The information in this document is current as of the Last Update date noted above. This document does not establish or modify the policy contained in FHA’s Handbooks and Mortgagee Letters in any way.

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Agenda

• Post-Approval Activities
  — Overview
  — When to Submit a Change Request
  — Most Common Change Requests
  — Notice of Material Events
  — Reminder

• Annual Recertification
  — Overview
  — Certification Details
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Post-Approval Activities
Post-Approval Activities Overview

Federal Housing Administration (FHA)-approved lenders have an ongoing requirement to notify FHA of any changes to the information they provided at the time of application for FHA approval, as well as changes that might impact their eligibility to participate in FHA programs.

- Any change that affects a lender’s approval status or conduct of business with the U.S. Department of Housing and Urban Development (HUD), even if not specifically described in the Single Family Housing Policy Handbook 4000.1 (SF Handbook 4000.1), must be reported to FHA with a detailed explanation and supporting documentation.

- All notifications must be submitted using the Lender Electronic Assessment Portal (LEAP) within 10 business days of the change unless otherwise specified in FHA’s policy guidance.

- The most frequent types of notifications are information updates, change requests and notice of material events.

Reference: SF Handbook 4000.1, Section 1.A.7
Information Updates

An information update is any change to a lender’s basic institution or branch information in the FHA systems that can be directly managed by a lender.

Reference: LEAP User Manual, Section 5
When To Submit Change Requests?

A Change Request is the method of submitting information and/or business changes to FHA that requires FHA review and approval before acceptance.
Most Common Change Requests

• Extensions

• Lender Org Changes include the following sub-types:
  — Add Branch
  — Fiscal Year-End (FYE) Change
  — Name Change
  — New Corporate Officer
  — Voluntary Withdrawal
  — Mergers or Acquisitions

Reference: LEAP User Manual, Section 9
Adding Branches

The Add Branch Change Request must be submitted in LEAP via the Requests drop-down on the Menu Bar. Payment will be required to add a Branch.

- All required steps to add a branch are displayed on the screen.
- The submit button will remain inactive until all tabs are complete.

Reference: LEAP User Manual, Section 5.1, Section 6
## Adding Branches—Most Common Errors

<table>
<thead>
<tr>
<th>If You receive this error...</th>
<th>Issue</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invalidated geographic address</td>
<td>Address could not be validated by USPS</td>
<td>Correct address and re-submit request</td>
</tr>
<tr>
<td>Rejected payment</td>
<td>Invalid account information</td>
<td>Correct account information and resubmit.</td>
</tr>
<tr>
<td>Branch Manager associated with another FHA institution</td>
<td>Branch Manager’s association with another institution will need to be removed</td>
<td>Contact FHA Resource Center</td>
</tr>
</tbody>
</table>

Reference: LEAP User Manual, Section 5.1
FHA Resource Center: 1-800-Call-FHA (225-5342); or answers@hud.gov
Fiscal Year-End Change

An FYE Change is changing the lender’s FYE month from one month to another in LEAP.

Lender must submit a change request in LEAP. The request must be submitted in accordance with the following requirements:

- Display the lender’s company letterhead;
- Signed by a Corporate Officer;
- Clearly state the reason for fiscal year change; and
- Submitted at least 90 days before the end of the lender’s current fiscal year, as reported to FHA.

Reference: HUD Handbook 4000.1, Section I.A.7
Name Change

When an institution has legally changed its business name and the Tax Identification Number (TIN) did not change nor did any other organizational or corporate change occur (i.e. merger, acquisition, etc.), the lender must submit a “Name Change” Change Request in LEAP and include the following information:

• Acceptable documentation showing the name change, such as:
  — The amendment to its articles of incorporation;
  — Resolution by the lender's Board of Directors; and
  — Charter amendment for a Supervised institution.

• When required by the State, evidence that the name change has been accepted by the State in which the home office is located.
Corporate Officers

• Existing Corporate Officers are listed in the institution’s profile on the Corporate Personnel panel.

• FHA-approved Lenders must maintain current and accurate Corporate Officer information at all times.
Adding or Updating Corporate Officers

New Corporate Officers can be added by submitting a “New Corporate Officer” Change Request in LEAP.

• The following information will be needed for each individual added:
  — Full name;
  — Title;
  — Social Security Number;
  — Current resume; and
  — Current tri-merged residential mortgage credit report, if applicable.

• At this time, changes to existing Corporate Officers (updating or deleting) must be submitted using an Ad Hoc Change Request in LEAP.

Reference: SF Handbook 4000.1, Section I.A.3
Voluntary Withdrawal

• A lender that does not wish to retain, or that is ineligible to retain, its FHA approval must submit a request for voluntary withdrawal. The request must include a letter signed by a Corporate Officer.

