U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION
SINGLE FAMILY HOUSING

Your Door to
FHA
HOMEOWNERSHIP

Welcome to…

FHA Application Workshop Series:

Session 2 - Non-Supervised Applicants

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

We will be underway shortly

Please test your speakers and choose Audio source (computer/smartphone or telephone) by selecting desired option in **Audio Settings** – see left side of toolbar at bottom of screen.

Technical Support

- Recommend Chrome browser.

- Technical issues? Review *Technology FAQs* by clicking **Chat** icon at bottom of screen or **Landing Page**.

- Need additional tech support? Click *Contact Tech Support* icon on **Chat** link or **Landing Page.**

Q&A Session

- There will be a Q&A session following the presentation.
- Follow instructions in *Q&A Instructions* link found in the **Chat** icon/**Landing Page** and **Q&A Instructions** slide at end of the presentation.
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- Select one of the two Audio options:
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- Send unanswered questions to the FHA Resource Center.

Contact FHA Resource Center

- Online at: www.hud.gov/answers.
- Via email at: answers@hud.gov.
- Via phone at: 1-800-Call-FHA (1-800-225-5342)

Persons with hearing or speech impairments call the Federal Relay Service at 1-800-877-8339.

Documents/Materials & Training Evaluation

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

Training Evaluation:
- 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 Application Workshop Series: Session 2 - Non-Supervised Applicants

July 11, 2023

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Last Updated: 5/22/2023

Agenda

Types of Mortgagees

FHA Program Types

Eligibility Requirements

Application Process & Required Documentation

Navigating the Online Application

Causes for Initial Rejection

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Q&A

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Types of Mortgagees

Types of Mortgagees – Non-Supervised and Investing Mortgagees

Type	Definition
Non–Supervised	Lending institutions that have as their 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 or from a directly related field.
Investing	An organization that invests funds to purchase, hold or sell FHA-insured mortgages.

Type	Authorities
Non–Supervised	A Non-Supervised Mortgagee may originate, underwrite, close, endorse, service, purchase, hold, or sell FHA-insured mortgages.
Investing	An Investing Mortgagee may purchase, hold, or sell FHA-insured mortgages. An Investing Mortgagee may only service FHA-insured mortgages if it receives prior approval.

FHA Program Types

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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

- **Business Structure & Ownership**
- **Personnel**
- **Financial Requirements**
- **Principal Activity**
- **Quality Control Plan**
- **Unique Entity Identifier**

- Creditworthiness
- Funding Program
- State License or Registration
- Fidelity Bond
- Errors and Omissions Insurance
- Mortgagee Name
- Office Facilities

Eligibility Requirements – Business Structure & Ownership

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

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

Eligibility Requirements – Personnel

- The applicant must identify all Corporate Officers, as defined in 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 – Financial Requirements

Adjusted Net Worth
- Minimum adjusted net worth: $1,000,000

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

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Eligibility Requirements – Principal Activity

A 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 – 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 Single Family 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 (UEI)

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

- Entities seeking FHA approval must have a valid UEI and have an Active Registration status with the System for Award Management (SAM) at SAM.gov.

- The Entity's registration data at SAM.gov must match the TAX ID (TIN) number, institution name, and home office geographic address provided in the application.

Application Process & Required Documentation

Application Process

Application	Review	Initial Decision
• Complete online and submit with required documentation	• FHA staff reviews the application and documentation	• Additional Information • Approval • Denial

Denial → **Approval** →

Appeal	Review	Approval
• Must be received within 30 days of denial	• If denial is sustained after 2 appeals, applicant is ineligible to reapply for 12 months	• Approval Letter issued with a Lender Identification Number • New Lender Briefing held

