



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

Date: March 19, 2024

Mortgagee Letter 2024-04

To: All FHA-Approved Mortgagees
All Direct Endorsement Underwriters
All Eligible Submission Sources for Condominium Project Approvals
All FHA Roster Appraisers
All FHA-Approved 203(k) Consultants
All HUD-Certified Housing Counselors
All HUD-Approved Nonprofit Organizations
All Governmental Entity Participants
All Real Estate Brokers
All Closing Agents

Subject Changes in Branch Office Registration Requirements

Purpose This Mortgagee Letter (ML) implements the provisions of Final Rule, *Changes in Branch Office Registration Requirements* (Docket No. FR-6321-F-02), which removed the requirement for Mortgagees to register with HUD all branch offices where FHA business is conducted.

Effective Date The provisions of this ML are effective immediately.

All updates will be incorporated into a forthcoming update of the HUD Handbook 4000.1, *FHA Single Family Housing Policy Handbook* (Handbook 4000.1).

Affected Programs The provisions of this ML apply to all Mortgagees approved for FHA Title I and/or Title II programs.

Background Handbook 4000.1 requires that a Mortgagee register all branch offices in which it conducts FHA business, including originating, underwriting, and/or servicing FHA-insured Mortgages.

Mortgagee Letter 2024-04, Continued

The policy was based on requirements in 24 CFR part 202, which asserted Mortgagees could, upon approval by the Secretary, maintain branch offices for the origination of Title I or Title II loans. Further, the branch offices were required to be registered with HUD for the branch to originate Title I or Title II loans or submit applications for mortgage insurance.

On March 1, 2023, HUD published a proposed rule in the Federal Register (FR) (88 FR 12906) to allow for public feedback on the proposed changes to 24 CFR part 202. The changes would eliminate the requirement for Mortgagees to register branch offices where it conducts FHA business and change applicable fees for branch offices. After reviewing and considering the comments received, HUD published the final rule (89 FR 7274) in the FR on February 2, 2024 to revise its regulations in 24 CFR 202.5(k) and (i). This ML updates Handbook 4000.1 requirements to accord with the published final rule.

All branch offices where a Mortgagee conducts FHA business must continue to meet HUD's requirements for Office Facilities (I.A.3.c.iii), all applicable licensing requirements (I.A.3.c.vi), Operating Requirements and Restrictions (I.A.6.a), and Staffing (I.A.6.i) addressed in Handbook 4000.1.

This mortgagee letter does not impact the 2023 recertification because the changes are effective March 4, 2024, which is after the recertification period for Mortgagees with a December 31, 2023 fiscal year end. Although the annual recertification is due to be completed by March 31, 2024, the fee will be calculated based on the registered branches as of the last business day of the Mortgagee's certification period (fiscal year end).

Summary of Changes

This ML:

- updates policy for registering Branch Offices (I.A.3.c.iii(B)(2) and I.A.4.a);
 - clarifies the "Area Approved for Business" (AAFB) for home offices and branch offices (I.A.4.b.ii);
 - updates the definitions for Branch Manager and Regional Manager (I.A.4.c.i); and
 - clarifies the policy requirements apply to registered branch offices (I.A.4.c.ii, I.A.4.c.iii, and I.A.7.f.ii).
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**FHA Single
Family Housing
Policy
Handbook
4000.1**

**Doing Business
with FHA**

The policy changes will be incorporated into Handbook 4000.1 as follows:

Eligibility Requirements (I.A.3.c)

iii. Office Facilities

(A) Definitions

(1) Home Office

The Mortgagee's Home Office is the main office from which it manages its FHA business.

(2) Branch Offices

Branch Offices are all other offices from which a Mortgagee **will conduct its** FHA business.

(B) Standard

(2) Branch Offices

Mortgagees **may** register any branch offices that will conduct FHA business in accordance with the requirements set forth in the [branch office](#) requirements. This includes any branches that will originate, underwrite, and/or service FHA-insured Mortgages.

The Mortgagee must ensure each registered branch office has at least one full-time employee. The Mortgagee may not rely on a shared receptionist or contractors to satisfy this full-time employee requirement.