• Failure to complete the annual recertification process does not constitute a voluntary termination. Lenders that fail to complete the annual recertification process may be subject to administrative sanctions.

• The lender will be notified via email once the request is approved or denied.
  — FHA will not honor a lender’s request while there is a pending administrative action, or while the lender has unpaid indemnification claims or unsatisfied settlement agreement obligations owed to HUD.

Reference: LEAP User Manual, Section 12
Mergers—Surviving Institution

The FHA-approved surviving institution must submit the merger request through LEAP at least 45 days prior to the effective date.
Mergers—Surviving Institution (cont.)

Duties of the Surviving Institution

• The surviving institution must submit the following with the Change Request:

  — A letter, signed by a Corporate Officer, describing the merger;

  — If a Supervised mortgagee, a copy of Interagency Bank Merger Act Application submitted to the Federal regulatory agency (FDIC, OCC, NCUA, Federal Reserve);

  — If a Supervised mortgagee, documentation from the regulatory state agency or a Federal regulatory agency approving the merger; and

  — Certificate of Merger or Articles of Merger (submitted once merger is consummated).
Mergers—Non-Surviving Institution

Duties of the Non-Surviving Entity

• The non-surviving institution must submit the following with a merger request submitted by the surviving entity:

  — A letter, signed by a Corporate Officer, that informs FHA of the merger.

  ▪ Include which Entity will survive;
  ▪ Provide the FHA Lender IDs for each FHA-approved mortgagee involved;
  ▪ Provide the date the merger occurred or will occur;
  ▪ Requests the withdrawal of the non-surviving mortgagee’s FHA approval in accordance with FHA’s voluntary withdrawal procedures;
  ▪ If a Supervised mortgagee, a copy of the letter from the Federal Banking Agency that approved the merger; and
Mergers—Non-Surviving Institution (cont.)

— If applicable, a letter describing how the non-surviving mortgagee will dispose of the FHA-insured mortgages that it held or serviced that have not been acquired by a surviving FHA-approved mortgagee within 45 Days.

- The non-surviving FHA-approved mortgagee that holds a portfolio of FHA-insured Mortgages must transfer the mortgages within 45 Days to a mortgagee approved by FHA to service FHA mortgages.

Reference: SF Handbook 4000.1, Section I.A.7
Mergers—What Happens Next?

Transfer of Branches

The 45-day period provides FHA with sufficient time to review and process the request, and minimize impact on the lender’s operations.

- FHA will review the initial notification, and request any additional information.

- FHA will send the surviving institution a request via LEAP to identify the non-surviving institution branches that will be transferred to the surviving institution after the merger.
  - The surviving institution must select the desired branches and pay the branch fees through LEAP.
  - Once the branches are selected and the fees are remitted, the request will automatically return to FHA.
  - The selected branches will become active after the merger is processed in FHA systems.
Mergers – What Happens Next? (cont.)

Clearing Outstanding Portfolio and Origination Pipeline

• Before the effective date of the merger, the non-surviving FHA-approved lender must:
  — Transfer all FHA-insured loans held and/or serviced to another FHA-approved lender;
  — Transfer any loans not approved by a Direct Endorsement (DE) Underwriter prior to the merger effective date to an FHA-approved lender with the required authorizations (i.e. Unconditional DE); and

• FHA allows the non-surviving entity to submit loans for endorsement if those loans were originated by the non-surviving entity and if the mortgagor and all terms and conditions of the mortgage were approved prior to the effective date of the merger by FHA staff or an unconditionally approved DE lender.
Mergers—What Happens Next? (cont.)

Final Steps

• After the effective date of the merger, the surviving entity must provide FHA:
  — Certificate of Merger or Articles of Merger

• Upon review of the Certificate of Merger or Articles of Merger, FHA will process the merger.

• Once the merger is processed:
  — The non-surviving entity’s FHA lender approval will be terminated.
  — Any branches not transferred to the surviving entity will be terminated.
  — Case binders must be mailed to the Homeownership Center (HOC) for endorsement.
Acquisitions—Surviving Institution

The FHA-approved surviving institution must submit the acquisition request through LEAP at least 45 days prior to the effective date.

Duties of Acquiring Entity

• If the entity acquiring the FHA-approved mortgagee wants to participate in the FHA program, it must submit an application for FHA Approval.
Acquisitions—Surviving Institution (cont.)

• FHA-approved mortgagees that acquire another FHA-approved mortgagee must submit an Acquisition Change Request in LEAP. The request must include the following documents:

  — A letter, signed by a Corporate Officer, describing the acquisition and how it plans to manage the outstanding loan portfolio;

  — A letter, signed by a Corporate Officer, from the lender being acquired requesting withdrawal of it’s FHA approval;

  — Copy of the articles of dissolution for the acquired FHA-approved mortgagee; and

  — Executed Purchase Agreement.

