

## EFFECTIVE DATE AND CHANGES TO HUD LOAN CORRESPONDENTS

### **HUD Loan Correspondents Rule Change:**

On May 20, 2010, FHA revised its lender approval policy to eliminate the approval of Loan Correspondents effective December 31, 2010. On January 1, 2011, Loan Correspondents will no longer have access to HUD's secure system, the FHA Connection. Loan Correspondents will be permitted to continue their participation in FHA programs by establishing a sponsorship relationship with an FHA-approved Mortgagee.

Loan Correspondents that wish to continue participating in FHA programs after December 31, 2010, must be registered as Sponsored Originators in the FHA Connection by a sponsoring Mortgagee. Mortgagees may register a Sponsored Originator via the new Sponsored Originator Maintenance screen in the FHA Connection. It is recommended that Loan Correspondents be registered prior to January 1, 2011, as only registered Sponsored Originators will be permitted to participate in the origination of FHA loans.

As a reminder, Final Rule FR 5356-F-02, "Federal Housing Administration: Continuation of FHA Reform—Strengthening Risk Management through Responsible FHA-Approved Lenders," which went into effect on May 20, 2010, stated that effective January 1, 2011, entities without explicit FHA lender approval (including Sponsored Third Party Originators and former FHA-approved Loan Correspondents) may no longer close mortgages submitted for FHA insurance in their own names, regardless of when the case number was assigned or the current status of the case (e.g. approved, closed). FHA continues to explore options to remedy this issue, but at present, enactment of such a remedy prior to the January 1, 2011 effective date of this provision cannot be assured.

For detailed information regarding FHA's policy changes, please review Mortgagee Letter 2010-20 and Mortgagee Letter 2010-33. If you have any questions regarding this email, please call the FHA Resource Center at 1-800-CALL-FHA (1-800-225-5342). Persons with hearing or speech impairments may access this number via TDD/TTY by calling 1-877-TDD-2HUD(1-877-833-2483). Emails should be sent to [info@fhaoutreach.com](mailto:info@fhaoutreach.com) to the attention of Lender Approval.

HUD Mortgagee Letters can be viewed online at:

<http://www.hud.gov/offices/adm/hudclips/letters/mortgagee/>

Federal Register Notices can be viewed online at: <http://www.gpoaccess.gov/fr/index.html>

---