

Distribution Date: September 11, 2012

Reminder – Increased Adjusted Net Worth Requirements for Annual Renewal of a Lender's FHA Lender Approval

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Reminder - Increased Adjusted Net Worth Requirements for Annual Renewal of a Lender's FHA Lender Approval:

Effective for all lender fiscal years ending after May 20, 2013, the minimum adjusted net worth of an FHA-approved lender who wishes to renew its approval will be between \$1,000,000 and \$2,500,000 depending on their level of participation in the various FHA loan programs.

Participation in Single Family Programs. The minimum adjusted net worth is \$1,000,000 plus an additional net worth of one percent of the total volume in excess of \$25,000,000 of FHA single family insured loans originated, underwritten, purchased, or serviced during the prior fiscal year, up to a maximum required adjusted net worth of \$2,500,000, of which no less than 20 percent (up to a maximum of \$500,000) must be eligible liquid assets.

Participation in Multifamily Programs with Engagement in Loan Servicing. The minimum adjusted net worth is \$1,000,000 plus an additional net worth of one percent of the total volume in excess of \$25,000,000 of FHA multifamily insured loans originated, underwritten, purchased, or serviced during the prior fiscal year, up to a maximum required net worth of \$2,500,000, of which no less than 20 percent (up to a maximum of \$500,000) must be eligible liquid assets.

Participation in Multifamily Programs without Engagement in Loan Servicing. The minimum adjusted net worth is not less than \$1,000,000 plus an additional net worth of one half of one percent of the total volume in excess of \$25,000,000 of FHA multifamily insured loans originated, underwritten, or purchased during the prior fiscal year, up to a maximum required net worth of \$2,500,000, of which no less than 20 percent (up to a maximum of \$500,000) must be eligible liquid assets.

This change was first announced in Mortgagee Letter 2010-20 but had a delayed effective date to give lenders additional time to meet the higher requirements. To read ML2010-20 please visit: <http://portal.hud.gov/huddoc/10-20ml.pdf>

For FHA technical support, please contact the FHA Resource Center at: www.hud.gov/answers Search our online knowledge base & find answers to our most commonly asked questions. You can also get email technical support at: answers@hud.gov or phone FHA toll-free between 8:00 a.m. & 8:00 p.m. ET (5:00 a.m. to 5:00 p.m. PT) at: (800) CALLFHA or (800) 225-5342. Call FHA TDD at: (877) TDD-2HUD (877) 833-2483).