



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FEDERAL HOUSING ADMINISTRATION

SINGLE FAMILY HOUSING



Welcome to...

Office of Lender Activities and Program Compliance

FHA New Applicant Webinar

Today's webinar begins
at 2:00 PM (Eastern)

We will be underway shortly

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- There will be a Q&A session following the presentation.
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- Online at: www.hud.gov/answers.
- Via email at: answers@hud.gov.
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Documents/Materials & Training Evaluation

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- Click **Chat** icon or **Landing Page** – select *Webinar Documents/Materials* link for copy of presentation.

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- Click on **Chat** icon or **Landing Page** – select *Survey* link.



Helpful Links

Click **Chat** icon or **Landing Page** – select links to bookmark:

- FHA Lenders page:
https://www.hud.gov/program_offices/housing/sfh/lender.
- FHA FAQ page:
<https://www.hud.gov/FHAFAQ>.
- Single Family Housing Archived Webinars (On Demand) page:
https://www.hud.gov/program_offices/housing/sfh/events/sfh_webinars.





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Office of Lender Activities and Program Compliance

FHA New Applicant Webinar

April 25, 2024

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Last Updated: 4/18/2024



OFFICE OF SINGLE FAMILY HOUSING



Disclaimer

The purpose of this presentation is to provide an overview and summation of recent changes to Federal Housing Administration (FHA) policy. It introduces and explains official policy issued in Department of Housing and Urban Development (HUD) Handbooks and Mortgagee Letters (ML). If you find a discrepancy between the presentation and Handbooks, MLs, etc., the official policies prevail. Please note, the information provided in this training is subject to change.

The information in this presentation is current as of the August 9, 2023, publication of HUD Handbook 4000.1, *FHA Single Family Housing Policy Handbook* (Handbook 4000.1).

Please consult HUD Handbooks and MLs through HUD's Client Information Policy Systems ([HUDCLIPS](#)) for the most recent updates and current policy.



Agenda

Types of Mortgagees

FHA Program Types

Eligibility Requirements

Online Application Guide

Application Process

Navigating the Online Application

Causes for Initial Rejection

Resources

Q&A



Types of Mortgagees



Types of Mortgagees

Lender	Definition
Government	A federal, state, or municipal governmental agency
Small Supervised	A member of the Federal Reserve System (FRS) or regulated by the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC) or the National Credit Union Administration (NCUA), that has consolidated assets below the threshold for audited financial reporting established by the Federal Banking Agency with oversight of the Mortgagee.
Large Supervised	A member of the FRS, or regulated by the FDIC, the OCC or the NCUA, that has consolidated assets greater than or equal to the threshold for audited financial reporting established by the Federal Banking Agency with oversight of the Mortgagee.
Non-Supervised	A lending institutions that has as its principal activity the lending or investing of funds in real estate mortgages, consumer installment notes, or similar advances of credit or the purchase of consumer installment contracts and are not approved as supervised.
Investing	An organization that invests funds to purchase, hold or sell FHA-insured loans.



FHA Program Types



FHA Program Types

Title I

- A Title I Lender may be approved to originate, underwrite, close, endorse, service, purchase, hold, or sell Loans under the Property Improvement program and/or the Manufactured Housing program.

Title II

- A Title II Mortgagee may be approved to originate, underwrite, close, endorse, service, purchase, hold, or sell FHA Single Family insured Mortgages or Multifamily Mortgages.



Eligibility Requirements



Eligibility Requirements

<ul style="list-style-type: none"> • Business Structure & Ownership 	<ul style="list-style-type: none"> • Creditworthiness
<ul style="list-style-type: none"> • Personnel 	<ul style="list-style-type: none"> • Funding Program
<ul style="list-style-type: none"> • Quality Control Plan 	<ul style="list-style-type: none"> • State License or Registration
<ul style="list-style-type: none"> • Unique Entity Identifier 	<ul style="list-style-type: none"> • Fidelity Bond
<ul style="list-style-type: none"> • Financial Requirements 	<ul style="list-style-type: none"> • Errors and Omissions Insurance
	<ul style="list-style-type: none"> • Mortgagee Name
	<ul style="list-style-type: none"> • Office Facilities
	<ul style="list-style-type: none"> • Principal Activity



Eligibility Requirements – Business Structure & Ownership

All Principal Owners must be identified in the application. A Principal Owner is any individual or entity meeting the following thresholds or roles.

