Section D. FHA Connection

Overview

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1. Overview of the FHA Connection

Introduction   This topic contains general information on the FHA Connection, including

- a description of FHA Connection
- FHAC functionality
- FHAC Help Screen information
- FHAC error messages
- logging appraisal information into FHAC, and
- FHAC B2G.

Change Date   March 1, 2011

**4155.2 1.D.1.a
Description of
FHA
Connection**

The FHA Connection (FHAC) is an interactive portal on the Internet that provides approved FHA lenders real-time access to several FHA systems, including FHA's Computerized Homes Underwriting Management System (CHUMS).

Reference: For more information, see the FHA Connection Guide.

1. Overview of the FHA Connection, Continued

**4155.2 1.D.1.b
FHAC
Functionality**

FHAC provides lenders with the ability to perform the following transactions
electronically:

- request
  - FHA case number assignments
  - appraiser assignments
  - case queries
  - refinance authorizations
  - insurance
  - inspector assignments
  - loan data
  - case cancellations
  - Credit Alert Interactive Voice Response System (CAIVRS) authorizations
  - reports, and
  - Home Equity Conversion Mortgage (HECM) insurance
- transfer cases to other lenders or sponsors
- query approval lists
- create
  - Institutional Master File (IMF) sponsor relationships, and
  - Authorized Agents for Title II
- register
  - underwriters
  - automated underwriting systems, and
  - sponsored third-party originators (TPO)
- transmit any additional FHA information on a particular property
- change IMF addresses
- inquiry IMF addresses, and
- add Title I and Title II branches.

Important: Direct Endorsement (DE) lenders must use FHAC. The
Homeownership Centers (HOC) will not accept telephone or mail requests for
case numbers, case status, or any actions that can be performed by the lender
through FHAC.

1. Overview of the FHA Connection, Continued

4155.2 1.D.1.c Help Screen Information	A Help ? icon is located on the upper right hand corner of each FHAC screen to assist the user. The Help window describes the system's

- functions
- data entry fields
- valid data entries, and
- information that is returned to the user upon performing various functions.

Important: Lenders should consult the Help screens before calling FHA for assistance with the data entry fields.

Reference: For more information on FHAC, see the FHA Connection Guide.

4155.2 1.D.1.d FHAC Error Messages	FHAC users receive immediate feedback, in the form of electronic error messages, on reasons for possible non-insurance. Lenders must correct any errors before cases are submitted for insurance.

Reference: For information on the types of errors the lender must correct prior to submitting the case binder for insurance, see the FHA Connection Guide.

4155.2 1.D.1.e Logging Appraisal Information Into FHAC	For all cases, including HECMs, the

- appraiser must send his/her original appraisal and one copy to the lender (the appraiser should not mail the appraisal to the HOC), and
- lender is required to enter the appraisal information into FHAC prior to receiving insurance.

When mailing the HUD case binder to the HOC, the DE lender must include the original appraisal and copy provided by the appraiser.

Note: Lenders originating HECM loans enter the appraisal information into FHAC for the system to calculate the mortgage insurance premium (MIP).

References: For more information on
- on the Appraisal Logging screen, see ML 10-15, and
- FHAC, see the FHA Connection Guide.

1. Overview of the FHA Connection, Continued

4155.2 1.D.1.f   The FHA Connection Business-to-Government (FHAC B2G) specification
FHAC B2G   allows lenders to transmit data directly from their own internal loan
processing systems to FHA without re-keying data into FHAC or functional
equivalent.

B2G reduces the data entry burden for lenders and allows efficient
transmission of large volumes of data to FHA. The FHAC B2G Guide and a
list of available functions and enhancements may be found at
http://www.hud.gov/offices/hsg/sfh/f17c/welcome.cfm

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2. Accessing FHA Connection

Introduction   This topic contains information on accessing the FHA Connection, including

- where to access FHA Connection (FHAC)
- types of user IDs for FHAC, and
- obtaining user IDs for FHAC.

Change Date   March 1, 2011

4155.2 1.D.2.a   The FHA Connection (FHAC) is accessed on the Internet
Where to
Access FHA
Connection   - from the HUD website at www.hud.gov, or
                          - at https://entp.hud.gov/clas.

                          Also available at the HUD website are the

                          - *FHA Connection Quick Start Guide*, with in-depth instructions on using the portal, and
                          - *FHA Connection Guide*, which describes the functions available to lenders.