Reference: SF Handbook 4000.1, Section I.A.7
Notice of Material Events

A Notice of Material Event is the method of submitting a required notice to FHA of a change to the information provided by the lender at application as evidence of approval eligibility, or a change that affects the lender’s FHA approval status.

• Mortgagees must submit a Notice of Material Event within 10 business days of the change. Material events include, but are not limited to:

  — Bankruptcy
  — Business Form Change
  — Cease Operations
  — Change in Partnership
  — Change of Fidelity Bond or E&O Insurance
  — Lending License(s) Surrender
  — Liquid Assets Deficiency
  — Operating Loss
  — Principal Activity Change
  — Change of Principal Owners
  — Supervision Change
  — Unresolved Findings/Sanctions

Reference: SF Handbook 4000.1, Section 1.A.7
Notice of Material Events (cont.)

All Notices of Material Events are submitted using LEAP.

• When submitting a Notice of Material Event:
  — Include a brief description of the event in the space provided. The description is limited to 250 characters. Additional information can be uploaded in an attachment.
  — Attach and upload all supporting documentation. Each attachment is limited to a file size of 5MB.

• What happens next:
  — FHA will review the notice and determine if the events reported affect the lender's FHA approval and/or its ability to provide the annual certification.

Reference: LEAP User Manual, Section 5.6
Reminder

FHA-approved mortgagees must maintain contact information for one primary Administrative Contact in LEAP.

• Contact information must include:
  — Full name;
  — Telephone number;
  — Email address; and
  — Business street address (post office boxes are not acceptable).

• Mortgagees should add the @hud.gov domain to their servers to ensure timely delivery of emails from HUD.

Reference: LEAP User Manual, Section 5
Annual Recertification
Annual Recertification Overview

FHA requires all approved mortgagees to complete and submit their Annual Recertification in accordance with HUD Policy. LEAP will send an email notification to the institution’s Administrative Contact and guide the user through the process.

- The following are possible Recertification process steps a user may need to complete:
  - Lender Data Verification;
  - Certification (or Unable to Certify);
  - Audit Related Questions;
  - Financial Data Entry;
  - Payment;
  - Submit to Independent Public Accountant (IPA) for review; and
  - IPA’s Agreed Upon Procedures.

Reference: LEAP User Manual, Section 7
Annual Recertification Overview

Annual Recertification Steps in LEAP
Certification

• FHA-approved mortgagees are required to certify annually to their eligibility to participate in FHA programs.

• The annual certification must be submitted by a Corporate Officer that has been designated by the lender as a Certifying Official.

• If a mortgagee is not able to truthfully certify to any of the statements set forth in the Certification due to events not previously reported to FHA, the mortgagee will be required to notify FHA and provide an acceptable explanation and supporting documentation.
Certification (cont.)

• The Certifying Official must provide an answer to each statement in the Certification.

• If the Certifying Official is unable to certify to any of the statements, the following must be submitted:
  — A detailed explanation of the reasons(s) and/or events; and
  — Pertinent supporting documentation.

• A separate explanation and documentation must be submitted for each uncertified statement.
Certification (cont.)

In order to certify, a Certifying Official must check the box for each statement and complete the identifying information below. If you are unable to certify to any of the statements, leave those specific box(es) unchecked and click “Unable to Certify.” You will be prompted to provide an explanation and attachments.

1. I certify that I am a Corporate Officer of the above-mentioned Mortgagee (hereafter referred to as “the Mortgagees”), that I am duly authorized to execute this certification on behalf of the Mortgagee, and that throughout the Certification Period I have known, or been in the position to know, whether the operations of the Mortgagee conformed to all applicable HUD/FHA regulations, handbooks, Mortgagee Letters, Title I Letters, and policies.

2. I certify that the Mortgagee is fully responsible for all actions of its principal, owners, officers, directors, managers, supervisors, loan processors, loan writers, loan originators, and for the actions of its employees and contractors conducting FHA business for the Mortgagee (hereafter referred to as “Participants”).

3. I certify that during the Certification Period, the Mortgagee did not employ or retain any Participant who was subject to a current suspension, debarment, limited denial of participation or other restriction imposed under part 206 of Title 24 of the Code of Federal Regulations, part 180 as implemented by part 2424, or any successor regulations to such parts, or under similar provisions of any other Federal agency.

4. I certify that during the Certification Period, the Mortgagee did not employ or retain any Participant who was under indictment for, or had been convicted of, an offense that reflects adversely upon the Mortgagee’s integrity, character, or fitness to meet the responsibilities of an FHA-approved Mortgagee, who had pled guilty or nolo contendere to a felony related to participation in the real estate or mortgage loan industry during the 7-year period preceding the first day of the Certification Period; and/or who had ever been convicted of a felony related to participation in the real estate or mortgage loan industry that involved an act of fraud, dishonesty, a breach of trust, or money laundering.