Business Structure	Principal Owners
Publicly Traded Corporation	10% or more ownership
Private or Close Corporation	25% or more ownership
Limited Liability Company	All Members
Partnership	All Partners



Eligibility Requirements – Personnel

- The applicant must identify all Corporate Officers, as defined in HUD Handbook 4000.1, *FHA Single Family Housing Policy Handbook* (Handbook 4000.1) who will be directly involved in managing, overseeing, or conducting FHA business.
- The applicant must designate an Officer in Charge who is a full-time Corporate Officer exclusively employed by the applicant and with at least 3 years of experience in the specific functions or activities that it will perform.

Eligibility Requirements – Quality Control Plan

- Applicants must provide a Quality Control Plan that includes all requirements specified in **Section V: Quality Control, Oversight and Compliance** of the most current version of HUD Handbook 4000.1, *FHA Single Family Housing Policy Handbook* (Handbook 4000.1).
- The Quality Control Plan must be specific to the authorities the applicant is seeking approval to perform.

Eligibility Requirements – Unique Entity Identifier

The Unique Entity Identifier (UEI) is an alpha-numeric identifier used by federal government agencies to maintain consistent identifying data for entities doing business with the government.

- Institutions seeking FHA approval must have a UEI with an **Active Registration** status in the System for Award Management (SAM) at SAM.gov.
- The registration data for the institution in SAM.gov must match the Tax ID (TIN) number and institution name provided in the application for FHA approval.
- After approval, the UEI must continue to comply with the above requirements at all times to remain eligible.
- For additional information on UEI registration and maintenance visit: <https://sam.gov/content/help>



Eligibility Requirements – Financial Requirements

Adjusted Net Worth

- Minimum adjusted net worth: \$1,000,000.

Liquidity

- No less than 20 percent of its required net worth in liquid assets.

Principal Activity

- Non-supervised Mortgagee must derive at least 50 percent of its gross revenue from its activities in lending or investing of funds in real estate mortgages, consumer installment notes or similar advances of credit, the purchase of consumer installment contracts, or from a directly related field.



Eligibility Requirements - Financial Requirements (continued)

Audit Period Covered

- Audited financial statements must cover the most recent fiscal year.
- The end date of the audited financial statements must align with the applicant's fiscal year end period at the time of the application.
- If the end date for the audited financial reports is more than six months old, the Mortgagee must also submit unaudited financial statements for the most recent interim accounting period.



Eligibility Requirements - Financial Requirements (continued)

Segment	Financial Documentation Requirements
Small Supervised	<ul style="list-style-type: none"> • Signed Unaudited Regulatory Report
Large Supervised Non-Supervised Mortgagees Investing	<ul style="list-style-type: none"> • Independent Auditor's Report to include opinions on Financial Statements and Supplementary Information • Audited Balance Sheet • Audited Income Statement • Audited Statement of Cash Flows • Audited Statement of Change in Equity • Notes to the Financial Statements • Audited Computation of Adjusted Net Worth
Government	<ul style="list-style-type: none"> • Not Applicable

