



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FEDERAL HOUSING ADMINISTRATION



SINGLE FAMILY HOUSING

Welcome to...
FHA-Approved Mortgagee
Annual Recertification Requirements

Today's webinar begins
at 2:00 PM (Eastern)

We will be underway shortly

Please test your speakers and choose Audio source (computer/smartphone or telephone) by selecting desired option in **Audio Settings** – see left side of toolbar at bottom of screen.



OFFICE OF SINGLE FAMILY HOUSING



Technical Support

- Recommend Chrome browser.
- Technical issues? Review *Technology FAQs* by clicking **Chat** icon at bottom of screen or **Landing Page**.
- Need additional tech support? Click *Contact Tech Support* icon on **Chat** link or **Landing Page**.



Q&A Sessions

- There will be two Q&A sessions; the first near the mid-point and the second following the presentation.
- Follow instructions in *Q&A Instructions* link found in the **Chat** icon/**Landing Page** and **Q&A Instructions** slide at end of the presentation.
- Test Audio, if asking a question.
- Select one of the two Audio options:
 - Computer/Smartphone
 - Standard Telephone Line
- Send unanswered questions to FHA Resource Center.



Contact FHA Resource Center

- Online at: www.hud.gov/answers
- Via email at: answers@hud.gov
- Via phone at: 1-800-Call-FHA (1-800-225-5342)

Persons with hearing or speech impairments call Federal Relay Service at 1-800-877-8339.



Documents/Materials & Training Evaluation

- Documents/Materials:
 - Click **Chat** icon or **Landing Page** – select *Webinar Documents/Materials* link for copy of presentation.
- Training Evaluation:
 - Click on **Chat** icon or **Landing Page** – select *Survey* link.



Helpful Links

Click **Chat** icon or **Landing Page** – select links to bookmark:

- FHA Lenders page:
https://www.hud.gov/program_offices/housing/sfh/lender
- FHA FAQ page:
<https://www.hud.gov/FHAFAQ>
- Single Family Housing Archived Webinars (On Demand) page:
https://www.hud.gov/program_offices/housing/sfh/events/sfh_webinars





U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FEDERAL HOUSING ADMINISTRATION

SINGLE FAMILY HOUSING



Office of Lender Activities and Program Compliance
**FHA-Approved Mortgagee
Annual Recertification Requirements**

September 26, 2023

Last Updated: 8/16/2023

Presented by the Lender Approval and Recertification Division:
Erikka Young, Management Analyst
Sherica Achike, Auditor



OFFICE OF SINGLE FAMILY HOUSING



Agenda

LEAP System Access

Preparing for the Annual Recertification

Recertification Process

Financial Eligibility & Reporting Requirements

Q & A

Common Deficiencies

Updates

Resources

Q & A



LEAP System Access



FHA Connection User Types

- **Application Coordinator** – an employee of the Federal Housing Administration (FHA) - approved institution that grants or revokes roles/authorizations for the Lender Electronic Assessment Portal (LEAP) and other FHA Connection (FHAC) applications to the institution’s standard users.
- **Standard User** – an employee of the FHA-approved institution that has access rights to LEAP and other FHA Connection applications that must be granted by an Application Coordinator.
- **Auditor/Independent Public Accountant (IPA)*** – has an “Independent User” ID with specific access rights that must be granted by an Application Coordinator; may be authorized to access financials for multiple FHA-Approved Mortgagees (separate registration process).

*Not an employee of the FHA-approved institution



LEAP Access

Authorization Roles for Recertification

Authorization for Lender Electronic Assessment Portal Applications. Please Note: These roles apply to both Title I and Title II Lender IDs.

<input type="checkbox"/> Institution View Only	<input type="checkbox"/> Institution Data Entry	<input type="checkbox"/> Branch Data Entry
<input type="checkbox"/> Notice of Material Events	<input type="checkbox"/> Recertification Data Entry	<input type="checkbox"/> Recertification Payment
<input type="checkbox"/> Certifying Official	<input type="checkbox"/> Cash Flow Account Setup	

Institution View Only:
Has read-only access to all Institution, Branch, Request, Notice of Material Event, and History screens.

