, pitched as a way to lower costs and cut red tape. We've been working with FHA loans on Long Island for more than 20 years, so here's our honest take: most of the package is lender-side housekeeping you'll never see. A few pieces do reach buyers and current FHA homeowners directly, and one Long Island quirk in this year's loan limits matters more than any of them. Let's sort out which is which.



**14 Changes
Announced June 23**



**Most Are Lender
Paperwork**



**Fixer-Upper Loans Got
More Flexible**



**Long Island FHA Limit
Tops Conforming**

What HUD Actually Changed in 2026

HUD's announcement described fourteen policy changes in total. The ones that were published as formal Mortgagee Letters, the official rulebook updates lenders have to follow, fall into five buckets: the Limited 203(k) renovation loan, appraisal field reviews, a disclosure form called the HUD-92900-B, lender approval and quality-control rules, and loss mitigation for FHA borrowers who fall behind. Add the 2026 loan limits HUD published last December and a residency eligibility change that took effect in 2025, and you have the full picture of what's different about an **FHA loan** today.

Not all of these will ever land on your kitchen table. Use the filter below to see which ones actually touch your situation.

Which changes affect me?

DIRECT IMPACT Loan limits for 2026

Long Island's FHA loan limit is now higher than the conforming limit

For 2026, the FHA one-unit limit in Nassau and Suffolk is \$1,249,125, while the Fannie Mae/Freddie Mac conforming limit stayed flat at \$1,209,750. That's a \$39,375 window where an FHA loan can go but a conforming loan can't without becoming a **jumbo**. More on this below.

DIRECT IMPACT ML 2026-06

Limited 203(k) renovation loans now allow up to 4 contractor draws

The Limited 203(k) lets you roll up to \$75,000 of non-structural repairs into your purchase loan. Contractors used to be limited to two draws (payments) per job; they can now take up to four: one at closing, up to two during the work, and a final draw. That makes it easier to find contractors willing to take these jobs, since they aren't fronting as much of the cost.

INDIRECT IMPACT ML 2026-10

Appraisal field reviews are now optional for lenders

Lenders used to be required to order a second-look "field review" on a share of their FHA appraisals as a quality check. That's now optional, used only when a lender actually needs it. You still get a full FHA appraisal, but fewer files should hit an extra review step, which can mean fewer surprises late in the process.

BEHIND THE SCENES ML 2026-07

The "Important Notice to Homebuyers" form is gone

Form HUD-92900-B had been waived for a while because its insurance premium information was outdated and it repeated disclosures you already get under federal law, like your Loan Estimate. It's now permanently eliminated. One less signature, same protections.

DIRECT IMPACT ML 2026-08 · in effect by Sept 21, 2026

New rules for trial payment plans if you fall behind

If you're behind on an FHA loan and your servicer offers a Trial Payment Plan, you can now make those payments early without it counting against you. On the other side, rejecting a trial plan three times now counts as a failed plan, and the rules confirm your payment can change when escrowed taxes or insurance go up. Servicers had to adopt these rules by September 21, 2026.

BEHIND THE SCENES ML 2026-09

Lender approval and quality-control rules were loosened

HUD removed several internal requirements for FHA lenders and created a permanent exception so loans that go delinquent early because of a Presidentially declared disaster don't trigger an automatic quality-control review. You won't see any of this directly. HUD's goal is to get more lenders offering FHA loans, and more lenders means more competition for your loan.

DIRECT IMPACT ML 2025-09 · since May 2025

Non-permanent residents are no longer eligible

For FHA case numbers assigned on or after May 25, 2025, borrowers who are non-permanent residents no longer qualify for FHA financing. Lawful permanent residents (green card holders) remain eligible on the same terms as U.S. citizens. If this affects you, **conventional** and some **non-QM** programs may still be options.

