

**Frequently Asked Questions (FAQs)
For Sponsored Third-Party Originators (TPOs)
Revised February 10, 2012**

SPONSORED TPOs	
Is there a difference between a “Sponsored Originator” and a “Sponsored Third-Party Originator”?	No. The terms are synonymous.
How does FHA define a sponsored third-party originator (TPO)?	A sponsored third-party originator (TPO) is an entity that originates FHA loans for an FHA-approved sponsoring mortgagee. A sponsored TPO may be an FHA-approved entity or a non-FHA-approved entity.
Can an FHA-approved lender act as a sponsored TPO?	Yes. An FHA-approved mortgagee may act as a sponsored TPO. When an FHA-approved mortgagee acts as a sponsored TPO, they may close loans in their own name.
What is the definition of an FHA-approved mortgagee acting as a sponsored TPO?	An FHA-approved mortgagee acting as a sponsored TPO is authorized to originate FHA Title II mortgage loans for sale or transfer to a sponsoring FHA-approved mortgagee which holds a valid Title II Origination Approval Agreement. Entities which were previously approved as FHA-approved Loan Correspondents and have not converted or obtained new FHA lender approval as a Title II Mortgagee are not FHA-approved.
Is the “FHA-approved mortgagee acting as a sponsored TPO” category limited to those lenders currently approved by FHA?	Yes. Lenders who receive their FHA approval in the future may act as an “FHA-approved mortgagee acting as a sponsored TPO” upon their approval.
What is the difference between sponsored TPOs and Principal-Authorized Agent relationships?	A sponsored TPO originates loans for an FHA-approved sponsoring mortgagee. A sponsored TPO may be an FHA-approved or a non-FHA-approved entity. Principal-Authorized Agents are both FHA-approved unconditional Direct Endorsement lenders. The principal must act in the capacity of the originator. The authorized agent must act in the capacity of the underwriter.
Can an unconditional Direct Endorsement lender use the Principal-Authorized Agent Relationship or act as a sponsored TPO?	Yes. An unconditional Direct Endorsement (DE) lender may use the Principal-Authorized Agent Relationship or act in the capacity of a sponsored TPO.
APPRAISALS	
Whose name should the appraisal be ordered in?	FHA-approved mortgagees should refer to Mortgagee Letter 2009-28 as guidance on who can order the appraisal. With the elimination of the FHA-approved loan correspondent program, FHA has defined the responsible mortgagee as the lender who underwrites the loan (the sponsoring mortgagee). The sponsoring mortgagee has the authority to establish requirements as to who can order the appraisal over and above the basic guidelines published by HUD in Mortgagee Letter 2009-28 regarding separation of functions and independence. The sponsoring mortgagee can require the appraisal be ordered in their name, even if the originating lender meets FHA guidance published in Mortgagee Letter 2009-28.

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LOAN APPLICATIONS	
Does the sponsored TPO or the sponsoring mortgagee complete the Interviewer section on the URLA?	On the Uniform Residential Loan Application (URLA), the actual interviewer's name, signature, and telephone number must appear on page 4, regardless of who employs the interviewer (e.g., a sponsored TPO).
How do I fill out the HUD- 92900-A for sponsored third-party originations?	1. The Loan Origination Company Name, Loan Origination Company Tax ID, and NMLS ID (if registered with NMLS) of the sponsored TPO must be provided in the "Sponsored Originations" Section on page 3 of the HUD 92900-A. 2. On page 1 and 3: Block 13: Sponsoring mortgagee's FHA ID Block 14: Blank Block 15: Sponsoring mortgagee's name and address Block 16: Blank Block 17: Sponsoring mortgagee's telephone number
Mortgagee Letter 2010-33 states that page 1 of HUD-92900-A now has to be signed by the sponsoring mortgagee. Who should sign page 4?	The sponsoring mortgagee must sign the "Lender's Certification" on page 1 and the "Lender's Certificate" on page 4 of the revised 92900-A, since the sponsoring mortgagee is the entity underwriting the loan.
How do I access the new 92900-A if it's not yet available on our Loan Origination System?	The revised 92900-A is available on HUDClips at http://hud.gov/offices/adm/hudclips/ . Click on Forms, then HUD-9, then HUD-92900-A.
CLOSING LOANS	
Can a loan close in the name of a sponsored TPO?	A loan can only close in the name of a sponsored TPO if they are an FHA-approved mortgagee acting as a sponsored TPO. Otherwise, if the sponsored TPO is non-FHA-approved mortgagee, the loan must close in the name of the sponsoring FHA-approved mortgagee.
Have FHA's requirements been changed so a loan can close in the name of a non-FHA approved sponsored TPO?	No. Non-FHA approved sponsored TPOs may not close loans in their own name.
If my company was previously an FHA-approved Loan Correspondent and is now operating as a non-FHA-approved sponsored TPO, can we close loans in our own name?	No.
Can an FHA-approved mortgagee acting as a sponsored TPO close loans in its own name, regardless of whether it has unconditional Direct Endorsement (DE) authority?	Yes.

