

FHA's Annual Renewal Requirements

FHA approved mortgagees and lenders are required to complete and submit all Annual Renewal requirements electronically via the FHA Connection. Completing the annual renewal includes submission of the electronic Annual Certification, remittance of the annual renewal fee and the submission of Audited Financial Statements. In accordance with Mortgagee Letter 2009-31, Supervised Mortgagees are required to submit annual audited financial statements. Government Mortgagees are not required to remit the annual fee or submit audited financial statements. **The Annual Renewal requirements must be received within 90 days of the lender's fiscal year end.**

Change of Lender's Fiscal Year End Date

All requests by mortgagees or lender to change the ending date of their fiscal year must be submitted in writing on company letterhead and signed by corporate officer or principal owner to: Director, Lender Approval and Recertification Division, 451 7th St SW, Rm B-133/P3214, Washington DC 20410. FHA reserves the right to deny such requests and will notify lenders accordingly when such denials occur.

Change requests must be submitted 90 days prior to the end of a lender's current fiscal year as shown in FHA records in order to be considered. The subsequent audited financial statements that must be submitted as part of the annual renewal of FHA lender approval cannot have an ending date greater than 18 months after the submission to FHA of the preceding fiscal year's audited financial statements.

References:

Title II lenders should review Chapter 4 of the Title II Mortgagee Approval Handbook 4060.1, Rev-2 at: <http://www.hud.gov/offices/adm/hudclips/handbooks/hsg/4060.1/index.cfm>

Title I lenders should review Chapter 4, as well Title I Letters TI-478 and TI-03-1 available at: <http://www.hud.gov/offices/adm/hudclips/handbooks/hsg/4060.1/index.cfm> and <http://www.hud.gov/offices/adm/hudclips/letters/title1/>.

LASS user manual at:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/lass/lass_usermanual

FHA Connection:

If you do not have access to the FHA Connection, please go to <http://www.hud.gov/offices/hsg/connect.cfm> for instructions on how to register.

If your company already has a FHA Connection account, a user must be granted access to "Lender Approval" in the FHA Connection in order to complete the Annual Certification, pay

the annual renewal fee, and submit audited financial statements. This access is granted by the FHA Connection Coordinator in your company, not by FHA. To grant access to a user in the FHA Connection, the FHA Connection Coordinator needs to click on "ID Maintenance", click on the "FHA ID Administration" link, enter the ID of the user to be granted access in the "By ID" field, scroll down to "Authorization for Lender Approval Applications", check "Annual Certification", and click "Send". Please allow one business day for the requested changes to be updated. If this change is made and the user still does not have access, please contact the FHA Connection Help Desk at SFADMIN@HUD.GOV

If you have an FHA Connection Account but need to add an FHA Connection Coordinator, please complete the Application Coordinator Registration at:
<https://entp.hud.gov/idapp/html/register.cfm?Coordinator=Y>

Annual Certification (V-Form):

Renewing mortgagees and lenders must complete the electronic Annual Certification as a component of the renewal process. The electronic Annual Certification replaces the paper Yearly Verification Report (V-Form). Only corporate officers and principal owners with authority to legally bind the mortgagee or lender will be permitted to complete the electronic Annual Certification on behalf of an institution. Any individual whose name is not currently reflected in the FHA Connection as an authorized corporate officer or principal owner will not be permitted to complete the electronic Annual Certification for the renewing mortgagee. The term "Corporate Officer" refers to a natural person who is an Owner, President, Vice President, Chief Operating Officer, Chief Financial Officer, Director, Corporate Secretary, Chief Executive Officer, Chairman of the Board, or Member or Manager of a limited liability company.

Renewing FHA approved mortgagees must certify all home and branch office information is accurate. The mortgagee's FHA Connection Coordinator has the authority to verify the accuracy of the information for his or her company in the FHA Connection, and to make any changes. Instructions on how to complete the electronic Annual Certification can be found in [Mortgagee Letter 2009-25](#) which can be accessed on the HUD.gov website.