The Long Island Quirk: FHA Now Goes Higher Than Conforming

This one got a lot less attention than the June announcement, but if you're buying in Nassau or Suffolk, it may be the change that matters most to you. Each year, FHFA sets the conforming loan limits for Fannie Mae and Freddie Mac loans, and HUD sets FHA's. They usually move together in high-cost areas like ours. In 2026 they didn't.

The national high-cost ceiling rose to \$1,249,125. HUD moved FHA limits for the New York metro area, including Nassau and Suffolk, all the way up to that new ceiling. FHFA's formula, based on local home price growth, left the same counties' conforming limit unchanged at \$1,209,750. The result is a gap that only exists in a couple dozen counties nationwide, most of them in the New York metro area.

\$39,375

The 2026 gap between the FHA limit (\$1,249,125) and the conforming limit (\$1,209,750) for a one-unit home in Nassau and Suffolk counties.

In practice: if you need a loan amount between those two numbers, a conforming loan would have to be structured as a jumbo, which usually means larger down payment and reserve requirements. An FHA loan can cover that amount as a standard FHA loan. It won't be the right fit for every high-price purchase, since FHA's mortgage insurance works differently than conventional, but it's a real option that didn't exist last year. See our **Long Island FHA guide** for how the rest of the program works locally.

Wondering if FHA or conventional fits your price range better?

What Did Not Change

Just as important: the core of the FHA program you've heard about is still the same. None of the June changes touched these:

DOWN PAYMENT

The minimum down payment requirement for FHA purchase loans wasn't part of this package.

Gift funds from family are still allowed.

MORTGAGE INSURANCE

FHA's upfront and annual mortgage insurance premiums weren't changed by these Mortgagee Letters.

CREDIT & INCOME

Credit score guidelines and how your **debt-to-income ratio** is calculated stay the same.

THE FULL APPRAISAL

Every FHA purchase still requires a full appraisal that meets HUD's property standards. Only the extra field-review step became optional.

Not every lender adopts FHA changes the same way. HUD sets the floor, but individual lenders layer their own rules (called overlays) on top. Because Coltrain works with multiple wholesale lenders, we can match an FHA file to a lender that actually uses the new flexibility, like the extra 203(k) draws, instead of one that's still running on its old checklist.

The Bottom Line for Buyers

Here's how we'd sum it up. If you're buying a move-in-ready home with FHA financing, the June package barely changes your experience: one less form and possibly a smoother appraisal. If you're eyeing a home that needs work, the Limited 203(k) just became more practical. If you're shopping on Long Island near the top of the price range, the new FHA limit is worth running the numbers on before you assume you need a jumbo. And if you already have an FHA loan and hit a rough patch, know that the trial payment plan rules shifted this fall. Not sure where you fit? Give us a call early in **the process** and we'll tell you which of these actually apply to you.

COMMON QUESTIONS

What did FHA change in 2026? +

What is the 2026 FHA loan limit on Long Island? +

Did FHA lower its down payment or mortgage insurance in 2026? +

How much can I borrow for repairs with a Limited 203(k)? +

Can non-permanent residents still get an FHA loan? +

SOURCES

U.S. Department of Housing and Urban Development, **HUD No. 26-051, FHA policy changes announcement (June 23, 2026)**

Ballard Spahr Consumer Finance Monitor, **"HUD Modifies FHA Mortgage Loan Policies" (summary of ML 2026-06 through 2026-10)**

FHA Mortgagee Letter 2026-06, **Limited 203(k) draw requests**

Consumer Finance Monitor, **FHA ML 2024-13, 203(k) program enhancements (\$75,000 Limited 203(k) cap)**

Federal Housing Finance Agency, **2026 conforming loan limit values** and county-level limit file

Alpine Banker, **"24 US Counties Where 2026 FHA Loan Limits Exceed Conforming"** (citing HUD ML 2025-23)

Orrick InfoBytes, **HUD policy changes to its single-family mortgage insurance program**

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READY WHEN YOU ARE

Not sure how the 2026 FHA changes affect you?

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