

Subject: Announcement of a New System for Annual Recertification

To: All FHA Approved Lenders

Overview

FHA is implementing a series of system enhancements that will improve its overall capabilities and streamline the recertification process for its FHA approved lenders. The Lender Assessment Sub-System (LASS) is being replaced by the Lender Electronic Assessment Portal (LEAP) effective April 2014. Lenders will use LEAP for Cash Flow account setup, completing the annual recertification, to manage institution/branch information and lender profile functions. In addition LEAP replaces the current “Lender Approval” and “Cash Flow Account Setup” web pages on FHA Connection. However FHA Connection will remain the lenders point of access to LEAP.

Transition To LEAP

Prior to the release of LEAP, FHA Connection will be in a two-week transition period in April 2014.

Prior to the transition period lenders should:

- **Complete any pending recertification submission as soon as possible.** This includes submissions of:
 - the online certification
 - recertification fee payments, and
 - financial submissions. (All financial submissions must be accepted by FHA.)
- Review all FHA Connection user ID numbers to ensure that all users are active at the time of transition.
- Pay special attention to corporate officers with authorization to complete the annual certification.
- Ensure all corporate officers, branch managers, branch locations, and branch authorities are current.
- Make any of the changes or updates to the Institution Profile in FHA Connection.
- Any requests for changes that must be completed by FHA should be submitted as soon as possible in advance of the transition period.

Recertification Filing Timeframe

- Lenders with a fiscal year end of **November 30, 2013** will be the last to complete submission in LASS.
- Beginning with lenders that have a fiscal year end of **December 31, 2013**, submissions must be made through LEAP (refer to Mortgagee Letter 2013-42).
- FHA has extended the due date for lenders with a **December 31, 2013** fiscal year end to 30 days after full implementation of LEAP recertification.

LEAP Recertification Changes

The transition to LEAP will trigger a series of changes to the recertification process. LEAP will provide a more efficient recertification process, encompassing the annual certification, payment, and financial submission. Where traditionally lenders were required to access both FHA Connection and LASS to complete the annual recertification process, LEAP will enable lenders to complete all required recertification submissions in one system. Highlighted below are some changes to:

Annual Certification Process

- FHA is establishing a maximum of three corporate officers with annual certification authority.
- The online certification has been enhanced to simplify the “Unable to Certify” process.
- Lenders to specify which portion of the certification is applicable to the information being reported.

Annual Recertification Payment Process *(No change in the amount of the renewal fees)*

- Annual renewal fees have been combined (refer to Mortgagee Letter 2013-35).
- The payment process will not change, however it will take place in LEAP once it is initiated.

Financial Reporting Segments

- Lenders are segmented by Non-Supervised, Large Supervised, Small, Supervised, and Investing. The reporting requirements for each of the groups (segments) are outlined in Chapter 7 of the OIG Audit Guide.
- The enforcement of Final Rule FR 5356-F-02 required financial submissions from all FHA approved lenders.
- Audit Related Questions (ARQs) and Financial Data Templates (FDTs) have been tailor to the financial reporting requirements for each lender segment.
- Small Supervised lenders must now submit financial data through LEAP.

Financial Data Entry

- The new Audit Related Questions include only those questions relevant to the financial reporting requirements for each segment
- The Financial Data Template allows the upload of the complete audited financial statements.
- Only those users with an “M” ID number in FHA Connection will have access to enter financial data in LEAP.
- On-screen definitions for each line item will offer clarity regarding what information is required.
- LEAP allows lenders to easily input financial data and provides control over the financial data entered into the system.
- The Audit Related Questions and Financial Data Template for each segment will be available on hud.gov to aid lenders and IPAs as they prepare their submissions.

Attestation

- The Agreed Upon Procedures (AUP), or attestation, for audited financial data entered into LEAP will continue to be completed by the Independent Public Accountant (IPA).
- On-screen definitions for each line item will offer clarity regarding what information is required.
- IPA attestation is not required for small supervised lenders.

Should you have any questions or concerns, please contact FHA’s Resource Center 1-800-CALLFHA (1-800-225-5342).