



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

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

September 21, 2010

MORTGAGEE LETTER 2010-33

TO: ALL APPROVED MORTGAGEES

**SUBJECT: FHA Connection Enhancements to Support Sponsored Third Party Originations
(Sponsored Originations)**

This Mortgagee Letter describes the system enhancements to FHA Connection and provides notice to mortgagees who are sponsors (“Sponsoring Mortgagees”) of sponsored third party originators (“Sponsored Originators”) of new FHA Connection data submission requirements as was announced in Mortgagee Letter 2010-20. For transactions originated by an FHA-approved loan correspondent, mortgagees should follow the current process through December 31, 2010.

These system enhancements will be implemented on FHA Connection on October 4, 2010, and sponsoring mortgagees must begin complying with the new data entry requirements on that date.

This Mortgagee letter provides the following information:

- Effective Dates
- System and Screen Changes
- Form Changes

The Business to Government (B2G) specifications for Case Number Assignment, Insurance Application and HECM Insurance Application are available for testing. The specifications can be found at: <http://www.hud.gov/offices/hsg/sfh/f17c/welcome.cfm>.

Sponsored Originators – Effective October 4, 2010

All required sponsored origination data fields must be completed on case numbers assigned on or after October 4, 2010. *Sponsoring mortgagees will no longer enter their 10 digit FHA ID in the FHA Connection as the loan originator for loans involving a sponsored originator, as previously advised in Mortgagee Letter 2010-20, as a temporary workaround pending this system enhancement release.*

- For mortgagees using B2G that are unable to modify their systems to accommodate the transmission of the Employer Identification Number (EIN) by October 4, 2010, the FHA Connection Case Number Assignment screen must be used to order a case number for sponsored originator transactions.
- The *modified* HUD/VA Addendum to the Uniform Residential Loan Application (92900-A)

is also required for all applications taken by a sponsored originator on or after October 4, 2010.

- For loan originations not involving a sponsored originator, FHA mortgagees may use the prior version of the 92900-A (dated 5/2008) until January 1, 2011.

Note: As of January 1, 2011, the FHA-approved loan correspondent program will no longer be available, and B2G mortgagees must comply with new systems requirements to support collection of sponsored originator data. Mortgagees are reminded that only FHA-approved entities will have direct access to FHA Connection.

SYSTEM CHANGES

New Sponsored Originator Maintenance Screen

Mortgagees that wish to conduct business with sponsored originators are required to register these entities in FHA Connection. The new Sponsored Originator Maintenance screen can be found on the Single Family Origination, FHA Approval List selection screen. The mortgagee's FHA Connection Application Coordinator will be required to grant the appropriate user access in order to register sponsored originators. The following data fields will be collected:

- **Entity's Legal Name**
- **Employer Identification Number (EIN)** - issued by the Internal Revenue Service (IRS)
- **Nationwide Mortgage Licensing System (NMLS) Identification Number** - unique identifier of the company (if licensed with NMLS)

Mortgagees will only be able to order a case number for a sponsored origination if the sponsored originator has been registered in FHA Connection. Mortgagees can view existing or add new sponsored originators by accessing the Sponsored Originator Maintenance screen. Once the sponsored originator has been added, any sponsoring mortgagee may process FHA loans with that entity.

Mortgagees that are FHA-approved may originate FHA loans by acting as a sponsored originator. The processes within FHA Connection as described below for sponsored originators will also apply to FHA-approved mortgagees that wish to act as sponsored originators.

Modified Case Number Assignment Screen

Sponsored Originations

The Case Number Assignment screen is being modified to require the entry of data that will designate whether the loan is a sponsored origination. Mortgagees that request a case number for a sponsored origination will receive an error message if the sponsored originator has not been registered as described above.

The specific data fields that will be added to the Case Number Assignment screen for

sponsored originations are as follows:

- **Sponsored Originator Question** - *Is this a Sponsored Originator Case?*
- **Sponsored Originator Selection Response** - *Yes or No*
 - A *Yes* selection response indicates that the loan origination company is acting in the capacity of a sponsored originator. If *Yes* is selected, click on the *Sponsored Originator EIN* selection from the drop down window, and then enter the EIN in the entry field.

A screenshot of a web form. On the left, there is a dropdown menu with three options: 'Sponsored Originator EIN', 'Originator ID', and 'Sponsored Originator EIN'. The top option, 'Sponsored Originator EIN', is highlighted in blue. To the right of the dropdown is a rectangular text input field.

- A *No* selection response indicates that the loan origination company is acting in the capacity of an FHA-approved entity. If *No* is selected, click on the *Originator ID* selection from the drop down window, then enter the FHA approved lender ID in the entry field.

A screenshot of a web form. On the left, there is a dropdown menu with three options: 'Originator ID', 'Originator ID', and 'Sponsored Originator EIN'. The top option, 'Originator ID', is highlighted in blue. To the right of the dropdown is a rectangular text input field.

Example: Case Number Assignment – Sponsored Originator Case

A screenshot of the FHA Case Number Assignment screen. At the top right, it says 'Case Number Assigned on: 06/22/2010'. Below that, the 'FHA Case Number: 061-3862716' is displayed. The section is titled '* General Information *'. It includes fields for 'Field Office: Hartford, CT' and 'Lender Case Ref:'. A red box highlights the 'Is this a Sponsored Originator Case? Yes' section. Inside this box, there are two columns of information: 'Sponsored Originator EIN: 123456789' (with a sub-note 'THIS IS A TEST NAME') and 'Sponsor/Agent ID: 5000109990' (with sub-notes 'ABC Lender', 'NEW YORK NY 100014358', and 'NMLS ID: 43986644'). Below the red box, there are fields for 'Loan Officer Name' (with sub-fields for First Name: WILLIAM, MI: D, Last Name: MCKNIGHT, and Suffix: IV) and 'Loan Officer NMLS ID: 430986436'.

