



FHA INFO 2025-06

January 14, 2025

FHA Updates and Streamlines its Nonprofit Approval and Recertification Requirements to Help Expand Program Participation

Today, the Federal Housing Administration (FHA) announces the publication of Mortgagee Letter (ML) [2025-05](#), *Updated Nonprofit Approval and Recertification Procedures*. This ML provides updated and revised guidance for nonprofit organizations seeking approval to participate in FHA's nonprofit programs.

FHA remains committed to extending affordable homeownership opportunities to its core constituency of first-time and low-to-moderate-income homebuyers, including those in underserved communities. The updates in this ML are designed to increase nonprofit organizations' participation in FHA's nonprofit programs by expanding the relevant experience requirements and simplifying the application and recertification requirements for nonprofits seeking approval and placement on the FHA Nonprofit Roster. Nonprofits must be approved and placed on the Roster to participate in FHA nonprofit programs that leverage their unique expertise to offer affordable homeownership opportunities for low- and moderate-income individuals and families.

Specifically, this ML:

- expands the relevant experience requirement to potentially qualify more eligible nonprofits;
- streamlines the recertification process so nonprofits are not required to submit a complete application for recertification. Only information that has changed during the approval period is required;
- revises the calculation for the Net Development Costs (NDC);
- updates requirements to allow nonprofits to submit one narrative describing their affordable housing program plan (AHPP) – instead on submitting an AHPP for each individual program they are applying for; and
- offers nonprofits the use of optional [model documents](#) to submit information and streamline recertification through a checklist.

New flexibility in FHA's requirements for approval and recertification of nonprofits will make it easier for these organizations to become eligible to participate in the following three FHA nonprofit programs:

1. **Secondary Financing:** allows nonprofits and government entities to provide secondary financing assistance to homebuyers using FHA insurance on a first mortgage when the downpayment assistance is secured with a second mortgage or lien.
2. **FHA Mortgagor:** allows nonprofits and government entities to be eligible for certain FHA-insured mortgage programs under the same provisions as owner occupant borrowers.
3. **HUD Homes:** allows nonprofits and government entities to purchase HUD-owned homes listed on the HUD [HomeStore](#) website at a discount and during the exclusive listing period reserved for owner-occupant, non-profit, and government entity purchasers.

This guidance may be implemented immediately but must be implemented no later than July 14, 2025.

All updates in this ML will be incorporated into a forthcoming update of the [Single Family Housing Policy Handbook 4000.1](#).

Resources

- New model documents are available on the [Single Family Model Documents](#) web page.
- [Nonprofit Organizations and Governmental Entities](#) webpages will be updated concurrently with the effective date of the ML.
- FHA subject matter experts will host a stakeholder briefing webinar soon. Details will be communicated in a future FHA INFO.

HUD-approved and prospective non-profit organizations and other interested parties are encouraged to thoroughly review [ML 2025-05](#) and contact the FHA Resource Center (referenced below) with questions.

Need Support? Contact the FHA Resource Center.

- Visit our knowledge base to obtain answers to frequently asked questions 24/7 at www.hud.gov/answers.
- E-mail answers@hud.gov. Emails and phone messages will be responded to during normal hours of operation, 8:00 AM to 8:00 PM (Eastern), Monday through Friday on all non-Federal holidays.
- Call 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339.

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