

FHA Lender Approval Requirements

Effective May 20, 2010, FHA's lender approval regulations were revised to eliminate approval of any company as a FHA loan correspondent and require all lender approval applicants (except government entities) to have a minimum adjusted net worth of \$1,000,000 and submit audited financials to verify compliance. This regulation change is explained in Mortgagee Letter 2010-20 that is available at:

<http://www.hud.gov/offices/adm/hudclips/letters/mortgagee/index.cfm>. The changes to the FHA lender approval regulations are available at: <http://edocket.access.gpo.gov/2010/pdf/2010-8837.pdf>.

In addition, a new FHA Lender Approval Application Form 92001-A has replaced the previously used Form 11701 and can be downloaded from HUD's web site at: <http://www.hud.gov/offices/adm/hudclips/forms/files/92001-a.pdf>

Paragraph references are in the Title II Mortgagee Approval Handbook 4060.1, Rev-2 at: <http://www.hud.gov/offices/adm/hudclips/handbooks/hsg/h/>.
If only applying for Title I approval, see Title I Lender Approval Handbook 4700.2 at: <http://www.hud.gov/offices/adm/hudclips/handbooks/hsg/h/> and Title I Letters TI-469, TI-478 and TI-03-01 at: <http://www.hud.gov/offices/adm/hudclips/letters/title1/>.

Required Documents for Each FHA Approval Type

Nonsupervised Mortgagee

Correspondent Lenders & Mortgage Lenders

Paragraph 1-2(B)

- Application Form 92001-A
- State License or Registration Paragraphs 2-3 and 3-2(A)7
- State DBA Approval, if applicable Paragraphs 2-4 and 3-2(A)8
- Business Credit Report on Applicant Paragraph 3-2(A)4
- Audited Financial Statements Paragraphs 2-5, 2-6 and 3-2(A)6
- LLC Documents, if applicable Paragraphs 2-2(C) and 3-3(B)
- Partnership Agreement, if applicable Paragraphs 2-2(B) and 3-3(A)
- Evidence of office facilities Paragraphs 2-11(A) and 3-2(A)9
- Funding Program Paragraph 3-2(A)13a & 3-2(A)13b
- Sanctions Letter Paragraphs 2-10 & 3-2(A)14
- Quality Control Plan Paragraphs 7-1 through 7-12, as appropriate
- Fidelity Bond \$300,000 minimum Paragraph 3-2(A)10
- Errors & Omissions Insurance \$300,000 minimum Paragraph 3-2(A)11
- Resume(s) Paragraph 3-2(A)5
- Credit Reports on Principals Paragraph 3-2(A)4

Supervised Mortgagee

Banks and Credit Unions Paragraph 1-2(A)

- Application Form 92001-A
- State DBA Approval, if applicable Paragraphs 2-4 and 3-2(A)8
- Audited Financial Statements Paragraphs 2-5, 2-6 and 3-2(A)6
- Quality Control Plan Paragraphs 7-1 through 7-12, as appropriate
- Fidelity Bond \$300,000 minimum Paragraph 3-2(A)10
- Errors & Omissions Insurance \$300,000 minimum Paragraph 3-2(A)11

Government Mortgagee

Paragraph 1-2(F)

- Application Form 92001-A
- State DBA Approval, if applicable Paragraphs 2-4 and 3-2(A)8
- Quality Control Plan Paragraphs 7-1 through 7-12, as appropriate
- Fidelity Bond \$300,000 minimum Paragraph 3-2(A)10
- Errors & Omissions Insurance \$300,000 minimum Paragraph 3-2(A)11
- Resume(s) Paragraph 3-2(A)5

Investing Lender

Paragraph 1-2(E)

- Application Form 92001-A
- State License or Registration Paragraphs 2-3 and 3-2(A)7
- State DBA Approval, if applicable Paragraphs 2-4 and 3-2(A)8
- Audited Financial Statements Paragraphs 2-5, 2-6 and 3-2(A)6
- Business Credit Report on Applicant Paragraph 3-2(A)4
- LLC Documents, if applicable Paragraphs 2-2(C) and 3-3(B)
- Partnership Agreement, if applicable Paragraphs 2-2(B) and 3-3(A)
- Funding Program Paragraph 3-2(A)13a & 3-2(A)13b
- Sanctions Letter Paragraphs 2-10 & 3-2(A)14
- Fidelity Bond \$300,000 minimum Paragraph 3-2(A)10
- Errors & Omissions Insurance \$300,000 minimum Paragraph 3-2(A)11
- Resume(s) Paragraph 3-2(A)5
- Credit Reports on Principals Paragraph 3-2(A)4

General FHA Lender Approval Requirements

Acceptable Business Forms* *paragraph 2-2*

- Corporations
- Partnerships
- Limited liability companies
- Chartered financial institutions
- Government agencies

*Sole proprietorships are ***not*** permitted

Owners and Officers *paragraphs 2-9 and 2-10*

- Cannot be debarred, suspended or otherwise ineligible
- The officer who will be in charge of the FHA operation must have at least 3 years of experience in the proposed FHA mortgage operations and cannot have outside or self employment in the mortgage or real estate industry or related field.

Staffing *paragraphs 2-9 and 2-12*

- At least two or more full time employees
- A shared receptionist is permitted but cannot be used to meet this requirement
- All employees (except a shared receptionist) must have their income earned on a lender's FHA business W-2'd and cannot have outside or self employment in the mortgage or real estate industry or related field.

Office Facilities *paragraph 2-11*

- Must be separate and apart from any other entity in commercially zoned space
- Can share reception areas with other companies.
- Must be clearly identified to the public with a permanent business sign

Applying for Approval

Addresses for Submission of FHA Lender Approval Application Package	Payment of \$1,000 Application Fee
<p data-bbox="380 1276 483 1304" style="text-align: center;">U.S. Mail</p> <p data-bbox="142 1339 646 1415">FHA Lender Approval & Recertification Division 451 7th Street, SW, Rm B133 / P3214 Washington, D.C. 20410-8888</p> <p data-bbox="321 1444 535 1472" style="text-align: center;">Overnight delivery</p> <p data-bbox="142 1501 646 1577">FHA Lender Approval & Recertification Division 490 L'Enfant Plaza East, SW, Suite 3214 Washington, D.C. 20024-2118</p>	<p data-bbox="808 1276 1513 1465">Payment of lender approval application fee is done online using the Department of Treasury's pay.gov system at: https://www.pay.gov/paygov/. The new lender application fee payment screen can be assessed on the pay.gov website under "Housing and Urban Development Department" or "Federal Housing Administration" in the Agency List section. Please select the "FHA New Lender Application Fee" from the list of fee forms.</p> <p data-bbox="808 1495 1442 1549">Include a copy of your pay.gov payment confirmation in the application package.</p>

If you have any questions, please contact the FHA Resource Center. Its home web page is: <http://www.hud.gov/offices/hsg/sfh/fhresourcectr.cfm> . You can eMail the Resource Center at hud@custhelp.com or call them Monday-Friday, 8 am to 8 pm ET at (800) CALLFHA or (800) 225-5342.

Please visit FHA's comprehensive lender page at: <http://www.hud.gov/groups/lenders.cfm> for more links.

Thank you for your interest in FHA