



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, D.C. 20410-8000

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

**December 21, 2012**

**Mortgagee Letter 2012-29**

**To** **All Approved Small Supervised Lenders and Mortgagees**

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**Subject** Interim Reporting Requirements for Small Supervised Lenders and Mortgagees

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**Purpose** The purpose of this Mortgagee Letter is to provide updated interim guidance for small supervised lenders and mortgagees (collectively “lenders”) regarding the annual financial reporting requirements set forth in Mortgagee Letters 2009-31 and 2011-25 and under Federal Housing Administration waivers of 24 CFR 202.5(g), dated April 7, 2011 and February 17, 2012. Small supervised lenders are those supervised lenders with consolidated assets below the audited financial reporting thresholds set by their respective federal regulators.

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**Affected Topics** Mortgagee Letters 2009-31 and 2011-25

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**Effective Date** This Mortgagee Letter is effective immediately upon publication.

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**Background** Mortgagee Letter 2009-31 (ML 09-31) requires all supervised lenders to annually submit audited financial statements in accordance with HUD Office of Inspector General Handbook 2000.04, which requires the submission of a report on internal control as it relates to administering HUD-assisted programs and a report on compliance with specific requirements applicable to major and non-major HUD programs (internal control and compliance reports).

Pursuant to the Federal Housing Administration waiver of 24 CFR 202.5(g) dated April 7, 2011 (and its extension dated February 17, 2012), Mortgagee Letter 2011-25 (ML 11-25) permits small supervised lenders to submit unaudited regulatory reports (i.e. Report of Condition and Income, also known as the “Call Report” and submitted on the Federal Financial Institutions Examination Council forms 031 and 041; or a consolidated or fourth quarter NCUA Call Report, submitted on NCUA Form 5300 or 5310”) (hereinafter “Call Reports”) to FHA in place of audited financial statements,

but did not eliminate the requirement that small supervised lenders submit internal control and compliance reports. This Mortgage Letter eliminates the requirement for small supervised lenders to submit internal control and compliance reports.

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**Lenders  
Required to  
Submit Audited  
Financial  
Statements**

Non-supervised lenders and supervised lenders whose consolidated assets meet or exceed the audited financial reporting threshold set by their federal regulatory agencies are not affected by these interim requirements. FHA continues to require audited financial statements for these lenders.

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**Submitting Call  
Reports**

Small supervised lenders should not submit their Call Reports for recertification through the Lender Approval and Assessment Subsystem (LASS). Instead, Call Reports should be e-mailed to [small.supervised.lenders@hud.gov](mailto:small.supervised.lenders@hud.gov) in a PDF format.

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**Information  
Collection  
Requirements**

Paperwork reduction information collection requirements contained in this Mortgage Letter have been 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 2502-0005. 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.

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**Questions**

Please inquire about information provided in this Mortgage Letter by contacting FHA's Resource Center at 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number by calling the Federal Information Relay Service at (800-877-8339).

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**Signature**

Carole J. Galante

Acting Assistant Secretary for Housing-Federal Housing Commissioner

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