



FHA INFO 2024-40

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FHA Implements Provisions of Final Rule Clarifying Investing Mortgages and GSE Definition

Today, the Federal Housing Administration (FHA) published [Mortgagee Letter \(ML\) 2024-12, Expansion of Government–Sponsored Enterprises \(GSE\) Definition and Clarification of Investing Mortgagee Definition](#). This ML implements the provisions of the [final rule, Revision of Investing Lenders and Investing Mortgagees Requirements and Expansion of Government-Sponsored Enterprises Definition](#), announced April 23, 2024, in [FHA INFO 2024-21](#).

The final rule revised and clarified requirements for investing lenders and mortgagees to gain or maintain status as an FHA-approved lender or mortgagee, separately defines Government-Sponsored Enterprises (GSE), including the Federal Home Loan Banks (FHLB), from other governmental entities and aligned general FHA approval standards with current industry business practices. These changes were largely designed to provide for more precise language and definitions reflecting investing lenders' or mortgagees' limited participation in FHA programs and did not represent a significant departure from existing requirements for most lenders and mortgagees originating, endorsing, or servicing FHA-insured loans and mortgages.

This ML provides implementation guidance for the provisions in the [final rule](#). The policies in this ML:

- Distinguishes the two types of government mortgagees:
 - Governmental institutions.
 - Government-sponsored enterprises (GSE).
- Clarifies what activities governmental institutions and GSEs can perform as government mortgagees in FHA single family programs; and
- Updates the definition of investing lenders and mortgagees.

The provisions of this ML are effective immediately and apply to all mortgagees and lenders approved for Title I and/or Title II programs.

This policy update will be incorporated into a future version of [Single Family Housing Handbook 4000.1](#).

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