

5.14 Responding to a Rejected Submission

When HUD rejects a submission, the lender can either edit the rejected submission or submit a brand new submission to HUD. A submission may be rejected for various reasons. If a submission is rejected, the lender will receive a certified letter stating they need to edit the current or submit a new submission. The lender has 30 days from the day a submission is rejected to re-submit to HUD. The new/edited submission will be considered a cure and the auditor must attest to the edited/new submission.

The lender must submit an acceptable submission (cure) in order to be recertified as an FHA-approved lender. If the edited/new submission is found insufficient, the lender can submit another cure to LASS if time remains in the 30-day time period. For more information on submitting a cure, refer to Section 5.13 Response to a Deficient Submission. If a lender fails to respond to a Rejected submission in the 30-day cure period, the lending company risks losing its FHA-approved lending status.

5.14.1 Creating a New Submission - Curing a Rejected Submission

Step 1: Login to LASS through FHA Connection using <https://entp.hud.gov/clas/>

Note: For detailed instructions on logging into LASS, refer to Section 2.0 - Logging into LASS.

Step 2: Click on the 'Rejected' status link in the inbox. See below.

STATUS	LENDER NUMBER	LENDER NAME	PROGRAM TYPE	FISCAL YEAR END	LASS ANALYST
Rejected	XXXXXX	ANYLOAN INC.	Title I and II Loan Correspondent	12/31/2001	DARRALL GRIFFIN

Step 3: The 'Rejection' page is displayed with a list of rejection reasons. At the bottom of the page the user can either choose the 'Create New Submission', 'Editable', or 'Read Only' options. For this section, choose the 'Create New Submission' button. See below: If you would like to choose 'Editable', proceed to Section 5.14.2 Editing a Rejected Submission.

Note: If you click the Read Only pushbutton, the previous submission will open in read-only format. You cannot make changes to the submission; only view your previously submitted data.



[Back to Inbox](#)

Rejection Reasons

Rejection Reason:

- Financial Statements not on GAAP basis
- Improper classification of Cash Flow Statement into the operations, investing or financing activities
- Other

Comments:

I agree with all of these.

As you know, HUD-FHA requires all nonsupervised lenders and loan correspondents to electronically submit certain financial and compliance data based on audited financial statements within 90 days after the end of their fiscal year. Based on our review of your recent electronic submission, the attached checklist indicates the items that are missing, incomplete or unacceptable and/or financial conditions that do not meet Departmental requirements.

Partial Template Displayed

The Department values your participation in its insured mortgage programs. Therefore, your prompt attention to this matter is necessary. Please direct any questions regarding the submission of additional supporting documentation to your analyst at lass@hud.gov or the Public and Indian Housing Real Estate Assessment Center (PIH-REAC) Technical Assistance Center at 1-888-245-4860.

If you want to create a brand new submission, click the 'Create New Submission' pushbutton. If you want to edit your Rejected submission, click the 'Editable' pushbutton. If you want to view the Rejected submission, click the 'Read Only' pushbutton.

Create New Submission

Editable

Read Only



Click here to create a new submission to cure the rejection

Step 4: When the user chooses 'Create New Submission', the user will be required to fill out the entire submission again. For detailed instructions completing the submission, refer to **Sections 5.0 - 5.8** of this User's Manual.

Step 5: After filling in all information on the new submission, submit the new submission to the IPA for review. For detailed instructions on submitting to the IPA, refer to **Section 5.9 - Submit to IPA** of this User's Manual.

Step 6: After submitting to the IPA for review, the auditor must now agree or disagree to the new submission. For detailed instructions on the auditor procedures to agree or disagree, refer to **Section 5.10 - Auditor Procedures** of this User's Manual.

Step 7: After the auditor has agreed to the new submission, submit the financial data to HUD. For detailed instructions on submitting to HUD, refer to **Section 5.12 - Submit to HUD for Review** of this User's Manual.

Step 8: After the new submission has been submitted to HUD, the lender is required to frequently check their inbox to see if the status of the submission has changed.

Note: *Statuses to look for:*

- *If the status changes to 'Audit Accepted', the lender has successfully completed the electronic submission of the recertification process and will not be required to submit until next year.*
- *If the status changes to 'Insufficient Cure', please submit an acceptable cure. For detailed information on submitting cures, refer to **Section 5.13 - Response to Deficient Submission of this User's Manual.***

Step 9: If your cure is in the 'Rejected' or 'Insufficient Cure' status and your 30-day cure period has expired, you will no longer have the ability to submit a cure. See below

You no longer may submit to LASS. Your 30-day cure period has expired.

STATUS	LENDER NUMBER	LENDER NAME	PROGRAM TYPE	FISCAL YEAR END	LASS ANALYST
View Submission	7781700005	ANY LOAN INC.	Title I and II Loan Correspondent	12/31/2001	DARRALL GRIFFIN

Step 10: After the cure period has expired, HUD will reevaluate your submission and/or cure, if the submission and/or cure is still deemed deficient, your FHA-approved lending status will be withdrawn and the following information will appear in your Inbox:

STATUS	LENDER NUMBER	LENDER NAME	PROGRAM TYPE	FISCAL YEAR END	LASS ANALYST
Withdrawn	7781700005	ANY LOAN INC.	Title I and II Loan Correspondent	12/31/2001	DARRALL GRIFFIN

Note: *If your status is Withdrawn, you will receive a certified letter explaining what plan of action you may take. Refer to **Section 6.0 - Responding to a Withdrawn Submission** for more information on the actions that can be taken against a withdrawn submission.*

5.14.2 Editing a Rejected Submission

Step 1: Login to the inbox and click on the 'Rejected' status link. See below.

STATUS	LENDER NUMBER	LENDER NAME	PROGRAM TYPE	FISCAL YEAR END	LASS ANALYST
Rejected	7781700005	ANY LOAN INC.	Title I and II Loan Correspondent	12/31/2001	DARRALL GRIFFIN

Step 2: Click on 'Editable' link at the bottom of the 'Rejected' page. See below.

The Department values your participation in its insured mortgage programs. Therefore, your prompt attention to this matter is necessary. Please direct any questions regarding the submission of additional supporting documentation to your analyst at lass@hud.gov or the Public and Indian Housing Real Estate Assessment Center (PIH-REAC) Technical Assistance Center at 1-888-245-4860.

If you want to create a brand new submission, click the 'Create New Submission' pushbutton. If you want to edit your Rejected submission, click the 'Editable' pushbutton. If you want to view the Rejected submission, click the 'Read Only' pushbutton.



Step 3: The previous submission opens in editable format and defaults to the Balance Sheet.

Step 4: The user must correct all errors that caused the submission to be rejected. Once all errors have been corrected, repeat steps 5 - 10 of the previous section.