5. I certify that during the Certification Period, the Mortgagee was not sanctioned by any federal, state, or local government agency or by any other regulatory or oversight entity with jurisdiction over the Mortgagee, except for those sanctions, if any, the Mortgagee timely reported to HUD during the Certification Period and for which the Mortgagee received explicit clearance from HUD to continue with the certification process.

6. I certify that during the Certification Period, the Mortgagee was not subject to any unresolved findings, except for those unresolved findings, if any, the Mortgagee timely reported to HUD during the Certification Period and for which the Mortgagee received explicit clearance from HUD to continue with the certification process.

7. I certify that during the Certification Period, no Participants were subject to any sanctions or unresolved findings, except for those sanctions or unresolved findings, if any, the Mortgagee timely reported to HUD during the Certification Period and for which the Mortgagee received explicit clearance from HUD to continue with the certification process.

8. I certify that during the Certification Period, the Mortgagee was not refused any license necessary to conduct its normal operations in the real estate or mortgage loan industry. I further certify that throughout the Certification Period, the Mortgagee maintained compliance with all applicable provisions of the SAFE Mortgage Licensing Act of 2008 or its equivalent under state law, including all Nationwide Mortgage Licensing System and Registry requirements.

9. I certify, to the best of my knowledge, and after having conducted a reasonable investigation, that the Mortgagee does now, and did at all times throughout the Certification Period, comply with all HUD/FHA regulations and requirements applicable to the Mortgagee’s continued approval and operations, including those contained in HUD handbooks, Mortgagee Letters, Title I Letters, policies, and any agreements entered into between the Mortgagee and HUD.

10. Each of my certifications is true and accurate to the best of my knowledge and belief. I understand that if I knowingly have made any false, fictitious, or fraudulent statement(s), representation(s), or certification(s) on this form, I may be subject to administrative, civil and/or criminal penalties, including debarment, fines, and imprisonment under applicable Federal law.
Unable To Certify

The following statement(s) were not selected as certified. Please provide an explanation for each and upload all relevant attachments. If multiple items are listed, please indicate which attachments apply to each statement.

5. I certify that during the Certification Period, the Mortgages was not sanctioned by any federal, state, or local government agency or by any other regulatory or oversight entity with jurisdiction over the Mortgages, except for those sanctions, if any, the Mortgages timely reported to HUD during the Certification Period and for which the Mortgages received explicit clearance from HUD to continue with the certification process.

   Explanation:

   Maximum number of characters: 255

5. I certify that during the Certification Period, the Mortgages was not subject to any unresolved findings, except for those unresolved findings, if any, the Mortgages timely reported to HUD during the Certification Period and for which the Mortgages received explicit clearance from HUD to continue with the certification process.

   Explanation:

   Maximum number of characters: 255

10. Each of my certifications is true and accurate to the best of my knowledge and belief. I understand that if I knowingly have made any false, fictitious, or fraudulent statement(s), representation(s), or certification(s) on this form, I may be subject to administrative, civil and/or criminal penalties, including debarment, fines, and imprisonment under applicable federal law.

   Explanation:

   Maximum number of characters: 255
Unable To Certify (cont.)

• FHA will review the submission with supporting explanation and documentation in order to determine if the lender may be allowed to proceed with recertification.

• Upon acceptance, FHA will “re-open” the certification to allow the lender to proceed.

• Events previously reported to FHA do not need to be reported again during the annual recertification.
Certification & Unable To Certify

What you should know....

• Events previously reported and reviewed by FHA do not have to be reported again when completing the annual certification unless the status is updated or there is a change to what was previously reported.

• Annual certification is available to mortgagees the first week after their FYE. Mortgagees are strongly encouraged to complete the annual certifications and submit Unable to Certify information as early as possible to prevent delays in processing.

• Extension to the recertification deadline will not be granted due to an Unable to Certify submission.
Helpful Links

• LEAP User Manual

• HUD’s Lender Web Page
  http://www.hud.gov/groups/lenders.cfm

• SF Handbook 4000.1
The FHA Resource Center

- Preview *new* Origination through Endorsement FAQs on our SF Handbook Information page:
  - Commonly asked questions/detailed answers.
  - Uploaded to the online Knowledge Base on September 14, 2015.

- [www.hud.gov/answers](http://www.hud.gov/answers): *1600+ Qs and As* addressing 90 percent of our phone calls *and* announcements of policy changes and training opportunities.

- **Email**: answers@hud.gov

- **Phone**: (800) CALL-FHA or (800) 225-5342
  Monday through Friday, 8:00 am – 8:00 pm ET

Contact the FHA Resource Center: 1-800-Call-FHA (225-5342); or answers@hud.gov.
Thank You!