Certifying Official:
Has access to complete the Annual Certification.

Recertification Data Entry:
Has access to complete Lender Data Verification, Audit-Related Questions, Financial Data Template.

Recertification Payment:
Has access to submit the recertification payment and submit extension requests.

User administration instructions: https://entp.hud.gov/pdf/mp_gs4_auth.pdf



IPA Assignment



FHA Connection

Home | Main Menu | ID Maintenance | E-mail Us | Contact Us | Sign Off

Welcome ERIKKA YOUNG

FHA Connection | Single Family FHA | ID Maintenance | ID Administration-HUD Request

FHA Connection ID Administration-HUD

Help Links ?

To update an FHA user ID, fill out the form below and click Send when you are through. Upon verification of the information below, the user ID will be updated.

And remember:

Warning! Misuse of Federal Information at this Web site falls under the provisions of Title 18, United States Code, section 1030. This law specifies penalties for exceeding authorized access, alteration, damage or destruction of information residing on Federal Computers.

Current Information on File:	User ID	Status	Issue Date
The user ID was last updated by WEBID on 09/05/2002	110758	Approved	09/05/02

First Name:
Middle Initial:
Last Name:
Social Security Number:
Organization Name:
Telephone Number:

Provide your e-mail address.
Include your e-mail user name, the @ sign and [servicename.com/edu/org/net/etc.]. For example: smith@aol.com, johndoe@adv.org, hfdb84a@prodigy.com.

E-mail Address:

Re-enter E-mail Address for Verification:

If you would like to reset the password, please click on the link: [Reset Password](#)

For future verification, please provide your Mother's Maiden Name:

The following lenders are associated with the Independent user.
Click on the lender ID number to access specific authorizations.



OFFICE OF SINGLE FAMILY HOUSING



FHA Connection User Responsibilities

It is prohibited by law to share user IDs and passwords for any purpose. The IDs of all users found sharing information are subject to determination. Users may also face debarment or prosecution.

Authority: Section 203, National Housing Act, Pub. L. 73-479; Section 255, National Housing Act, Pub. L. 100-242; 42 U.S.C. 3543 - Sec. 3543; U.S. Federal Criminal Code 18 USC 1030

- **Mortgagee (M0000)**
 - Enters financial data in the Financial Data Template (FDT) and completes the Audit Related Questions based on the audited financial statements provided by the CPA.
- **Independent Public Accountant (IPA) (I0000)**
 - Verifies the data in the Financial Data Template (FDT) and attests to its accuracy.



Preparing for the Annual Recertification



Unique Entity Identifier (UEI)

- The registration data for the UEI entered in LEAP must match the following information in the institution profile:
 - Institution Name
 - Home Office geographic address
 - Tax ID Number
- Mortgagees must ensure its UEI number has an Active Status at all times. Prior to its **annual** expiration date, a Mortgagee must log into Sam.gov and renew its registration.



Corporate Officer Confirmation

When a Mortgagee wishes to make updates to its Corporate Officer information, it **must submit a request in LEAP within 10 business days of the change** unless otherwise specified in Federal Housing Administration (FHA) policy guidance.

Change Request Types:

- **New Corporate Officer:** Use this request to add a new Corporate Officer; Separate requests must be submitted for each Officer; Select from the drop down to indicate whether the new Corporate Officer will be the Officer in Charge.
- **Ad Hoc:** Submit this request type to remove a Corporate Officer or to edit Corporate Officer information.

Corporate Officer Confirmation (continued)

Mortgagees can designate up to three Corporate Officers as ‘Certifying Officials’.

- The Certification step in the Recertification process can only be completed by a Corporate Officer in LEAP.
- The FHAC Application Coordinator must setup at least one Corporate Officer FHAC User ID with ‘Certifying Official’ rights.



