



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

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

1 **Date:** XXXX, 2024

2 **Mortgagee Letter** 2024-XX

3 **To:** All FHA-Approved Mortgagees  
4 All Direct Endorsement Underwriters  
5 All Eligible Submission Sources for Condominium Project Approvals  
6 All FHA Roster Appraisers  
7 All FHA-Approved 203(k) Consultants  
8 All FHA-Approved Title I Lenders  
9 All HUD-Certified Housing Counselors  
10 All HUD-Approved Nonprofit Organizations  
11 All Governmental Entity Participants  
12 All Real Estate Brokers  
13 All Closing Agents

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14 **Subject** Updates to Direct Endorsement Underwriter Eligibility Requirements

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15 **Purpose** This Mortgagee Letter (ML) revises the eligibility requirements for Direct  
16 Endorsement (DE) underwriters to allow part-time employment with an  
17 FHA-approved Mortgagee.

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18 **Effective Date** The provisions of this ML may be implemented immediately.

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

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22 **Affected** The provisions of this ML apply to all FHA Title II forward and Home  
23 **Programs** Equity Conversion Mortgage (HECM) programs.

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24 **Background** FHA recognizes that the financial landscape for smaller lending institutions  
25 and Community Development Financial Institutions (CDFIs) has evolved  
26 significantly over the past decade, presenting both opportunities and  
27 challenges in sustaining growth and meeting customer needs.

28 To reduce operational barriers, provide greater flexibility, and encourage  
29 participation in FHA programs, FHA is updating its policies to permit

1 Mortgagees to employ DE underwriters on a part-time basis. Experience  
2 requirements for DE underwriters have also been revised to accommodate  
3 part-time employment. All other aspects of FHA’s policies remain  
4 unchanged.

5 Mortgagees must continue to ensure their DE underwriters are employees of  
6 a single Mortgagee and underwriting functions are not contracted out.

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7 **Summary of** This ML:  
8 **Changes**

- revises the eligibility requirements to allow part-time employment  
9 (section I.B.3.b.i, Direct Endorsement Underwriter Eligibility –  
10 Eligibility Requirements)

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11 **FHA Single**  
12 **Family Housing**  
13 **Policy**  
14 **Handbook**  
15 **4000.1**

**Direct Endorsement Underwriter Eligibility (I.B.3.b)**

**i. Eligibility Requirements**

16 **Doing Business**  
17 **with FHA**

The DE underwriter must meet the following requirements:

- have either a minimum of:
  - three years experience reviewing credit applications and one- to four-unit property appraisals, within the past five years; or
  - two years experience reviewing credit applications and one- to four-unit property appraisals, within the past three years, combined with an additional three years of such experience within the past ten years; and
- be an employee of a single Mortgagee; and
- be authorized to bind the Mortgagee in matters involving origination of mortgages.

26 **Paperwork**  
27 **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; 2502-0328; 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.

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1 **Signature**

2 Julia R. Gordon  
3 Assistant Secretary for Housing -  
4 FHA Commissioner

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Drafting Table