



FHA Net Worth Requirements Timeline

(June 2010)

Net Worth Requirements:

- **May 20, 2011:** Lenders approved as of May 20, 2010 must have a min. net worth of \$1MM*. (\$500,000 for small businesses*)
- **May 20, 2013:** All FHA-approved single family lenders and lenders seeking approval must have a net worth of \$1MM + an additional net worth of 1% of the total volume in excess of \$25MM of FHA single-family insured mortgages originated, underwritten, purchased or serviced during the prior fiscal year, up to a maximum required net worth of \$2.5MM*.

**No less than 20% must be liquid assets. Additional net worth requirements apply to FHA-approved multifamily lenders.*

FHA Approval for Loan Correspondents:

- **May 20, 2010:** FHA will no longer approve new loan correspondents.
- **Dec. 31, 2010:** Previously approved loan correspondents' FHA-approved status will expire; must apply for Full Eagle (and meet net worth requirements) or establish TPO relationship with Sponsor.

***Note:** FHA's systems are not yet capable of accepting third party originated loans. FHA is currently working to modify its systems to accept such transactions and it is anticipated that these enhancements will be completed by September 20, 2010. Until these system modifications are completed, FHA will not permit third party originated loans.*

Principal-Authorized Agent Relationships:

Effective May 20, 2010:

- Both the Principal and Authorized Agent must be approved as DE lenders.
- Principal must originate and the Authorized Agent must underwrite; their actions must be recorded as such in FHA Connection.
- Mortgage loans originated through Principal-Authorized Agent relationships will be permitted to close in either party's name

**FHA uses the Small Business Administration's (SBA) size standards to determine if a lender can be classified as a small business. Current requirements for the mortgage lending industry are less than \$7 million in annual receipts for non-depository institutions and less than \$175 million in assets for depository institutions.*