Voluntary Withdrawal Request

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

- FHA will not honor the request while there is a pending administrative action, unpaid indemnification claim(s), holder or servicer cases in its portfolio, or an unsatisfied settlement agreement obligation owed to HUD.
- Failure to complete the Recertification process does not constitute a voluntary termination and may result in administrative sanctions against the Mortgagee.



Recertification Process



Summary of Recertification Steps

Segment	Recertification Steps
<ul style="list-style-type: none"> ▪ Small Supervised <i>(Total net assets less than \$500 million)</i> 	<ul style="list-style-type: none"> ▪ Lender Data Verification ▪ Certification ▪ Financial Data Entry ▪ Payment ▪ Submit to HUD as Final
<ul style="list-style-type: none"> ▪ Large Supervised ▪ Non-Supervised Mortgagees ▪ Investing 	<ul style="list-style-type: none"> ▪ Lender Data Verification ▪ Certification ▪ Audit Related Questions ▪ Financial Data Entry ▪ Payment ▪ Submit to Independent Public Accountant for Review ▪ Submit to HUD as Final
<ul style="list-style-type: none"> ▪ Government 	<ul style="list-style-type: none"> ▪ Lender Data Verification ▪ Certification ▪ Submit to HUD as Final



Lender Data Verification

The Lender Data Verification step requires the user to verify all Institution Profile information in LEAP is accurate.

Any updates should be made at this time.

Edit Institution Profile

<p>Institution ID: 00001 Institution Name: The Village - OLAPC <small>Click Here to update Institution Name</small> Tax ID: 53-0196955 Insurance Type: Title 1 and Title 2</p>	<p>GNMA ID: * NMLS ID: 111111 UEI Number: J87722387341 Confirm UEI Number: J87722387341</p>
<p>Mortgagee Type: Supervised Institution Supervising Agency: Not Applicable Functions Authorized to Perform: Originate Single Family Service Single Family Incorporation Date: Incorporation State: District Of Columbia</p>	<p>Fiscal Year End Date: December 31 FHA Approval Date: 05/28/2014 Recertification Due Date: 06/30/2020 Last Recertification Date: 06/03/2016 Last Payment Received Date: 08/18/2019</p>

CANCEL OK

Certification Statements

- The Mortgagee's Certifying Official must certify that the institution was in compliance with certain FHA requirements.
- A Mortgagee may not Certify if it:
 - Failed to report sanctions issued by regulatory agencies with authority over the institution.
 - Is required to provide updates to items previously reported but not yet cleared by FHA.
- In the event the Certifying Official is unable to affirm to the certification statements, the Mortgagee should follow the Unable to Certify process.

Unable to Certify

- If the Certifying Official cannot check “Yes” to any of the statements, FHA must be provided with:
 - A detailed explanation of the reasons(s) and/or events; and pertinent supporting documentation.
 - The explanation and documentation must reference the specific corresponding certification statement(s).
- The Mortgagee will be notified by email when they are cleared to proceed with the recertification process.

Recertification Fee

LEAP

Lender Electronic Assessment Portal



U.S. Department of Housing and Urban Development

00001- The Village - OLAPC

Recertification Payment

Fee Calculation: Title 1 and Title 2 Main Office Recert Fee: \$650
0 Title 1 Branches Recert Fee: \$0
0 Title 2 Branches Recert Fee: \$0
0 Title 1 and Title 2 Branches Recert Fee: \$0

Amount Due: \$650.00

* Bank Routing Number:

* Bank Account Number:

* Account Type:



Financial Data Template

Home | Contact Us | Help | Logout
Logged in as: LENDER IDMT00644 (MT0644)



LEAP
Lender Electronic Assessment Portal

U.S. Department of Housing and Urban Development

12489-Sample Institution 2

Recertification - Financial Statements

SAVE SAVE & RETURN CANCEL v1.1

Maximum file size per file is 5MB.
Please note, large attachments may take in excess of 30 seconds to load.