4155.2 1.D.2.b   A user identification number (ID) is necessary to sign onto the FHAC portal.
Types of IDs   The two types of user IDs that are issued are the
for FHAC
                          - Application Coordinator ID, and
                          - Standard ID.

                          Each lender must designate an Application Coordinator at the corporate level prior to requesting standard IDs.

                          Note: A maximum of two Application Coordinator IDs may be issued per lender at the corporate level.

2. Accessing FHA Connection, Continued

**4155.2 1.D.2.c
Obtaining User
IDs for FHAC**

The table below describes the stages in the process for obtaining Application Coordinator and standard user IDs for FHAC.

Stage	Description
1	The lender designates an Application Coordinator (or a maximum of two Coordinators).
2	The Application Coordinator obtains an ID by completing the FHA Application Coordinator Registration Form on the FHAC website with the following information: • name • Social Security number (SSN) • lender ID • e-mail address • mother's maiden name • desired password, and • the system name for which they are applying for the ID.
3	After successfully completing the form • the system generates a user ID which is mailed to the lender's president/CEO, and • the president/CEO forwards the ID upon receipt to the Application Coordinator. *Note*: If the president/CEO feels that the applicant should not receive this ID, he/she may contact the Help Line at 1-800-CALLFHA (800-225-5342) to have the ID terminated.
4	Once the Application Coordinator has his/her ID, other lender employees may request standard IDs for themselves by • completing the FHAC ID Registration form, indicating that they are requesting standard IDs, and • providing the same information as in Stage 2.

2. **Accessing FHA Connection,** Continued

4155.2 1.D.2.c Obtaining User IDs for FHAC (continued)

Stage	Description
5	After the employees successfully complete their registrations • the system generates the standard IDs, and • the Application Coordinator is able to retrieve the IDs from the system.
6	The Application Coordinator uses the FHAC *Maintenance Screen* to • grant company employees proper authorization and access to different applications (such as *Case Query, Appraiser Reassignment, Insurance Processing*, etc.), and • remove IDs from the system when necessary.

3. Requesting an FHA Case Number

Introduction	This topic contains information on using the FHA Connection to obtain case numbers, including

- requesting an FHA case number, and
- requesting case number before appraiser assignment
- case numbers on sponsored originations
- NMLS ID for case number assignment, and
- requirements for obtaining case numbers.

Change Date	March 1, 2011

4155.2 1.D.3.a Requesting an FHA Case Number	Lenders should request and cancel case numbers in accordance with prudent business practices and existing guidance, using the FHA Connection (FHAC) or its functional equivalent. A case number should be obtained only when the lender has an active loan application for the subject borrower and property in accordance with HUD 4155.2 1.A.2.a.

Sponsored third-party originators (TPO) cannot order FHA case numbers or access FHAC.

References: For more information on
- ordering case numbers on sponsored originations, see HUD 4155.2 1.D.3.c
- additional requirements for requesting a case number, see HUD 4155.2 1.D.3.e
- cancellation of case numbers, see HUD 4155.2 1.D.4, and
- FHAC, see the FHA Connection Guide.

4155.2 1.D.3.b Requesting Case Number Before Appraiser Assignment	Lenders may request a case number in FHAC without first having to select an appraiser from the FHA Appraiser Roster and input the appraiser's information in the *Case Number Assignment* screen.

The effective date of the appraisal must be after the case number assignment date, except in limited circumstances as described in HUD 4155.2 4.4.o.

References: For more information on
- the FHA Appraiser Roster, see HUD 4150.2, and
- property valuation and appraisals, see Chapter 4 of HUD 4155.2.

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3. Requesting an FHA Case Number, Continued

4155.2 1.D.3.c Case Numbers on Sponsored Originations

Lenders will not be able to order case numbers for sponsored originations unless their TPO has been registered in FHAC, per instructions provided at HUD 4155.2 1.D.6.a.

On the *Case Number Assignment* screen, the sponsoring lender that is requesting the case number must answer, "Is this a Sponsored Originator Case?" If the lender selects

- **Yes**, it must click on the *Sponsored Originator EIN* selection from the drop-down window, and enter the TPO's EIN in the field, or
- **No**, this response indicates that it is acting in the capacity of an FHA-approved entity. The lender must click on the *Originator ID* selection from the drop-down window, and enter the FHA lender ID in the field.