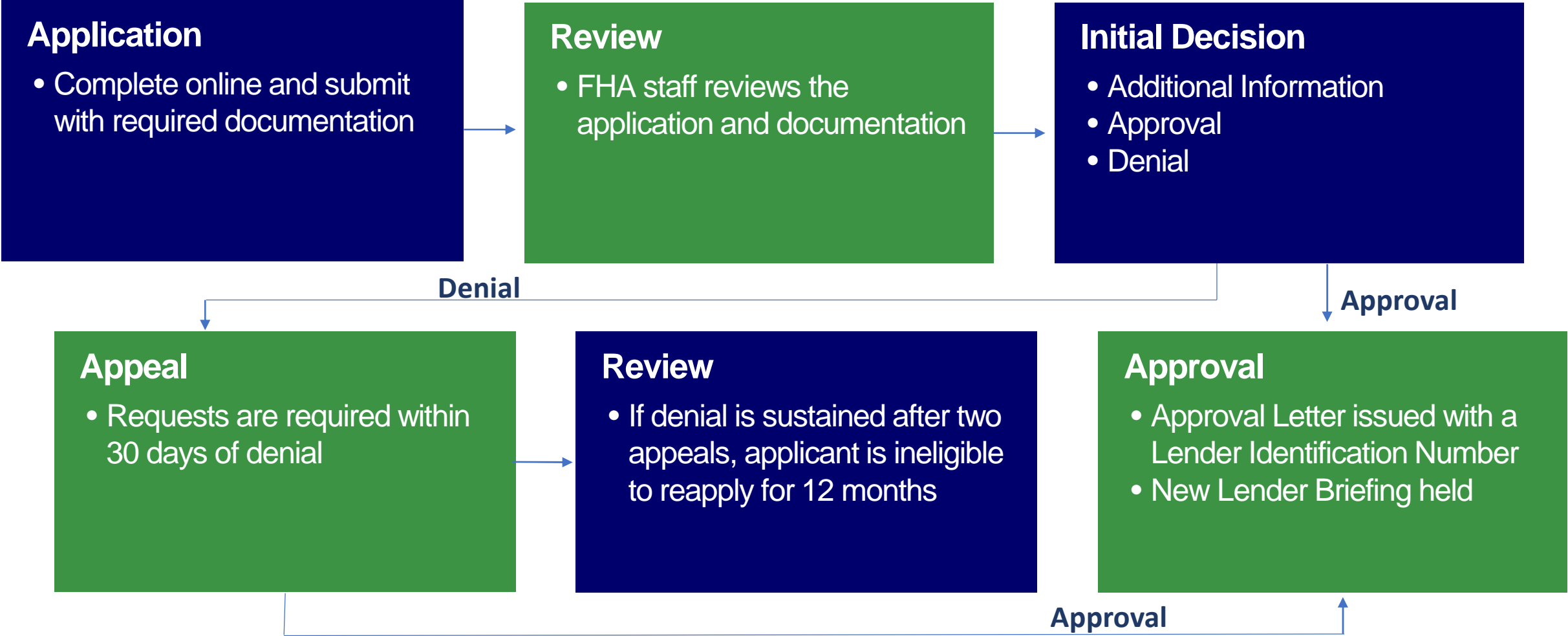
Online Application Guide



Application Process



Application Process




Navigating the Online Application




Navigating the Online Application – Registration

TUESDAY, APRIL 18, 2023

HUD.GOV
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User Login

This application is only for lender applicants seeking new FHA approval. If you are applying for both Title I and Title II approval, you will apply for both on the same application. If you are an existing FHA lender seeking to expand your approval to either Title I or Title II, you must Create A New Request in LEAP to 'Add Insurance Authority.'

Do not use this portal for requesting additional authority. For all other activities, please visit HUD's comprehensive Lenders Page for more links.

Do not use the forward and back buttons on your browser. Instead you may navigate from tab to tab with the Back and Continue arrows found at the bottom of each screen.

Note: Username cannot be more than 20 characters.

User ID *

Password *

Already Registered.

New applicant. [Register Here!](#)

[Forgot/Reset your password. Enter valid User ID and click here!](#)



Navigating the Online Application – General Tab

Instructions **General** Contact Address Admin Contact Lender Type Officers & Owners Attachments Certifications Summary Payment E-Signature

General Information

Company Name *

DBA (Doing Business As) (if applicable)

Tax ID - *

NMLS ID

UEI Number *

A unique 12-digit alphanumeric value for business and required in order to do business with the Federal Government.

Date Company Established *

Fiscal Year End Month *

Minority/Women-Owned Business *

Nonprofit Entity? (Exempt from Application Fee) Yes No*

Affiliation with Home Builder (Y/N) Yes No*

Builder's Name *

Builder's Tax ID - *



Navigating the Online Application – Administrative Contact Tab

Admin contact

First Name *

Middle Initial

Last Name *

Phone () - - * Extn

Fax () - -

Email *

Verify Email *

Check here if geographic address is the same

Address Line 1 *

Address Line 2

State *

City *

County

Zip *

[Validate Address](#)

[Back](#) [Continue](#)

- This person is the primary point of contact designated to receive all correspondence from FHA after approval.
- This person must have an understanding of the FHA Program and be able to answer or direct questions to the appropriate party.

Navigating the Online Application – Officers & Owners Tab

Officers & Owners Information

List all of officers who will be directly involved in managing, overseeing, or conducting the FHA business of the applicant. For each entry, select the appropriate category (Individual or Company/Corporation) and complete the section that applies.