Financial Data Template

Balance Sheet - Assets

<input type="radio"/>	Line Item 100: Cash and Cash Equivalents	<input type="text" value="0"/>
<input type="radio"/>	Line Item 101: Escrow deposit Cash	<input type="text" value="0"/>
<input type="radio"/>	Line Item 102: Restricted Cash / Compensating Balances (section 2-6, chpt 2 handbook 4060.1)	<input type="text" value="0"/>
<input type="radio"/>	Line Item 103: Trading Account Securities	<input type="text" value="0"/>
<input type="radio"/>	Line Item 104: Net Mortgage Servicing Rights	<input type="text" value="0"/>
<input type="radio"/>	Line Item 105: Other Real Estate Owned at Net Realizable Value	<input type="text" value="0"/>
<input type="radio"/>	Line Item 106: Loans Held for Investment	<input type="text" value="0"/>

Balance Sheet - Unacceptable Assets

<input type="radio"/>	Line Item 200: Pledged Assets	<input type="text" value="0"/>
<input type="radio"/>	Line Item 201: Assets Due from an Officer, Stockholder, or Related Entity	<input type="text" value="0"/>
<input type="radio"/>	Line Item 202: Personal Interest Investment	<input type="text" value="0"/>



Audit-Related Questions

Responses to Audit-Related Questions should be supported by the financial statements.

Questions And Documents

*Maximum file size per file is 5MB.
Please note, large attachments may take in excess of 30 seconds to load.*

Financial Statement Information

- * 001: Is the FHA approved lender a subsidiary in a parent - subsidiary relationship? Yes ▾
- * 002: Are you submitting audited consolidated financial statements of the parent company or audited financial statements of the FHA-approved subsidiary? Consolidated ▾
- * 003: Is the subsidiary 40% or more of the parent? Yes ▾
- * 005: Is the FHA approved lender in a parent- subsidiary relationship? ▾
- * 006: Type of Audit Opinion issued Qualified Opinion ▾
- * 007: Type of Audit Opinion issued on the supplemental information in relation to financial statements as a whole Qualified Opinion ▾
- * 008: Is a going concern paragraph included in the auditor's report? Yes ▾
- * 009: Reported Findings - Significant Deficiencies? No ▾
- * 010: Reported Findings - Material Weaknesses? No ▾
- * 011: Reported Findings - Material Noncompliance? No ▾

HUD Compliance Audit

- * 020: Type of Audit Opinion issued Qualified Opinion ▾
- * 021: Reported Findings - Significant Deficiencies? No ▾
- * 022: Reported Findings - Material Weaknesses? No ▾
- * 023: Reported Findings - Material Noncompliance? No ▾

Management Letter

- * 030: Were certain matters communicated to management not disclosed in audit reports? No ▾



IPA Review

If the IPA selects “Does Not Agree” to any procedure, LEAP sends the Administrative Contact an e-mail, notifying the Mortgagee that the IPA did not attest to the submission.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in the chart below either for the purpose for which this report has been requested or for any other purpose. The procedures applied and our findings are presented in the chart below.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the electronic submission of certain information into LEAP. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development.

This report is intended solely for the information and use of the lender and the U.S. Department of Housing and Urban Development, and is not intended to be and should not be used by anyone other than these specified parties.

Audit Procedures

No.	Category	Procedures Applies	Agrees	Does Not Agree	No Such Document Issued
1	We compared the electronic FDT input in LEAP to the hard copy FDT provided as a supplemental schedule opined on in relation to the financial statements as a whole and attached in line item 040 of the Audit Related	Financial Data Template (FDT)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
2					
3					
4					

Submit Agreed Upon Procedures

You are submitting your agreement or disagreement with the institution's financial reporting package.

Select 'OK' to continue or 'Cancel' to return to the previous page.

