FHA INFO #13-21

Distribution Date: April 10, 2013

New Mortgagee Letter 13-10 / Small Supervised Lenders Waiver Extension

FHA Mortgagee Letter 13-10 Published: April 10, 2013

Subject: Lender Insurance Program

Purpose: This Mortgagee Letter provides comprehensive guidance on changes to the Federal Housing Administration's (FHA) Lender Insurance program which were contained in a Final Rule published January 25, 2012 and were effective February 24, 2012. Under Lender Insurance, participating mortgagees conduct their own pre-endorsement reviews and endorse their own loans for insurance, rather than mailing them to HUD for review and endorsement.

The Mortgagee Letter and the attached Lender Insurance Guide provide additional information on initial and continuing eligibility for the Lender Insurance program, the termination and reinstatement process, and processing instructions. The Mortgagee Letter also describes the new indemnification process applicable to all loans endorsed through the Lender Insurance program.

To view the Mortgagee Letter and attachments in their entirety visit: http://bit.ly/HUDml

Extension of Waiver of Annual Recertification Requirements for Small Supervised Lenders

Supervised lenders and mortgagees seeking FHA lender approval or renewal are required to electronically submit audited financial statements to FHA within 90 days of their fiscal year end pursuant to Mortgagee Letter 2010-20.

On April 2, 2013, the FHA Commissioner signed a waiver of the requirement for submission of audited financial statements for FHA supervised lender approval or renewal by supervised lenders and mortgagees that possess less than \$500 million in assets. This reporting threshold is derived from Federal Deposit Insurance Corporation (FDIC), Office of the Comptroller of the Currency (OCC) formerly the Office of Thrift Supervision (OTS), and National Credit Union Administration (NCUA) regulatory requirements which can be found at 12 CFR § 363.1(a), 12 CFR § 562.4(b)(2), and 12 CFR § 715.4(c), respectively. The current waiver is due to expire on April 7, 2013. The extension of this waiver will be effective for one additional calendar year through April 7, 2014.

In lieu of submitting audited financial statements, supervised lenders and mortgagees that qualify for this waiver must submit a copy of their unaudited regulatory report that aligns with their fiscal year end (i.e., Report of Condition and Income, also known as the "Call Report" on Federal Financial Institutions Examination Council forms 031 and 041; a consolidated or fourth quarter Thrift Financial Report; or a consolidated or fourth quarter NCUA Call Report, submitted on NCUA Form 5300 or 5310) within 90 days of their fiscal year end. The unaudited regulatory report must be signed by a corporate officer.

Supervised lenders and mortgagees that qualify for this waiver must complete all other approval and renewal requirements, including submitting the online certification and paying the renewal fee.

FHA-approved lenders and mortgagees must submit required documentation through the Lender Assessment Subsystem (LASS) at https://entp.hud.gov/clas/ However, as the LASS system is currently unable to collect unaudited regulatory reports, small supervised lenders and mortgagees who qualify for the waiver will not be required to submit their annual recertification documentation through LASS. Instead, the information should be e-mailed to small.supervised.lenders@hud.gov For more information please see these Frequently Asked Questions (FAQs) at: http://portal.hud.gov/hudportal/documents/huddoc?id=Lendfaqswaiver.pdf

For answers to any questions regarding the LASS system, the submission of financial statements, or the FHA renewal process, lenders can call the FHA Lender Recertification Branch and LASS Help Desk at 202-755-7400. Lenders may also e-mail questions to the FHA Lender Recertification Branch at lass@hud.gov or view LASS Frequently Asked Questions at http://www.hud.gov/offices/hsg/sfh/lass/faqs/lass-faqsys.cfm Mortgagee Letter 2010-20 can be read online at: http://portal.hud.gov/hudportal/HUD?src=/program-offices/administration/hudclips/letters/mortgagee You can also read all Codes of Federal Regulations (CFR) online at: http://www.gpoaccess.gov/cfr/