Individual (Officer and/or Owner) **Company/Corporation (Owner)**

<p>Salutation: <input type="text" value="v"/></p> <p>Individual Name: <input type="text" value="First"/> <input type="text" value="MI"/> <input type="text" value="Last"/> *</p> <p>Job Title: <input type="text" value="v"/> *</p> <p>SSN: <input type="text" value=""/> - <input type="text" value=""/> - <input type="text" value=""/> *</p> <p>Officer In Charge: <input type="checkbox"/></p> <p>Email: <input type="text" value=""/> *</p> <p>Verify Email: <input type="text" value=""/> *</p> <p>Percent Ownership: <input type="text" value=""/> % *</p>	<p>Company Name: <input type="text" value=""/> *</p> <p>Tax Identification Number: <input type="text" value=""/> - <input type="text" value=""/> *</p> <p>Percent Ownership: <input type="text" value=""/> % *</p>
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Email and Verify Email addresses must be identical



Navigating the Online Application – Certifications Tab

Certification of Compliance

A designated Corporate Officer for the applicant, must complete a series of certification statements.

Unable to Certify

If an applicant is unable to certify to any of the certification statements, a detailed explanation must be included for each relevant statement. The explanation:

- Must be on the applicant's letterhead.
- Must be dated.
- Must be signed by the Corporate Officer who signs the application.
- Must contain language certifying that, if approved, the applicant will comply with all FHA requirements.



Navigating the Online Application – Submission

Current Applications

The information collection requirements contained in this system have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-35 and assigned OMB control number 2502-0005. In accordance with the Paperwork Reduction Act, 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.

Tracking Number	Company Name	Status	
1-SUFKWU	TEST April 12th	Submitted	Withdraw Application



Causes for Initial Rejection



Causes for Initial Rejection

1. The Financial Requirements are not met.
2. A valid UEI was not provided.
3. The Quality Control Plan does not meet all required elements.
4. The Operating Agreement for an LLC does not address duration and/or succession.
5. The credit report submitted for Corporate Officers and/or individual owners is not an acceptable.

Causes for Initial Rejection (continued)

6. The Funding Program documentation does not include the executed agreement and/or evidence of sufficiency.
7. The person designated as Officer in Charge does not meet all requirements.
8. The state-issued lending license is not provided.
9. The fidelity bond and/or errors and omissions policies do not meet the requirements.
10. The office facilities designated as the Home Office are not acceptable.

Resources



References

- Single Family Housing Archived Webinars
https://www.hud.gov/program_offices/housing/sfh/events/sfh_webinars
- Online Application Link
<https://www5.hud.gov/FHALender/>
- How to Become an FHA-approved Lender
https://www.hud.gov/program_offices/housing/sfh/lender/lendappr
- Single Family Housing Policy Handbook 4000.1, Doing Business with FHA
[SFH Handbook 4000.1 | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#)
- The HUD-OIG Consolidated Audit Guide is available at:
<http://www.hudoig.gov/reports-publications/audit-guides/consolidated-audit-guides>



References (continued)

- Entity Registration and the Unique Entity Identifier (UEI)
<https://sam.gov/content/entity-registration>
- Single Family Housing News (FHA INFO) emails: Frequent email notifications of new policies and training opportunities for anyone who signs up. To sign up go to:
https://www.hud.gov/program_offices/housing/sfh/FHA_INFO_subscribe



FHA Resource Center

Option	Point of Contact	Hours Available	Comments
1 FHA Knowledge Base – FAQs	www.hud.gov/answers	24/7/365	Knowledge Base web page includes option to email questions.
2 Email	answers@hud.gov	24/7/365	
3 Telephone	1-800-CALL-FHA (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.	8:00 AM to 8:00 PM Eastern M-F	Voicemail is available after hours or during extended wait periods.

FHA INFO emails: Frequent email notifications of new policies and training opportunities for anyone who signs up. Subscribe at: https://www.hud.gov/program_offices/housing/sfh/FHA_INFO_subscribe



Q&A



Q&A Instructions

Check your audio to ensure it's working correctly:

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- Test/change audio settings on computer/smartphone/telephone by selecting *Audio Settings* on toolbar.

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Option A: Computer or smartphone

- If viewing webinar through computer or smartphone, click Raise Hand icon. You will receive onscreen message to unmute yourself - click Unmute Myself button. When prompted by moderator, provide your name, company affiliation, then ask your question.

Option B: Standard telephone line

- To ask a question, press *9 to be placed in queue. Webinar moderator will unmute your phone and you will hear an automated voice message stating You Are Unmuted. When prompted by moderator, provide your name, company affiliation, then ask your question.

Thank you for joining us today!