OK Cancel

Independence

Firm Name: [Redacted]
Employer Identification Number: [Redacted]

Attesting Practitioner's Details

Attesting Practitioner's First Name: [Redacted]
Attesting Practitioner's Middle Name: [Redacted]
Attesting Practitioner's Last Name: [Redacted]
Attesting Practitioner's Title: [Redacted]
Attesting Practitioner's Telephone Number: [Redacted]
Attesting Practitioner's Email Address: [Redacted]
Attesting Practitioner's Fax Number: [Redacted]

Submit Cancel



Submit to HUD as Final

The screenshot shows the LEAP (Lender Electronic Assessment Portal) interface. At the top right, it says "Logged in as: LENDER IDMT00644 (MT0644)". The main header includes the LEAP logo and "Lender Electronic Assessment Portal" with the U.S. Department of Housing and Urban Development logo. A navigation bar contains links for Home, Institution, Branches, Recertification, History, Requests, and Cash Flow Account Setup. The main content area shows "12489-Sample Institution 2-Supervised Small" and "Recertification Status : In Process". A modal dialog box is open with the title "Submit Recertification Package as Final". The dialog text reads: "By selecting 'Submit', I certify that to the best of my knowledge and belief, the information contained in this submission is accurate and complete for the specified period. This includes, but is not limited to: the Financial Data Entry items, Audit Related Questions (if applicable), Audited Financial Statements and Supplemental Information or unaudited regulatory report. Select 'OK' to continue or 'Cancel' to return to the previous page." Below the dialog, there are two rows of data: "Payment" with a green checkmark and a "VIEW" button, and "Submit to HUD as Final" with a "SUBMIT" button.



Financial Eligibility & Reporting Requirements



Financial Eligibility Requirements

Adjusted Net Worth

- The Mortgagee must have a minimum adjusted net worth of \$1,000,000 plus one percent of the total volume in excess of \$25,000,000 of FHA Single Family Mortgages originated, underwritten, serviced, and/or purchased during the prior fiscal year, up to a maximum required adjusted net worth of \$2,500,000.
 - Computation of Adjusted Net Worth
 - Large Supervised, Non-Supervised and Investing Mortgagees must provide a Computation of Adjusted Net Worth with the application.
 - Opinion on Supplemental Information
 - The auditor must provide an opinion on any other or supplemental information provided with the financial statements

Liquidity

- The Mortgagee must hold no less than 20 percent of its required adjusted net worth in liquid assets.



Financial Reporting Requirements

Segment	Financial Reporting Requirements
<ul style="list-style-type: none"> ▪ Small Supervised <i>(Total net assets less than \$500 million)</i> 	<ul style="list-style-type: none"> ▪ Signed Unaudited Regulatory Report
<ul style="list-style-type: none"> ▪ Large Supervised ▪ Non–Supervised Mortgagees ▪ Investing 	<ul style="list-style-type: none"> ▪ Audited Financial Statements ▪ Signed Independent Auditor’s Report on Supplementary Info ▪ Computation of Adjusted Net Worth ▪ Report on Internal Controls ▪ Report on Compliance ▪ Unaudited Regulatory Report or Consolidated Schedules, if applicable
<ul style="list-style-type: none"> ▪ Government 	<ul style="list-style-type: none"> ▪ Not Applicable

Compliance Report Requirements

Areas Tested	
<i>Title I and Title II</i>	<p>Quality Control Plan</p> <ul style="list-style-type: none"> ▪ Sponsor Responsibilities for Third Party Originators ▪ Branch Office Operations ▪ Loan Origination ▪ Loan Servicing ▪ Federal Financial and Activity Reports <ul style="list-style-type: none"> – Lender Annual Recertification – Adjusted Net Worth – Liquidity – Licensing
<i>Title I</i>	<ul style="list-style-type: none"> ▪ Loan Disbursements ▪ Eligible Fees and Charges
<i>Title II</i>	<ul style="list-style-type: none"> ▪ Loan Settlement ▪ Escrow Accounts ▪ Kickbacks



Q&A



Q&A Instructions

Check your audio to ensure it's working correctly:

- Click *Test Speaker & Microphone* option or Microphone icon if image is crossed out.
- Test/change audio settings on computer/smartphone/telephone by selecting *Audio Settings* on toolbar.

