

# Applying for Lender Insurance Authority

A lender approved for Lender Insurance (LI) authority is permitted to perform its own pre-insurance review and endorse its forward (traditional) mortgages for FHA insurance. The lender also agrees to indemnify HUD in accordance with 24 CFR 203.255. The [Single Family Housing Policy Handbook \(Handbook 4000.1\)](#) provides information on HUD's requirements for LI authority in *Section I.A.5.b, Title II Single Family Lender Insurance Authority* and *Section V.E.3.a.iv, Suspension or Termination of Title II Lender Insurance Authority*.

An eligible lender's FHA Connection Application Coordinator applies for LI authority through the FHA Connection. The application for LI authority is a two-part process. First, **Lender Insurance Contact** information is entered. Then, the **Acknowledgment of Terms and Conditions for LI** is entered.

1. After signing on to the FHA Connection, select **Lender Functions** from the Main Menu and then **Lender Insurance Acknowledgment** from the **Lender Functions** menu (**Figure 1**). This displays the **Lender Insurance Contact** page (**Figure 3**).

Figure 1: Lender Functions menu

-OR-

After signing on to the FHA Connection, select **ID Maintenance** from the menu in the header above the red banner. On the **FHA Connection ID Maintenance Request** page that appears (**Figure 2**), **Lender Insurance Acknowledgment** is selected to display the **Lender Insurance Contact** page (**Figure 3**).

Figure 2: FHA Connection ID Administration Request page

## Lender Insurance Contact

**Lender Name:** XYZ MORTGAGES

**Status:** Not Lender Insurance

**Primary Contact**

**First Name:**

**Last Name:**

**Telephone Number:**  -  -  **Extension:**

**Fax Number:**  -  -

**E-mail Address:**

**Confirm E-mail Address:**

**Secondary Contact**

**First Name:**

**Last Name:**

**Telephone Number:**  -  -  **Extension:**

**Fax Number:**  -  -

**E-mail Address:**

**Confirm E-mail Address:**

Figure 3: Lender Insurance Contact page

2. Enter the lender's primary and secondary contact information on the **Lender Insurance Contact** page (Figure 3). Secondary contact information is optional.
3. Click . The **Acknowledgment of Terms and Conditions for LI** page appears when processing is successful (Figure 4). It serves as both the application for LI authority and the acknowledgment of its terms and conditions.

**Acknowledgment of Terms and Conditions for LI**

Lender ID: **09999**      Lender Name: **XYZ MORTGAGES**

The decision by this mortgagee to apply for Lender Insurance has been made in writing by an owner, officer or principal registered with FHA. Following this written decision and at the direction of such registered official, the FHA-approved Direct Endorsement mortgagee, as identified here by the CHUMS identification number prior to participating under FHA's Lender Insurance program, certifies that by this use and all subsequent transmissions of loan-level data needed to induce the Federal Housing Administration to offer insurance endorsement, that it will:

1. Participate under the Lender Insurance program in accordance with the requirements described in 24 CFR §§ 203.4, 203.6 and 203.255(f).
2. Conduct a pre-insurance review of each mortgage as required under 24 CFR 203.6; that no staff member who performs this review will have originated or underwritten said mortgage; and that no staff member will who originates or underwrites said mortgage will perform this review.
3. Transmit a true, accurate, and complete paper or digitized case binder in a manner as prescribed by FHA within a time limit as prescribed by FHA following FHA's request;
4. Maintain a copy of said mortgage case binder for a minimum of two years following endorsement, either in hard copy or digitized format, and make it available to FHA within a time limit as prescribed by FHA following FHA's request;
5. Comply with any additional HUD/FHA requirements or procedures that are applicable to the implementing statute (Section 256 of the National Housing Act); those regulations cited above; all pertinent mortgagee letters regarding FHA's Direct Endorsement and Lender Insurance programs and other administrative notices issued by HUD/FHA as well as all other FHA mortgage insurance requirements.

5 CFR 1320.3(h)(1) exempt: certification.

I agree and certify to these terms

I wish to apply for LI **Forward**      Click the checkbox to apply for LI Forward authority

▶ Send
Reset

Figure 4: Acknowledgement of Terms and Conditions for LI page

4. On the **Acknowledgment of Terms and Conditions for LI** page, click the checkbox next to **I wish to apply for LI Forward**, if the lender agrees to the terms (Figure 4).
5. Click ▶ Send. The lender is checked in HUD's systems to determine if it qualifies for LI Forward authority. If the lender qualifies, the **Acknowledgment of Terms and Conditions for LI Results** page appears with a message stating: *Lender Insurance Acknowledgment Successfully Completed*. The lender now has LI authority for its forward mortgages.

-or-

If the lender does not qualify, the **Acknowledgment of Terms and Conditions for LI** appears with an error message. The **Error(s) Detected** field in the **Details** section near bottom of page provides specific information about the error.

A lender with LI authority must meet the requirements of the program on an ongoing basis. If the lender cannot meet the program requirements, the lender's LI authority is terminated. While HUD reserves the right to address lender performance at any time, two-year claim and default rates of lenders with LI authority are reviewed quarterly based on data as of March 31, June 30, September 30, and December 31. Lenders newly approved for LI authority are reviewed quarterly starting in the first full quarter following the quarter in which they were approved.

The LI program is not currently available for Home Equity Conversion Mortgages (reverse mortgages).

**Note:** From the **Lender Functions** menu (Figure 1), you can select:

- **Lender Insurance Contact** to view, add, or update LI contact information for the lender.
- **Lender Insurance History** to track and maintain the lender's LI activity, including case binder type authorization and LI actions or sanctions (see the **Lender Insurance History** module of the **FHA Connection Guide** for details).