The sponsored originator question is displayed on the Case Number Assignment entry screen in the FHA Connection, but is not included in the specifications for Case Number Assignment B2G transactions.

Modified Case Transfer Screen

To transfer a case number to a new approved mortgagee or sponsored originator, the transferring mortgagee will need to do the following:

- click on the *Sponsored Originator EIN* selection from the drop down window if the loan origination company is acting in the capacity of a sponsored originator
- enter the EIN in the entry field provided, as displayed in the screen shot below, or
- click on the *Originator ID* selection from the drop down window, then enter the FHA approved lender ID in the entry field.

- enter Date of Assignment Letter (date mortgagee transfer occurred)

New	Sponsored Originator EIN: <input type="text"/>	
	Originator ID: <input type="text"/>	
	Sponsored Originator EIN: <input type="text"/>	

Modified Insurance Application and HECM Insurance Application Screens

The Insurance Application entry screens will display the sponsored originator's name and EIN that was previously entered on the Case Number Assignment screen.

FHA Case Number: 061-3862704	
* General Information *	
Property Address: 61 TRAPELLA RD WILLIMANTIC, CT 06226-0000	County Code: 015
Sponsored Originator EIN: 12-3456789 <small>THIS IS A TEST NAME</small>	PUD/Condo: N/A
NMLS ID: NOT on File	Sponsor/Agent ID: 3064100008 FIRST NATIONAL BANK -
Loan Officer Name First, MI: JOE <input type="text"/> B <input type="text"/>	NMLS ID: Not on File
Last, Suffix: DOE <input type="text"/> <input type="text"/>	Issue MIC in Sponsor Name: <input type="radio"/> Yes <input type="radio"/> No
Loan Officer NMLS ID: <input type="text"/>	Mail to Sponsor: <input type="radio"/> Yes <input type="radio"/> No
ADP Code: 703 <input type="text"/>	Program ID: (00)-Default <input type="text"/>

Modified Case Query Screen

The Case Query Screen has been modified to display the name of the sponsored originator for sponsored originator cases.

Viewing Sponsored Originator Performance in Neighborhood Watch

Mortgagees will be able to view sponsored originator performance information in Neighborhood Watch. On a monthly basis, FHA will aggregate sponsored originator performance for a rolling two year period. A link to the sponsored originator performance will be added under the *Early Warnings* menu selection. Mortgagees will be able to search for a sponsored originator by inserting the entity's legal name or the NMLS number of the entity into the selection field.

FHA TOTAL Scorecard Changes

FHA's Total Scorecard has been modified to allow the sponsored originator's EIN on sponsored originations. Loan origination companies acting as sponsored originators will be able to access FHA's TOTAL Scorecard (TOTAL) through any Automated Underwriting System (AUS) that is integrated with TOTAL. If the AUS has been modified to send the sponsored originator's EIN, the AUS should transmit the sponsored originator's EIN in the *new* Sponsored Originator EIN field. If the AUS is unable to transmit the EIN number, the following number should be transmitted in the Lender ID field, "6999609996". This value will indicate that the loan is originated by a loan origination company acting in the capacity of a sponsored originator.

Either the Lender ID or the Sponsored Originator EIN must be sent in the request to TOTAL. If neither or both is submitted, TOTAL will return the appropriate error code and instructions to address the error. The Developer's Guide for TOTAL Scorecard has been updated to reflect these changes and can be viewed at:

http://www.hud.gov/offices/hsg/sfh/lender/total_scorecard.cfm

FORM CHANGE

HUD/VA Addendum to Uniform Residential Loan Application (92900-A)

The form 92900-A has been modified on page 3 to capture necessary information for sponsored originators. The following information will be collected:

- **Loan Origination Company** – Entity's Legal Name of the originating mortgagee
- **Loan Origination Company Tax ID** - Employer Identification Number issued by the Internal Revenue Service (IRS)
- **NMLS ID of the Loan Origination Company** - The unique identifier of the company, if licensed with NMLS

For those loans originated by a sponsored originator, the sponsoring mortgagee must enter its name and address in block 15 on pages 1 and 3. Directly below block 15 on page 3 are the new fields the mortgagee must enter for capturing the sponsored origination information described above.

On the Universal Residential Loan Application, the actual interviewer's name, signature and telephone number must appear on page 4, regardless of who employs the interviewer (e.g., a sponsored originator). ***While common practice in the industry is for the interviewer to also sign page 1 of the 92900-A, if a sponsored originator is involved, it is now required that the sponsoring mortgagee must sign and date page 1 of this form.***

The revised form 92900A (dated 9/2010) must be used for all loan applications taken by a sponsored originator on or after October 4, 2010. Mortgagees may obtain the revised form at <http://www.hud.gov/offices/adm/hudclips>.

- For loan originations not involving a sponsored originator, FHA mortgagees may use the prior version of the 92900-A (dated 5/2008) until January 1, 2011.

If you have questions regarding this Mortgagee Letter, 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).

Sincerely,

David H. Stevens
Assistant Secretary for Housing-
Federal Housing Commissioner