Access audio using one of the following options:

Option A: Computer or smartphone

- If viewing webinar through computer or smartphone, click *Raise Hand* icon.
- You will receive an onscreen message to unmute yourself, **single-click the *Unmute Myself* button.**
- When prompted by moderator, provide your name, company affiliation, then ask your question.

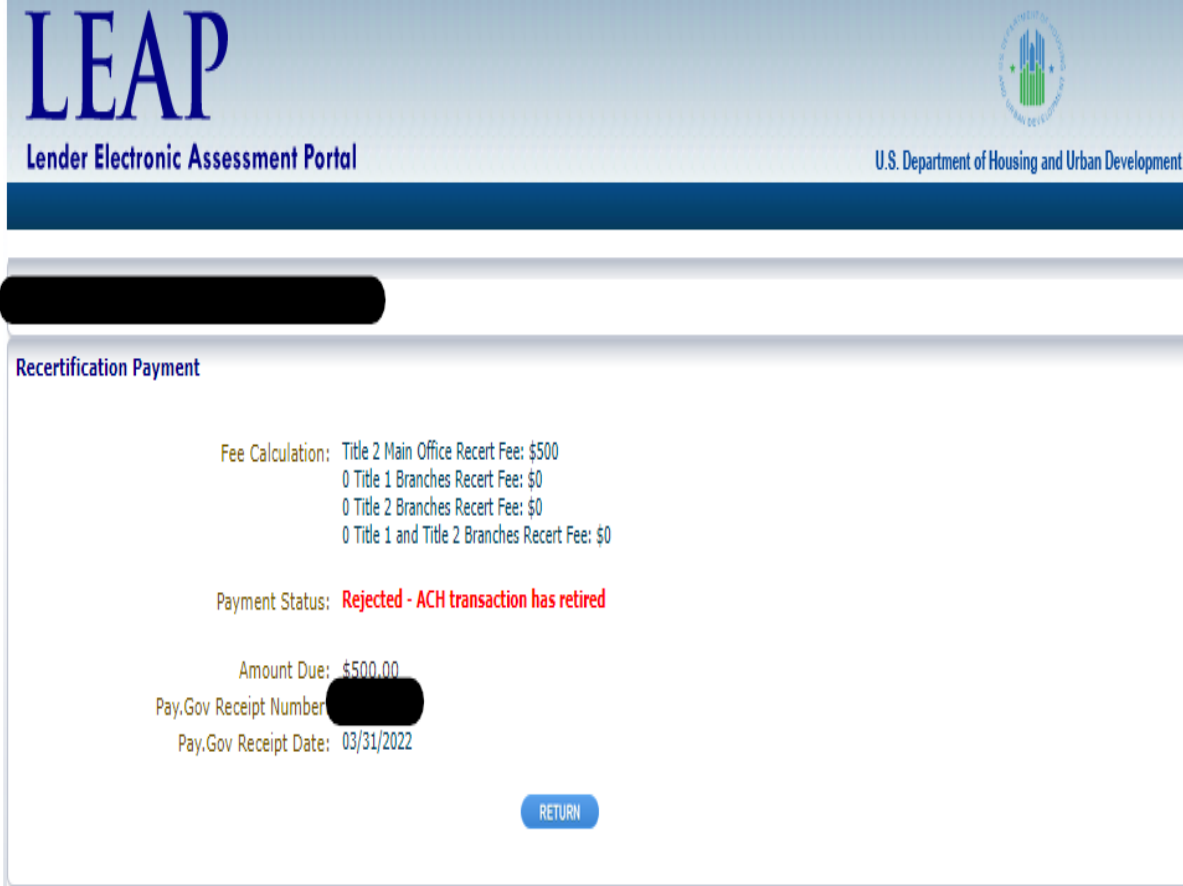
Option B: Standard telephone line

- To ask a question, press *9 to be placed in queue.
- Webinar moderator will unmute your phone and you will hear the following automated message, “**You Are Unmuted**” which allows you to begin speaking.
- When prompted by moderator, provide your name, company affiliation, then ask your question.