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Can an FHA-approved mortgagee acting as a sponsored TPO close the loan in its name and have the Mortgage Insurance Certificate (MIC) issued in its name?	Yes. The sponsoring mortgagee will use the FHA Insurance Application screen to advise FHA in whose name (sponsoring mortgagee or sponsored TPO) the MIC is to be issued and where the MIC is to be delivered.
If the sponsored TPO is a direct lender, does the MIC have to be issued in the name of the sponsored TPO?	The sponsored TPO process does not define in whose name the MIC must be issued. The sponsoring mortgagee and the sponsored TPO must determine in whose name the MIC will be issued in accordance with all other applicable government and investor guidelines.
Mortgagee Letter 2012-02 states an FHA-approved mortgagee acting as a sponsored TPO can close a loan in its name, but HUD Handbook 4155.2 states the loan must close in the name of the sponsoring mortgagee. What is the applicable guidance?	Mortgagee Letter 2012-02 is the applicable guidance. FHA is preparing to revise HUD Handbook 4155.2 to reflect this guidance.
FHA CONNECTION	
How do sponsored TPOs get added into the FHA Connection?	Sponsoring mortgagees that wish to conduct business with sponsored TPOs are required to register these entities in the FHA Connection using the Sponsored Originator Maintenance Screen.
Who can initially enter a sponsored TPO's information into the FHA Connection?	Any FHA-approved sponsoring mortgagee where the application coordinator for that company has provided staff the authority to do so. However, only unconditional Direct Endorsement (DE) lenders will be authorized to set up a sponsored TPO in the FHA Connection. Conditional DE lenders that are still in the "test case" process may not set up a sponsored TPO in the registry; therefore conditional DE lenders may only sponsor TPOs that are already in the system.
How can sponsoring mortgagees access the Sponsored Originator Maintenance Screen?	The new Sponsored Originator Maintenance Screen can be found on the Single Family Origination, FHA-approval list selection screen. The sponsoring mortgagee's FHA Connection Application Coordinator will be required to grant the appropriate users access in order to register sponsored TPOs.
Can sponsored TPOs access the FHA Connection?	No. Only FHA-approved sponsoring mortgagees can access the FHA Connection.
Can an FHA-approved mortgagee acting as a sponsored TPO access the case in the FHA Connection?	No. An FHA-approved mortgagee acting as a sponsored TPO on a case cannot access that case in the FHA Connection.
Does the sponsoring mortgagee need to enter each sponsored TPO for their own company, or can we choose from a drop down menu?	Sponsoring mortgagees will have to enter each new TPO they choose to sponsor unless the sponsored TPO has already been entered by another sponsoring mortgagee. Once a sponsored TPO has been added, other sponsoring mortgagees may select that TPO's information without creating a new entry. You will want to query the Sponsored Originator Maintenance Screen first to see if the information has already been entered.

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<p>Can a social security number be used instead of an EIN to register a sponsored TPO?</p>	<p>No. All sponsored TPOs, including sole proprietorships, must have an Employer Identification Number (EIN) (which is also known as a Tax ID). The individual social security number of a loan originator cannot be used in lieu of the EIN. The EIN can be obtained from the IRS at: http://www.irs.gov/businesses/small/article/0,,id=98350,00.html</p>
<p>Is a sponsored TPO required to register for a NMLS ID?</p>	<p>Sponsored TPOs must comply with the NMLS registration requirements of the federal, state, and local entities with jurisdiction over their activities. To find out about the specific requirements governing your activities, visit http://mortgage.nationwidelicencingsystem.org. Sponsoring mortgagees should ensure that their sponsored TPOs obtain and maintain an NMLS unique identifier (NMLS ID), as is required by the states and entities with jurisdiction over their activities and in accordance with the registration guidelines set forth by the NMLS.</p>
<p>Can a sponsoring mortgagee make edits to a sponsored TPO's information in the Sponsored Originator Maintenance Screen?</p>	<p>Only the sponsoring mortgagee that initially entered the sponsored TPO in the FHA Connection can make edits to the sponsored TPO's information. Once a case number is assigned using a sponsored TPO, no changes can be made to the sponsored TPO's EIN.</p>
<p>How does a sponsoring mortgagee correct the EIN of a sponsored TPO after a case number is assigned?</p>	<p>Sponsoring mortgagees should contact the FHA Resource Center via phone (800 CALL-FHA (255-5342)) or via email (answers@hud.gov) with your request. You will be subsequently asked to provide the IRS form W9: Request for Taxpayer Identification and Certification, as supporting documentation by the HUD staff processing the request. Please note that system constraints prevent the initial email request from having attachments.</p>
<p>If a sponsored TPO's information is entered incorrectly, how can we find out which sponsoring mortgagee entered the information so that someone can contact the sponsoring mortgagee to update the information?</p>	<p>The Sponsor Originator Maintenance Screen displays the name of the sponsoring mortgagee that entered or updated the sponsored TPO's information.</p>
<p>How will a sponsoring mortgagee order a case number for a sponsored third-party origination?</p>	<p>Sponsoring mortgagees will only be able to order a case number for a sponsored third-party origination if the sponsored TPO has been registered in the FHA Connection.</p>
<p>Will the sponsoring mortgagee be able to order case numbers anywhere in the country for loans originated by a sponsored TPO?</p>	<p>Yes.</p>
<p>If a company limits the access to the Sponsored Originator Maintenance Screen will other employees still be able to "view" the screens without the ability to add or modify?</p>	<p>No. Employees can only view/update the Sponsored Originator Maintenance Screen with authorization from the sponsoring mortgagee's FHA Connection Application Coordinator.</p>

