



FHA INFO 2023-57

July 18, 2023

FHA Proposes Revisions to Investing Lenders and Investing Mortgagee Definitions and Updates to Language for Associated Requirements

Today, the Federal Housing Administration (FHA) published a proposed rule in the *Federal Register*, *Revision of Investing Lenders and Investing Mortgagees Requirements and Expansion of Government-Sponsored Enterprises Definition* [[Docket No. FR-6291-P-01](#)], for public comment.

This proposed rule would revise and clarify requirements for investing lenders and mortgagees to gain or maintain status as an FHA-approved lender or mortgagee, separately define Government-Sponsored Enterprises (GSEs) and the Federal Home Loan Banks (FHLB) from other governmental entities and align general FHA approval standards with current industry business practices. The proposed changes are largely designed to accommodate more precise language and definitions related to an investing lender or mortgagee's limited participation in FHA programs and do not represent a significant departure from existing requirements for most lenders and mortgagees originating, endorsing, or servicing FHA-insured loans and mortgages.

HUD regulations at [24 CFR part 202](#), establish the general standards and eligibility requirements for lenders and mortgagees participation in FHA's Title I and Title II programs.

Through this proposed rule, HUD proposes to update and make the following revisions to 24 CFR part 202:

- Separately define the GSEs and their approval requirements from other Federal, State, or municipal governmental agencies and Federal Reserve Banks in [24 CFR 202.10](#). Specifically, HUD proposes to separately define the term GSE in a new paragraph (b) in [24 CFR 202.10](#), with approval requirements that are tailored to the limited participation of the GSEs in FHA's Title I and Title II programs. The GSE definition would include the Federal Home Loan Mortgage Corporation (commonly known as Freddie Mac), and the Federal National Mortgage Association (commonly known as Fannie Mae), and the FHLBs.
- Require investing lenders and mortgagees to comply with applicable audit and financial statement requirements by adding language to [24 CFR 202.9](#), similar to the requirements for supervised and non-supervised lenders and mortgagees found in [24 CFR 202.6\(b\)\(4\)](#) and [24 CFR 202.7\(b\)\(3\)](#),

- Clarify that investing lenders and mortgagees must comply with FHA's annual certification requirements at [24 CFR 202.5\(m\)](#).
- Remove requirements from [24 CFR 202.5\(n\)\(2\)](#) that expired in 2013; and
- Make several technical or non-substantive edits to [24 CFR part 202](#) that would improve the clarity and readability.

Interested stakeholders are encouraged to review and submit comments on the proposed rule through September 18, 2023, following the methods outlined in the Federal Register Notice.

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