4155.2 1.D.3.d NMLS ID for Case Number Assignment

Effective April 1, 2011, the name of the loan officer who took the application from the borrower and his/her Nationwide Mortgage Licensing System and Registry identification number (NMLS ID) must be entered on the revised Uniform Residential Loan Application and the *Case Number Assignment* screen in FHAC.

Reference: For additional information required on sponsored TPO loans, see HUD 4155.2 1.D.3.c.

4155.2 1.D.3.e Requirements for Obtaining Case Numbers

Effective April 18, 2011, when requesting a case number, FHA systems will require the lender to

- certify that it has an active loan application for the subject borrower *and* property in accordance with HUD 4155.2 1.A.2.a, and
- provide the subject borrower's name and social security number for *all* proposed construction and existing construction less than one year old.

Reference: For a screen shot of the system enhancement for this requirement, see Appendix I of ML 2011-10.

4. Canceling and Reinstating Case Numbers

Introduction	This topic contains general information on canceling and reinstating case numbers, including

- canceling a case number
- automatic case number cancellations, and
- reinstatement of case numbers.

Change Date	March 1, 2011

4155.2 1.D.4.a Canceling a Case Number	The lender must fax a cancellation request, specifying the reason for cancellation, to the appropriate Homeownership Center (HOC) to close an outstanding file and cancel the FHA case number if

- an appraisal has not been completed and the borrower will not close the loan as an FHA loan
- the FHA mortgage insurance will not be sought, or
- the appraisal has already expired.

Reference: For information on requesting an FHA case number, see HUD 4155.2 1.D.3.

4. Canceling and Reinstating Case Numbers, Continued

**4155.2 1.D.4.b
Automatic Case
Number
Cancellations**

Beginning April 18, 2011, FHA's systems will automatically cancel an uninsured case number where there has been no activity for six months since the last action taken, except for

- an appraisal update, or
- transmission of the Upfront Mortgage Insurance Premium (UFMIP) to FHA.

"Last action taken" includes

- case number assigned
- appraisal information entered
- firm commitment issued by FHA
- insurance application received and subsequent updates, and
- Notice of Return (NOR) and resubmissions.

Last action taken does *not* include updates to borrowers' names and/or property addresses. For example, making changes to the number of borrowers on a loan will not reset the six-month timeframe for automatic cancellation.

A report on case numbers that will be automatically cancelled the following month may be accessed through *FHA Connection/Single Family Origination/Origination Reports*.

**4155.2 1.D.4.c
Reinstatement
of Case
Numbers**

If a case number has been canceled, and FHA insurance *will* be sought, the lender must fax a request to the appropriate HOC, requesting that the case number be reinstated to an active status.

Case numbers that were automatically cancelled, including those for condominium units, will not be re-instated unless the lender provides evidence that

- the subject loan closed prior to cancellation of the case number, such as a HUD-1 *Settlement Statement*, or
- not reinstating the case number causes an undue hardship to the borrower that is unrelated to recent changes to premiums and underwriting requirements.

5. Transferring Case Numbers

Introduction	This topic contains information on transferring case numbers, including • requirements for the transferring lender • case number transfer for new borrower using existing appraisal • case number transfer involving a rejected loan • case number transfer involving a Master Appraisal Report (MAR), and • case number transfer involving a sponsored originator.
Change Date	March 1, 2011
4155.2 1.D.5.a Requirements for the Transferring Lender	Transferring lenders are expected to cooperate in the transfer of case numbers. At the borrower's request, the lender must assign the case number to the new lender using the *Case Transfer* function in the FHA Connection (FHAC). Additionally, the transferring lender • is *not* entitled to a fee for the transfer of a streamline refinance case number, regardless of the current stage of processing for the loan • may be entitled to any lock-in fee collected from the borrower at the time of application • *is* required to provide the new lender with the appraisal, but is *not* required to provide any processing documents. *Note*: If processing documents *are* provided, the transferring lender • must negotiate the fee with the new lender, and • is *not* authorized to charge the borrower a separate fee for the transfer of the processing documents. *Reference*: For more information on the FHA Connection, see HUD 4155.2 1.D.2.

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5. Transferring Case Numbers, Continued

**4155.2 1.D.5.b
Case Number
Transfer for
New Borrower
Using Existing
Appraisal**

If a case number transfer involves a new borrower using an existing appraisal, the new lender

- collects an appraisal fee from the new borrower, and
- sends the fee to the original lender, who, in turn, refunds the fee to the original borrower.

