



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

May 27, 2014

Mortgagee Letter 2014-09

To All FHA Approved Lenders and Mortgagees

Subject Annual Recertification and Post-Approval Updates

Purpose The purpose of this Mortgagee Letter is to inform lenders about changes to FHA's systems that alter the way lenders execute post-approval updates and complete FHA's annual recertification process.

Effective Date The changes detailed in this Mortgagee Letter are effective May 27, 2014, with the deployment of the Lender Electronic Assessment Portal (LEAP).

Affected Topics The following sections of HUD Handbook 4060.1, REV-2, are amended with guidance provided in this Mortgagee Letter:

Handbook 4060.1, REV-2	
Chapter 4	
Section 4-4	LASS Submission of Annual Audited Financial Statements
Chapter 6	
Section 6-1	Reporting Business Changes

The substance of the remaining policies contained in Chapters 4 and 6 of Handbook 4060.1 remain unchanged. However, the communication and delivery methods for reporting business changes to FHA and for submitting a lender's annual recertification package discussed throughout these Chapters will be impacted by LEAP.

Background FHA continues to enhance its counterparty risk management framework by refining existing processes and developing additional technological capacity. Integral to this effort has been the development of the Lender Electronic Assessment Portal (LEAP). LEAP consolidates all FHA lender approval and recertification business processes and replaces the Lender Assessment Subsystem (LASS). LEAP alters the way lenders execute post-approval updates and complete FHA's annual recertification process.

LEAP- Institution Manager

LEAP Access Lenders may access LEAP through FHA Connection. All Application Coordinator and Standard User IDs and passwords remain intact.

Post-Approval Updates & Business Changes LEAP allows lenders to self-update their institution and branch profile information. LEAP also automates the process for requesting business changes and notifications required by Chapter 6 of HUD Handbook 4060.1 and Mortgagee Letters 2009-31, 2010-38, and 2011-34. These changes include corporate officer changes, voluntary withdrawal, notification of material events, adding branches, mergers, and branch bulk transfers and acquisitions.

Accordingly, the following actions must now be completed using LEAP: (1) all requests for business changes; (2) notifying FHA of any events described in the above referenced Mortgagee Letters; and (3) the corresponding upload of supporting documents.

LEAP- Annual Recertification

LEAP Recertification All activities associated with FHA's annual recertification process have been transitioned to LEAP. This includes completion of the online certifications, financial data submissions, and the payment of recertification fees.

Financial Data Templates, and Agreed Upon Procedures All HUD-approved Title I and Title II supervised, nonsupervised, and investing lenders and mortgagees must provide financial information to HUD on an annual basis; unless requested, government mortgagees are not required to submit such information.

FHA has replaced the Data Collection Form with Audit Related Questions. Both the Audit Related Questions and Financial Data Templates have been restructured by lender type. Based on lender type and financial information provided in the lender's previous filings, the LEAP system will direct lenders to the correct Audit Related Questions and Financial Data Template for the lender's reporting structure. *Audit Related Questions only apply to lenders that are required to submit audited financial statements.*

Supervised, nonsupervised, and investing lenders and mortgagees are required to complete the Financial Data Template and upload all required financial documents as described in Chapter 7 of HUD Handbook 2000.04, Consolidated Audit Guide. All data entry and document upload functions must be completed by the lender and *may no longer* be completed by a third party such as the lender's Independent Public Accountant (IPA).

FHA will provide tools that simulate the online Audit Related Questions and Financial Data Templates in order to allow IPAs and lenders to create hard copies of these documents prior to the lender's data entry in LEAP. The hard copies are not required to be submitted; the tools are intended to aid lenders with data entry and document upload functions.

**Application to
Small
Supervised
Lenders**

Institutions identified as small supervised lenders (see 24 C.F.R. § 202.6(c)) are required to complete a Financial Data Template and submit required financial documents using LEAP as part of their annual recertification process.

**Information
Collection
Requirements**

Paperwork reduction information collection requirements contained in this Mortgagee 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.

Questions

Please inquire about information provided in this Mortgagee Letter by contacting FHA's Resource Center at 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairment may reach this number by calling the Federal Information Relay Service at (1-800-877-8339). For additional information on this Mortgagee Letter, please visit www.hud.gov/answers.

Signature

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