Annual Renewal Fee:

The renewal fee for Title II approved mortgagees is \$500 for the home office and \$200 for each registered branch. The renewal fee for Title I approved lenders is \$150 for the home office and \$50 for each registered branch. The Department does not accept checks for remittance of renewal fees. These fees must be made through pay.gov on the FHA Connection.

Use of LASS System to Submit Audited Financial Statements:

All nonsupervised and supervised mortgagees and lenders must submit their audited financial statements within 90 days of their fiscal year end electronically via the Lender Assessment SubSystem (LASS).

Nonsupervised mortgagees must have an adjusted net worth of 1% of the volume of insured mortgages the mortgagee originated, purchased, or serviced, but not less than \$1,000,000.

Future Net Worth Requirements: The following net worth requirements are effective on May 20, 2011, for all approved supervised and nonsupervised mortgagees and lenders, and all approved investing lenders and mortgagees:

- Existing mortgagees and lenders that meet the standards for classification as a small business, as established by Small Business Administration (SBA) must have a net worth of \$500,000, of which 20 % must be liquid assets consisting of cash or cash equivalents.
- Existing mortgagees and lenders that do not meet the standards of small business, as established by SBA, must have a net worth of \$1,000,000, of which 20% must be liquid assets consisting of cash or cash equivalents.

If further assistance is needed, lenders can go to the LASS homepage, which provides information concerning FHA recertification, including links to the LASS User Manual, LASS Line Item Definition Guide, Frequently Asked Questions, HUD Consolidated Audit Guide, etc., located at: <http://www.hud.gov/offices/hsg/sfh/lass/prodlass.cfm>. Please visit the Federal Registrar to review the new regulation changes and future net worth requirements [here](#).

For each reporting period (i.e., annually), lenders are permitted to request one 30-day extension. The request must be received no earlier than 45 days prior to the submission due date and no later than 15 days prior to the submission due date. Lenders submit extension requests via LASS by clicking the “Request Extension” link. Please see http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/lass/lass_usermanual for information on how to request a 30 day extension for submitting your audit report.

User ID and Passwords:

User IDs for FHA systems are automatically terminated after 90 days of non-use. Passwords expire after 60 days.

Lenders: The FHA Connection Coordinator of each lender can reset the password for reinstatement for any of its users. If the user who needs his/her password reset or ID reinstated is the FHA Connection Coordinator they need to submit an email request to SFAdmin@hud.gov which contains the following information:

Lender name

Lender’s Title I and/or Title II FHA Lender ID Number

Coordinator's full name
Coordinator's User ID
Coordinator's Mother's Maiden Name
Last 4 digits of your SSN

They will be advised by return email when their ID has been reinstated and/or password reset.

Auditors: If an auditor's user ID is terminated, the FHA Application Coordinator may reinstate the ID by re-assigning it a role in LASS as detailed in http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/lass/lass_usermanual. The FHA Application Coordinator can also reset auditor's passwords.

The CPA firm performing the attestation function in LASS needs a Unique IPA Identification (UII), which is a five (5) digit identification number for the firm. If the CPA firm has previously done work with REAC, they may already have a UII. The UII is associated with the CPA firm's tax ID number and zip code. If the CPA firm does not have a UII, the ID assigned as the Independent Public Accountant may (IPA) apply for it via the Secure Systems website at: http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/reac/online. The UII number will be instantaneously displayed upon completion of the registration process. The UII is entered in LASS, on the Data Collection Form (DCF), General Information tab, question G2200-009. Please also see http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/lass/lass_usermanual for information about how an auditing firm obtains a Unique IPA Identifier (UII) number that is also required in LASS submissions.

Questions:

The FHA Lender Renewal Helpline at 202-755-7400 has the following options:

Press 1 to leave a message about using LASS

Press 2 to leave a message about accounting issues in an audit

Press 3 to leave a message about the annual renewal fee and/or Annual Certification.

If you prefer, you can send an email to LASS@hud.gov