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<p>How does a sponsoring mortgagee terminate a sponsored TPO in the FHA Connection?</p>	<p>Sponsoring mortgagees should contact the FHA Resource Center via phone (800 CALL-FHA (255-5342)) or via email (answers@hud.gov) and provide documentation that supports the termination reasons below:</p> <ol style="list-style-type: none"> 1. Entity is out of business 2. Entity's EIN was entered incorrectly 3. Fraud conviction 4. Outstanding HUD or other governmental audit 5. LDP/GSA lists Debarments and Suspensions 6. Engaged in business practices that do not conform to generally accepted practices of prudent mortgagees or that demonstrate irresponsibility 7. Convicted of or pled guilty or nolo contendere to a felony related to participation in the real estate or mortgage loan industry within seven years of the date of the application for licensing and registration 8. Violation of the Secure and Fair Enforcement (SAFE) Mortgage Licensing Act or any applicable provision of state law 9. Violation of any other requirement established by the Secretary or established in 24 CFR § 202.5(j)
<p>Is termination of a sponsored TPO in the FHA Connection limited only to HUD staff? How specifically do we remove a sponsored TPO which we no longer choose to do business with?</p>	<p>Yes, termination of a sponsored TPO is limited to action by HUD staff at the FHA Resource Center only for the reasons listed above. Sponsoring mortgagees do not have the ability to terminate or remove sponsored TPOs from the Sponsored Originator Maintenance Screen by themselves. The decision made by your company to no longer do business with that sponsored TPO does not extend to other mortgagees who may wish to continue doing business with that entity.</p>
<p>If a sponsored TPO is terminated in the FHA Connection, can another sponsoring mortgagee re-create an account for that party?</p>	<p>Yes. However, the reason that led to the termination would have to have been resolved and documentation supporting the resolution must be provided to the FHA Resource Center via phone (800 CALL-FHA (255-5342)) or via email (answers@hud.gov).</p>
RESPONSIBILITY FOR SPONSORING TPOs	
<p>Can any FHA-approved mortgagee sponsor a TPO to originate loans?</p>	<p>No. Only Direct Endorsement (DE) lenders can sponsor TPOs. Both conditional and unconditional DE lenders may act as sponsoring mortgagees. However, only unconditional DE lenders are authorized to set up a sponsored TPO in the FHA Connection.</p>
<p>Who is responsible for the sponsored TPO? The sponsoring mortgagee that originally entered them into the FHA Connection or the sponsoring mortgagee on a particular loan?</p>	<p>It does not matter who entered the sponsored TPO into the FHA Connection. The sponsoring mortgagee on each loan transaction is responsible for each origination they sponsor involving a TPO.</p>
<p>Is there any guidance or regulation for FHA-approved mortgagees to approve sponsored TPOs?</p>	<p>No. Sponsoring mortgagees are expected to manage their relationships with sponsored TPOs. However, FHA did issue general guidance in Mortgagee Letter 2010-20 that may be considered when approving a sponsored TPO.</p>