**4155.2 1.D.5.c
Case Number
Transfer
Involving a
Rejected Loan**

If the transfer involves a rejected loan, the original lender must complete the *Mortgage Credit Reject* function in FHAC prior to transferring the loan.

Reference: For more information on the FHA Connection, see HUD 4155.2 1.D.2.

**4155.2 1.D.5.d
Case Number
Transfer
Involving a
MAR**

If a case number transfer involves a Form HUD 91322.1, *Master Appraisal Report (MAR)*, the transferring lender is only entitled to a pro-rata share of the cost of the MAR.

While the lender may have expended resources to obtain the MAR in anticipation of capturing most, if not all, of the individual mortgage loans, it may not deny an appraisal assignment request to a borrower who wishes to use an alternative lender.

Example: If the MAR is for 100 units at a cost of $10,000, the new lender pays the transferring lender $100 per unit.

Important: As of January 12, 2011, no new case numbers will be assigned for loans in which the appraisal report is a MAR. For more information on the elimination of MARs, see ML 11-07.

5. Transferring Case Numbers, Continued

4155.2 1.D.5.e
Case Number
Transfer
Involving a
Sponsored
Originator

To transfer a case number to a new approved lender or sponsored third-party originator (TPO), the transferring lender must complete the actions in FHAC as described in the table below.

If the loan origination company is acting in the capacity of…	Then, from the drop-down window…
sponsored third-party originator (TPO)	• click on *Sponsored Originator EIN* selection • enter the EIN in the field, and • enter date of Assignment Letter.
FHA-approved lender	• click on *Originator ID* selection • enter the FHA approved lender ID in the field, and • enter date of Assignment Letter.

Note: The date of Assignment Letter is the date that the transfer between lenders occurred.

6. FHA Connection for Third-Party Originators and Sponsors

Introduction

This topic contains information on the use of FHA Connection (FHAC) for third-party originators and their sponsoring lenders, including

- sponsored originator maintenance screen in FHA Connection
- sponsored originators in FHAC, and
- case number assignment screen for sponsored originations
- Insurance Application and HECM Insurance Application screens, and
- case query screen.

Change Date

March 1, 2011

4155.2 1.D.6.a Sponsored Originator Maintenance Screen in FHA Connection

Third-party originators (TPO) must be registered in FHA Connection (FHAC) by their sponsoring lenders, on the *Sponsored Originator Maintenance* screen listed on the *Single Family Origination, FHA Approval List* selection screen. The sponsoring lender's FHAC Application Coordinator must grant the appropriate users access to register TPOs, as described in
HUD 4155.2 1.D.2.c.

For registrations, the TPO must provide the

- entity's legal name
- Employer Identification Number (EIN) issued by the Internal Revenue Service, and
- Nationwide Mortgage Licensing System & Registry (NMLS) identification number.

Lenders can view existing or add new TPOs on the *Sponsored Originator Maintenance* screen.

4155.2 1.D.6.b Sponsored Originators in FHAC

Once a sponsored TPO has been registered in FHAC, any sponsoring lender may process FHA loans with that entity.

Lenders that are FHA-approved may originate FHA loans as a sponsored originator. The processes in this section regarding FHAC for sponsored TPOs also apply to FHA-approved lenders acting as sponsored originators.

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6. FHA Connection for Third-Party Originators and Sponsors,
Continued

**4155.2 1.D.6.c
Case Number
Assignment
Screen for
Sponsored
Originations**

The *Case Number Assignment* screen in <u>FHAC</u> requires the entry of data that indicates if a loan is a sponsored origination. If the <u>TPO</u> is not already registered in FHAC, the sponsoring lender will receive an error message when requesting a case number.

References: For information on
• registering TPOs in FHAC, see <u>HUD 4155.2 1.D.6.a</u>, and
• ordering case numbers for sponsored originations, see <u>HUD 4155.2 1.D.3.c</u>.

**4155.2 1.D.6.d
Insurance
Application and
HECM
Insurance
Application
Screens**

The two *Insurance Application* entry screens will display the sponsored <u>TPO</u>'s name and <u>EIN</u> that was previously entered on the *Case Number Assignment* screen.

References: For more information on
• the *Case Number Assignment* screen for Sponsored Originations, see <u>HUD 4155.2 1.D.6.c</u>, and
• ordering case numbers for sponsored originations, see <u>HUD 4155.2 1.D.3.c</u>.

**4155.2 1.D.6.e
Case Query
Screen**

The *Case Query* screen will display the sponsored <u>TPO</u> for sponsored originator cases.