Approval →

Required Documentation

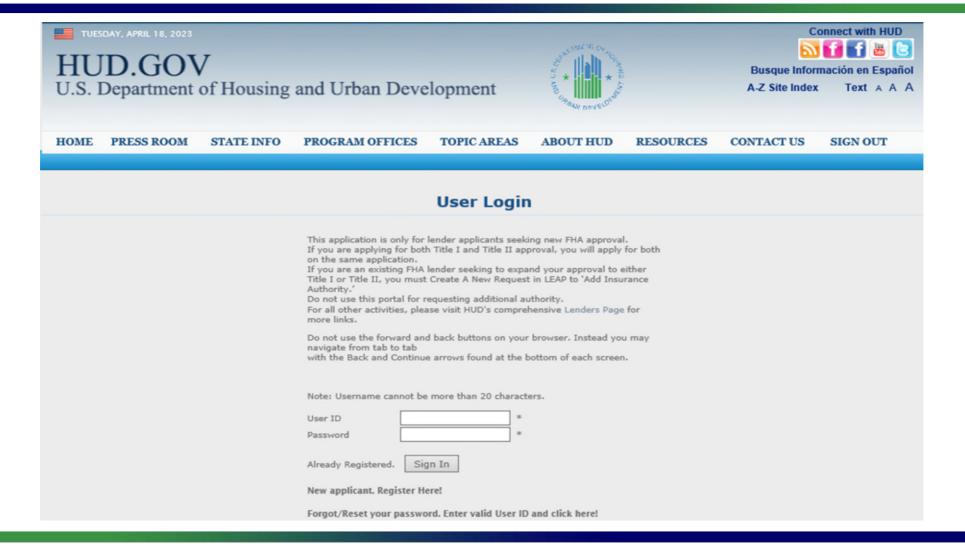| Documents Required for Application |
|---|
| Business Formation Documents |
| DBA Approvals |
| Business Credit Report for Applicant and Principal Owners |
| Personal Credit Reports for Corporate Officers and Principal Owners |
| Resume for Officer in Charge |
| Resume(s) for Corporate Officer(s) |
| Required Financial Statements |
| Funding Program |
| Fidelity Bond |
| Errors & Omissions Insurance |
| Quality Control Plan* |
| State License or Registration |