The Mortgagee must display a [fair housing poster](#) in branch offices that deal with Borrowers and the general public.

**FHA Single
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**Doing Business
with FHA**

Branch Offices (I.A.4)

a. Registration

The Mortgagee **may** register [Branch Offices](#) in which it conducts FHA business, including originating, underwriting, and/or servicing FHA-insured Mortgages. The Mortgagee **can** register each branch office and pay [branch office registration fees](#) through the [Lender Electronic Assessment Portal](#)

Mortgagee Letter 2024-04, Continued

(LEAP). A 10-digit FHA Lender ID will be assigned to each registered branch office.

The Mortgagee cannot register a new branch office within a HUD Field Office jurisdiction in which it has withdrawn a branch office in the last six months. The Mortgagee must instead make a request through LEAP to reassign the former office's 10-digit FHA Lender ID to the new branch and must pay the branch office registration fee.

b. Single Family Lending Area

i. Definition

An "Area Approved for Business" (AAFB) is the geographic area in which a Mortgagee's home or branch office is permitted to originate or underwrite FHA Mortgages. The AAFB is subdivided into HUD Field Office jurisdictions.

HUD Field Office jurisdictions can be verified on www.hud.gov/lenders under the Mortgage Origination tab.

ii. Standard

A Mortgagee's home office and all its registered branch offices will initially be granted a nationwide AAFB. The home office and each branch office may only exercise its authority to originate or underwrite FHA Mortgages in those states where the Mortgagee fully complies with state origination and/or underwriting licensing and approval requirements. A Mortgagee may conduct FHA business from branch offices that are not registered with HUD that fully comply with state origination and/or underwriting licensing and approval requirements.

c. Managers

i. Definitions

(A) Branch Manager

A Branch Manager is an onsite manager for a registered branch office who manages one registered branch office.

(B) Regional Manager

A Regional Manager is a manager who oversees the operation of multiple registered branch offices.

ii. Standard

The Mortgagee must have a branch and/or regional manager to oversee each of its **registered** branch offices.

iii. Required Documentation

The Mortgagee must provide the full names and titles of its branch and regional managers, along with their contact information, **for its registered branch offices** in [LEAP](#).

**FHA Single
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4000.1**

Post-approval Changes (I.A.7)

f. Relocation to a Different State

i. Home Office

If the Mortgagee is changing the geographic address of its home office to a different state, the Mortgagee must submit a Change Request to FHA through [LEAP](#).

ii. Branch Office

If the Mortgagee is changing the geographic address of a **registered** branch office to a different state, the Mortgagee must terminate the branch FHA Lender ID for the original office and [register](#) the new location as a new branch office.

Approved Mortgages that were approved before the branch office termination became effective may be endorsed. Cases at earlier stages of processing cannot be submitted for insurance by the terminated branch. However, the cases may be transferred for completion of processing and underwriting to another branch office or Mortgagee authorized to underwrite FHA-insured Mortgages in that area.

**Paperwork
Reduction Act**

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3501-3520) and assigned OMB control numbers 2502-0005; 2502-0059; 2502-0117; 2502-0189; 2502-0302; 2502-0306; 2502-0322; 2502-0358; 2502-0404; 2502-0414; 2502-0429; 2502-0494; 2502-0496; 2502-0524; 2502-0525; 2502-0527; 2502-0538; 2502-0540; 2502-0556; 2502-0561; 2502-0566; 2502-0570; 2502-0583; 2502-0584; 2502-0589; 2502-0600; 2502-0610; and 2502-0611. In accordance with the PRA, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

**Feedback or
Questions**

HUD welcomes feedback from interested parties and will consider feedback in determining the need for future updates. Any feedback or questions regarding this ML may be directed to the FHA Resource Center at 1-800-CALLFHA (1-800-225-5342), answers@hud.gov, or www.hud.gov/answers. The FHA Resource Center is prepared to accept calls from persons who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. Information on how to make an accessible phone call is available at <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>.

Signature

Julia R. Gordon
Assistant Secretary for Housing -
FHA Commissioner
