

LENDERS UPDATE™

A MONTHLY SERVICE TO THE MORTGAGE LENDING INDUSTRY

AN ALT & ASSOCIATES NEWSLETTER

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USE OF HUD OR FHA LOGO OR NAME IN LENDER ADVERTISING

On April 15, 2011 the US Department of Housing and Urban Development (HUD) issued Mortgagee Letter 2011-17. This letter can be found in its entirety at www.hud.gov at Lender Resources and then under Mortgagee Letters.

The Letter discusses the requirements for mortgagees who use the official logos, names and acronyms of HUD or of the Federal Housing Administration (FHA). It concerns the use of these logos, names and acronyms (herein below “logo(s)”) in Devices used to promote the business products or operations of FHA mortgagees. A “Device”, as that term is used, constitutes a channel or instrument for promoting or advertising FHA products.

HUD has determined that the use of these logos are present in the “entire range” of media utilized by FHA approved mortgagees, including websites, web addresses, business names, etc. The Letter sets forth FHA’s policy in this regard.

In summary, FHA approved mortgagees may display the official FHA Approved Lending Institution logos, which are attached as Exhibit “A” of the Mortgagee Letter, in a Device

for the purpose of describing or illustrating to the public, the types of loan products offered by the mortgagee. Such logos must be displayed in a discrete manner and be accompanied by a conspicuous disclaimer that clearly informs the public that the mortgagee offering the Device is not acting on behalf of, or at the direction of, HUD/FHA.

This disclaimer must be displayed in a proximate location to the logo. The Device carrying the logo, when taken as a whole, shall emphasize the name of the mortgagee and not the Federal government and must clearly identify the mortgagee as the author and originator of the Device, including the mortgagee's name, location, and contact information.

FHA approved mortgagees are prohibited from using the logos in such a manner that they would create a false impression that the Device is an official government form, notice or document or that the Device is approved or endorsed by HUD or FHA.

Most importantly, non-approved mortgagees, including Third Party Originators are prohibited from using any FHA Approved Lending Institution logos on any Device. Further, no person, party, company or firm, including FHA approved mortgagees may use the actual FHA logo, just the logos set forth on Exhibit A. The same is true of the official HUD seal which is set forth in Exhibit B of the Letter, or any other insignia that imitates an official Federal seal.

Further, FHA approved lenders may not purport nor imply that, as a result of their approval, their loans are coming directly from HUD or FHA. The use of the words "Federal", "Government", "National", "US Department of Housing and Urban Development", "The Federal Housing Administration" and/or the letters HUD or FHA either alone, or with other words, by an FHA approved lender or a Third Party Originator in a manner that falsely represents that the mortgagee's business services or products originate from HUD, FHA, the Government of the United States or any Federal, State or Local government agency, is prohibited.

Finally, the Letter again repeats that effective 30 days from its date, loan correspondents who were previously approved by FHA are prohibited from displaying the FHA Approved Lending Institution logos on any Device. No previously approved FHA correspondent or any Third Party Originator sponsored by an FHA approved mortgagee, shall engage in any activity or author any Device that falsely advertises or otherwise conveys the impression that the company's business operation, products or services originate from or are endorsed by FHA.

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ALT & ASSOCIATES provides regulatory, compliance, operational advice and transactional assistance, as well as litigation representation, to the financial services industry. Over the past two decades, members of the firm have represented Institutional Lenders and Mortgage Bankers and Brokers in all aspects of their operations. If you have any questions please contact:

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