

POLITICS AND POLICY

FHA may loosen its branch registration requirements

By [Bonnie Sinnock](#) March 03, 2023, 9:28 a.m. EST 2 Min Read



The Federal Housing Administration is proposing to scale back the office registration requirement for the mortgage companies making the loans it insures.

"As the mortgage industry has evolved to better leverage technology and remote service delivery, the Department of Housing and Urban Development's requirement to register branch offices is inconsistent with current industry practices," the FHA said in an informational bulletin.

The proposal is out for comment through May 1, and the initial lender reaction is that the streamlining could be helpful regarding remote work and budgeting.

"This proposed change certainly removes outdated bureaucracy and goes a long way to recognize the reality that the modern workforce is no longer tethered to a physical workplace," said Daniel Jacobs, managing director at TruLoan Mortgage.

National Mortgage News

challenges. Known colloquially as “granny flats,” “in-law...

PARTNER INSIGHTS FROM FREDDIE MAC SINGLE FAMILY

"However, it does bring up questions," he added.

One is how the rule will interact with the FHA's so-called [Neighborhood Watch requirements](#), he said.

Under the Neighborhood Watch program, the FHA typically examines mortgage performance to make sure it's not notably worse than their peers, and inquire if it is. (FHA temporarily relaxed those requirements amid the pandemic.) Registered branches have been part of that process.

The proposed rule does say that HUD "would continue to monitor FHA lenders quarterly to determine if Credit Watch Termination is warranted" and can do so "without the specific branch office identification" but Jacobs would like more information about how that would be done.

"Historically lenders have a national set of data but the system specifically regionalizes and segments scrutiny based on individual office locations," he noted.

The FHA's move continues a broader trend seen at the federal level, according to Jacobs.

"Hopefully the detethering of physical office space from the actual activities of lenders will be adopted by [state banking regulators](#) with a sweeping modernization of mortgage licensing regulations," the TruLoan executive said.

"HUD has moved step by step away from micromanaging from the bottom up to a broader risk-based oversight from the top down of its mortgagees. This is consistent with other federal regulators and differs from state regulators."

The FHA's proposal would incentivize the optional registration of offices. Registered offices would be listed on the FHA's lender search page, whereas others would not be.

Michael Isaacs, CEO of [GO Mortgage](#), said the choice between registering an office to gain access to the search tool, or operating more efficiently without it, is a viable choice that can help lenders manage their finances better.

"Eliminating the branch office registration requirements, and the associated listing costs for those registrations, is an appropriate step to reduce our cost structure to more closely match our current practices, thereby enabling us to

National Mortgage News

to benefit from reduced fees."

While HUD's lender search can generate leads it's not something that will force lenders to register, he said.

"We have ample opportunity for online visibility elsewhere to assure awareness in the target FHA customer group," Isaacs said. "GO Mortgage appreciates every opportunity to increase the efficiency of delivering services."

Bonnie Sinnock Capital Markets Editor, National Mortgage News  [in](#) [t](#) [e](#)



 **REPRINT**

For reprint and licensing requests for this article, [click here](#).

POLITICS AND POLICY **ORIGINATIONS** **FHA**
