



ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

Date: January 29, 2020

Mortgagee Letter 2020-02

To: All FHA-approved Mortgagees

Subject Mortgagee Electronic Funds Transfer Accounts

Purpose This Mortgagee Letter eliminates the manual process to establish and maintain Electronic Funds Transfer (EFT) Accounts. FHA is leveraging technology to allow mortgagees to establish and maintain EFT accounts through the Lender Electronic Assessment Portal (LEAP).

Effective Date All requirements contained in this Mortgagee Letter are effective immediately.

Public Feedback HUD welcomes feedback from interested parties for a period of 30 calendar days from the date of issuance. To provide feedback on this policy document, please send any feedback to the FHA Resource Center at answers@hud.gov. HUD will consider the feedback in determining the need for future updates.

Affected Programs This guidance will affect HUD's Single Family Housing Policy Handbook 4000.1 (Handbook 4000.1), section I.A.6.b.vii Post-Approval Operations and section I.A.7.b. Information Updates.

Background The Debt Collection Improvement Act of 1996 requires all agencies to make all Federal payments by Electronic Funds Transfer. Since 1996 HUD has required FHA approved mortgagees receiving Single Family Insurance claim payments to submit a completed Automated Clearing House (ACH) Vendor Payment Enrollment Form (SH 3881) to establish the account for EFT claim payments.

Continued on next page

Mortgagee Letter 2020-02

Summary of Changes

Changes have been implemented in LEAP and FHA Connection to allow lenders to establish and maintain EFT Accounts electronically. Hardcopy forms will no longer be accepted.

For specific instructions on establishing an EFT account, please refer to the LEAP User Manual using the following link:

https://www.hud.gov/sites/dfiles/SFH/documents/SFH_LEAP_USER_MANUAL.pdf

HUD Single Family Housing Policy Handbook 4000.1

Cash Flow and Electronic Funds Transfer (EFT) Accounts - I.A.6.b.vii

The Mortgagee must use the Cash Flow Account Setup function in LEAP to provide its bank account information for the following payment types:

- Title I, Single Family Upfront Premiums
- Title I, Single Family (Periodic) Annual Premiums
- Title II, Single Family Upfront Premiums
- Title II, Single Family, (Periodic) Monthly Premiums
- Title II, Single Family Claim Remittance Amounts

The Mortgagee must use the EFT Account Setup function in LEAP to provide its bank account information for FHA Insurance benefits payments.

Information Updates - I.A.7.b

The Mortgagee must submit Information Updates, as applicable, for the following information:

- addresses for correspondence
 - point of contact
 - all other contact and identification information
 - branch office information
 - principal/authorized agent relationships
 - cash flow accounts, and
 - electronic funds transfer accounts
-

Paperwork Reduction Act

The information collection requirements contained in this document are approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control number 2502-0059. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to a collection of information unless the collection displays a currently valid OMB control number.

Mortgagee Letter 2020-02

Questions

For additional information on this ML, please visit www.hud.gov/answers or call FHA's Resource Center at 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number via TTY by calling the Federal Relay Service at 1-800-877-8339.

Signature

Brian D. Montgomery
Assistant Secretary for Housing
-Federal Housing Commissioner