



Loan Review System

Quick Reference Sheet

The Federal Housing Administration (FHA) launched the Loan Review System (LRS) in May 2017. LRS automates many manual processes and consolidates functions previously performed in multiple systems. This Quick Reference Sheet summarizes the most important information provided in the LRS User Manual; this information was also previously covered in FHA's series of LRS webinars for lenders.

System Access

Each lender's in-house FHA Connection (FHAC) Application Coordinator must grant access to LRS. Use the FHAC Registration function to register new FHAC users and the User Administration function to grant specific LRS roles. There are three possible LRS roles for lenders: Read Only, Response Submission, and Indemnification Submission. See the LRS User Manual for a detailed description of each.

Email Notifications/Administrative Contacts

Initially, some lenders did not receive email notifications from LRS; those email issues have now been resolved. Each lender's designated Administrative Contact, as recorded in the Lender Electronic Assessment Portal (LEAP), will receive daily email notifications summarizing any new LRS response requests. The Administrative Contact should also be able to respond to any LRS-related inquiries from FHA, either directly or by forwarding them to the appropriate party.

In addition to monitoring email notifications, lenders are encouraged to log into LRS on a regular basis to view the *Active Reviews* screen, which displays a full list of outstanding *Response Requests* and loans *Under Review by FHA*.

Review Levels/Timeframes

Lenders have a total of four opportunities to respond to FHA-initiated reviews: Initial, Mitigation 1, Escalation 1, and Headquarters Escalation 1. Other levels may be visible to lenders in LRS when the loan is under review by FHA, but they are for FHA's internal escalation processes only.

When FHA requests a response to Unacceptable findings, LRS displays a due date based on the timeframe for each review level. If a lender fails to respond by the due date, the review advances to the next level, resulting in the loss of one lender response opportunity. Due dates cannot be reset or extended.

Any response is better than no response. If lenders are unable to submit a complete response by the due date, they should provide a brief explanation for the delay and submit it to FHA. Although due dates cannot be extended, this may allow FHA to mitigate other findings or manage escalation decisions.

The following table provides a description of each Review Level when a case is listed as either *Under Review by FHA* or as a *Response Request*. Timeframes are included for each *Response Request*.

Review Level	Under Review by FHA	Response Request (Timeframe in Calendar Days)
Initial	FHA's initial review	Lender's first opportunity to resolve (15 days)
Mitigation 1	Review of lender's initial response	Lender's second opportunity to resolve (5 days)
Mitigation 2	Review of lender's Mitigation 1 response	N/A
Escalation 1 (HOC)	Confirmation of Mitigation 2 decision	Lender's third opportunity to resolve (10 days)
Escalation 2 (HOC)	Review of lender's Escalation 1 response	N/A
HQ Escalation 1	Confirmation of Escalation 2 decision	Lender's fourth (final) opportunity to resolve (10 days)
HQ Escalation 2	Review of lender's HQ Escalation 1 response	N/A
Indemnification	Review of signed Indemnification from lender	N/A

Response Wrap-Up

Even though lenders may have responded to all Unacceptable findings, the responses are not submitted to FHA until the lender clicks "Complete Wrap-Up" on the Findings Overview screen. Failure to click this button may result in missed due dates and the loss of response opportunities.

Lenders should always check their LRS *Active Reviews* screen after completing a response; if a review still appears in the *Response Requests* section, then the response has not yet been submitted to FHA.

Indemnifications

At any point during a response, users with the Indemnification Submission role can click the *Indemnification* button in the top right of the screen. LRS will automatically create an indemnification agreement based on loan characteristics and other details provided by the FHA reviewer. The LRS User Manual provides step-by-step instructions for lenders to view and sign indemnification agreements.

Contacting the FHA Resource Center

For questions or more information, lenders should contact the FHA Resource Center at answers@hud.gov or by phone at 1-800-CALL-FHA. If users receive LRS error messages, they should capture screen shots and be prepared to provide the date/time of the error, the browser type/version, the specific user ID (M-ID), the 5-digit FHA Lender ID and the institution name. For questions about a specific case, lenders should be prepared to identify the Review Location so the issue can be routed appropriately. The Review Location is clearly displayed on the LRS *Review Data* tab.