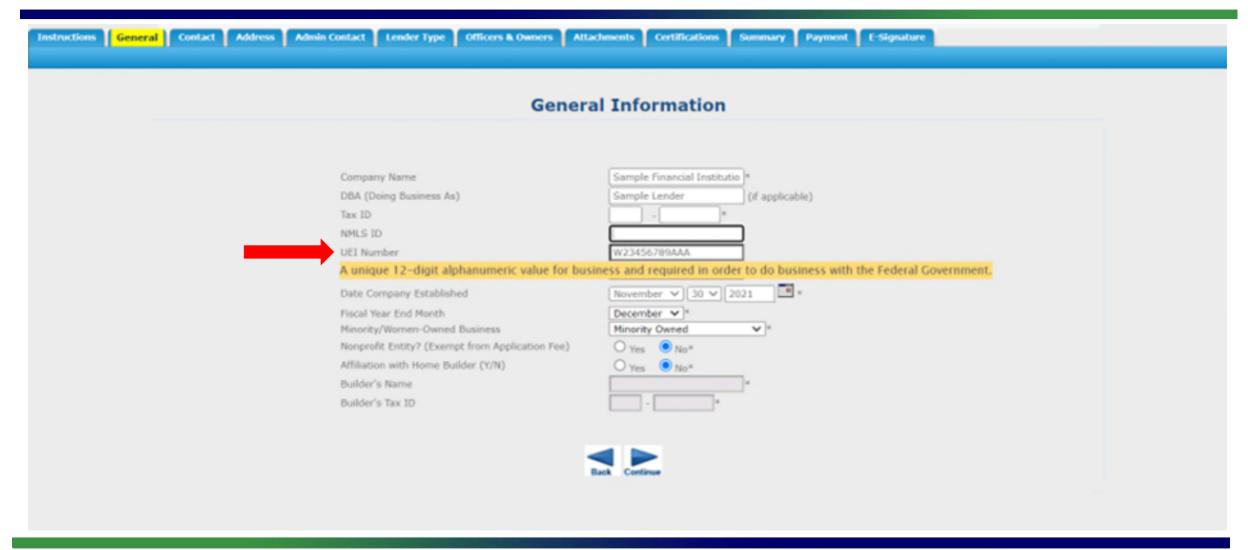# Navigating the Online Application

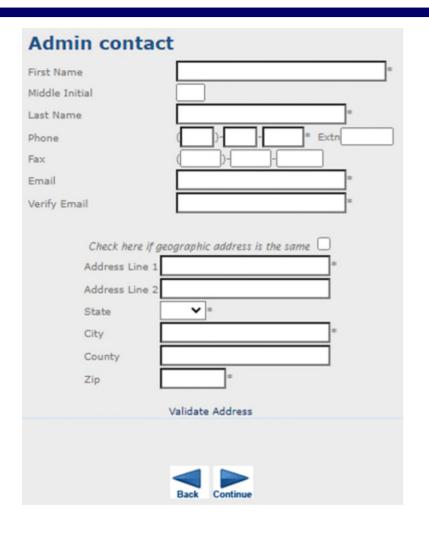# Navigating the Online Application – Registration

Navigating the Online Application – General Tab

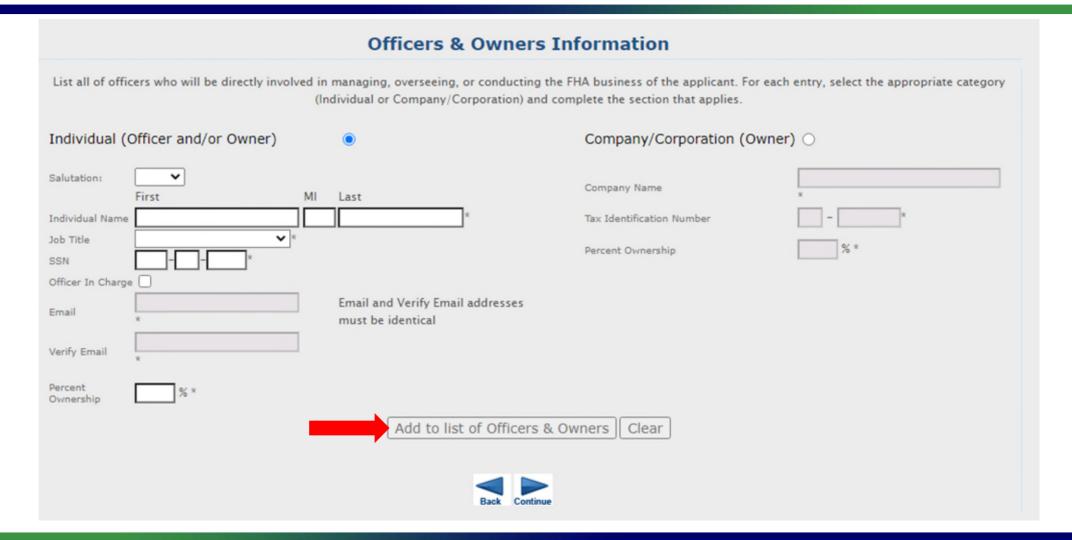# Navigating the Online Application – Administrative Contact Tab

- This person is the primary point of contact for receiving 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

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
- be dated
- be signed by the Corporate Officer who signs the application
- 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 ma 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	
1-5UFKWU	TEST April 12th	Submitted	Withdraw Application

Causes for Initial Rejection

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Causes for Initial Rejection

1. The Financial Requirements are not met.

2. The Quality Control Plan does not meet all required elements.

3. The Operating Agreement for an LLC does not address duration and/or succession.

4. The credit report submitted for Corporate Officers and/or individual owners is not an acceptable type.

5. The Funding Program documentation does not include the executed agreement and/or evidence of sufficiency.

Causes for Initial Rejection (cont.)

6. The person designated as Officer in Charge does not meet all requirements.

7. The state issued lending license is not provided.

8. The fidelity bond and/or errors and omissions policies do not meet the requirements.

9. The office facilities designated as the Home Office is not acceptable.

10. **A valid Unique Entity Identifier was not provided. (new requirement)**

Resources

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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

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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

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Q&A Instructions

Check your audio to ensure it's working correctly:

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Option A: Computer or smartphone

- If viewing webinar through computer or smartphone, click *Raise Hand* icon.
- You will receive an onscreen message to unmute yourself, **single-click** the *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 the following automated message, "**You Are Unmuted**" *which allows you to begin speaking.*
- When prompted by moderator, provide your name, company affiliation, then ask your question.

Thank you for joining us today!