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<p>Are both sponsoring mortgagees and their sponsored TPOs required by FHA to have a Quality Control Plan?</p>	<p>Sponsoring mortgagees must have a Quality Control Plan that includes provisions for the quality control review of FHA-insured loans originated through its sponsored TPOs. FHA does not approve, or review for approval, sponsored TPOs. Therefore, FHA does not require a Quality Control Plan for sponsored TPOs. The sponsoring mortgagee may require a Quality Control Plan from its sponsored TPOs as part of its own risk management plan; however, it is not required by FHA. For additional guidance, see HUD Lender Approval Handbook 4060.1 Chapter 7 and Mortgagee Letter 2011-02.</p>
<p>What type of quality control procedures must a sponsoring mortgagee have in place to monitor its sponsored TPOs?</p>	<p>Sponsoring mortgagees must perform routine quality control reviews on an appropriate sample of FHA-insured loans originated by its sponsored TPOs (based on the factors specified in HUD Lender Approval Handbook 4060.1 Paragraph 7-6 C) and all loans originated by sponsored TPOs that go into default within the first six payments (Early Payment Defaults (EPDs)). The procedures used to review and monitor sponsored TPOs must, at a minimum, include the requirements outlined in Paragraph 7-6 of HUD Handbook 4060.1, and must also be reflected in the sponsoring mortgagee's Quality Control Plan. The methodology used to review sponsored TPOs, the results of each review, and any corrective actions taken as a result of the review findings must be documented. A sponsoring mortgagee's Quality Control Plan must also contain provisions for the review of all Mortgage Record Change(s) for accuracy as necessary. All Quality Control documentation (review findings, reports, follow-up and any actions taken, along with procedural information) must be retained for at least two years and be made available to HUD upon request. For additional guidance, see HUD Lender Approval Handbook 4060.1 Chapter 7 and Mortgagee Letter 2011-02.</p>
<p>Does FHA have any employment requirements that apply to staff of sponsored TPOs?</p>	<p>Sponsored TPOs involved in FHA loan transactions must adhere to all applicable federal, state, and local requirements governing their FHA loan origination and processing activities. FHA does not have any additional employment requirements and/or restrictions that apply to the staff of sponsored TPOs, unless the company is also a FHA-approved lender. If the sponsored TPO is also an FHA-approved lender, they are subject to the staffing and employment requirements contained in Chapter 2 of HUD Lender Approval Handbook 4060.1.</p>
<p>Can sponsored TPOs use the HUD or FHA seal, logo, or acronym or the "FHA Approved Lending Institution" logo in their advertising?</p>	<p>No, not unless the sponsored TPO is also an FHA-approved mortgagee. Non-FHA-approved mortgagees, including sponsored TPOs, may not use these logo(s). Effective May 15, 2011, no previously FHA-approved loan correspondent, nor any non-FHA-approved sponsored TPO, shall engage in any activity or author or distribute any material that falsely advertises, represents, or otherwise conveys the impression that the company's business operations, products, or services either originate from or are expressly endorsed by HUD or FHA. For more information, see Mortgagee Letter 2011-17.</p>

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Does a sponsoring mortgagee have to include the review of its sponsored TPO's advertising materials in its Quality Control Plan?	All FHA-approved lenders must include a process for reviewing all advertisements generated by or on behalf of their company for compliance with HUD/FHA advertising requirements as part of their Quality Control Plan. Lenders must ensure that they take prompt corrective action upon discovering any violation of advertising requirements. This includes advertising abuses by employees of the lender, and any violations committed by employees of non-FHA-approved lenders, sponsored TPOs, marketing firms, or companies that advertise or generate borrower leads or other business on behalf of the lender.
What performance information is available in Neighborhood Watch for sponsored TPOs?	FHA provides aggregate default and claim information for each sponsored TPO. On a monthly basis, FHA aggregates sponsored TPO performance at the national level for a rolling two year period. This information is available in the Early Warnings/All Lenders module under mortgagee type "sponsored originator." Neighborhood Watch can be accessed by lenders at https://entp.hud.gov/sfnw/nw/ . The Neighborhood Watch site available to the public at https://entp.hud.gov/sfnw/public/ does not display aggregate sponsored TPO performance data.
If a sponsored TPO has been terminated, how can we find out why, and can they ever be reinstated as active?	The termination reason will be displayed on the Sponsored Originator Maintenance Screen. Terminated sponsored TPOs can be reinstated if the reason for the termination is resolved. To request that a sponsored TPO be reinstated, sponsoring mortgagees should contact the FHA Resource Center via phone (800 CALL-FHA (255-5342)) or via email (answers@hud.gov).
What are the reasons a sponsored TPO may be terminated?	The Sponsored Originator Maintenance screen in the FHA Connection includes the following 9 sponsored TPO termination reasons: <ol style="list-style-type: none"> 1. Entity is out of business 2. Entity's EIN was entered incorrectly 3. Fraud conviction 4. Outstanding HUD or other governmental audit 5. LDP/GSA lists Debarments and Suspensions 6. Engaged in business practices that do not conform to generally accepted practices of prudent mortgagees or that demonstrate irresponsibility 7. Convicted of or pled guilty or nolo contendere to a felony related to participation in the real estate or mortgage loan industry within seven years of the date of the application for licensing and registration 8. Violation of the Secure and Fair Enforcement (SAFE) Mortgage Licensing Act or any applicable provision of state law 9. Violation of any other requirement established by the Secretary or established in 24 CFR § 202.5(j)