Common Deficiencies



Rejected Recertification Payment



The screenshot displays the LEAP (Lender Electronic Assessment Portal) interface. At the top left, the LEAP logo is visible, and at the top right, the U.S. Department of Housing and Urban Development logo is present. The main content area is titled "Recertification Payment" and contains the following information:

- Fee Calculation:**
 - Title 2 Main Office Recert Fee: \$500
 - 0 Title 1 Branches Recert Fee: \$0
 - 0 Title 2 Branches Recert Fee: \$0
 - 0 Title 1 and Title 2 Branches Recert Fee: \$0
- Payment Status:** Rejected - ACH transaction has retired
- Amount Due:** \$500.00
- Pay.Gov Receipt Number:** [Redacted]
- Pay.Gov Receipt Date:** 03/31/2022

A blue "RETURN" button is located at the bottom of the form.

But...why?

- Pay.gov could not locate the account.
- Account information was incorrect.
- Account number did not have enough digits (account number must be at least 4 digits long).
- Notify your bank and provide the LEAP Agency Location Code: **8609030025**.

Rejected Recertification Payment (continued)

How to fix it:

The screenshot displays the LEAP (Lender Electronic Assessment Portal) interface. At the top, there is a navigation bar with the LEAP logo and the text "Lender Electronic Assessment Portal". Below this, there are several tabs: "Home", "Institution", "Branches", "Recertification", "History", and "Requests". A dropdown menu is open under the "History" tab, showing options for "Payment History", "Correspondence History", and "Recertification History".

The main content area is titled "Payment History" and contains a table with the following data:

#	ID Number	Branch ID	Branch Approval Date	Date Paid	Fee Type	PAY.GOV Tracking ID	Amount	Status
1	[REDACTED]	Not Applicable	Not Applicable	03/30/2015	Recertification	[REDACTED]	\$2,500.00	Rejected
2	[REDACTED]	Not Applicable	Not Applicable	06/25/2014	Recertification	[REDACTED]	\$2,500.00	Paid - Confirmed

Below the table, there is a section titled "Payment Details" which includes the following information:

- Fee Calculation: Title 2 Main Office Recert Fee: \$500
0 Title 1 Branches Recert Fee: \$0
10 Title 2 Branches Recert Fee: \$2000
0 Title 1 and Title 2 Branches Recert Fee: \$0
- Amount Due: \$2,500.00
- Pay.Gov Receipt Number: 25KIITI3
- Pay.Gov Receipt Date: 03/30/2015

Financial Data Template Errors

- Entering truncated numbers in the financial data template.
- Data entered does not tie to the financial statements submitted.
- Supervised Mortgagees entering pledged assets in the financial data template.
- Supervised Mortgagees failing to include total assets in the financial data template.

Rejected Recertification

- In order to correct Financial Data Template errors, FHA will reject the annual recertification package to allow the Mortgagee to make the necessary adjustments. The Administrative Contact will receive the Recertification Rejection Notice via email.
- Mortgagees will be required to complete a new Financial Data Template.
- Non-Supervised, Large Supervised, or Investing Mortgagees must complete the audit-related questions and resubmit recertification package to the IPA for attestation.

Adjusted Net Worth Errors

- Does not include total FHA activity.
- Is based on financials of consolidated entity instead of the FHA approved entity.
- Fails to exclude assets that are unacceptable in accordance with Handbook 2000.04, REV-2 Change 22, January 2021, Chapter 7, Section 7-5.

Adjusted Net Worth Errors (continued)

Failure to exclude unacceptable assets from the computation of adjusted net worth:

- Real property other than the home office registered with HUD
- Any asset designated to offset future expenses
- Schedule of **other assets** prepared by a Mortgagee or issuer and attested to by an Independent Auditor
- Pledged Assets (except supervised institutions)
- An asset due from an officer, stockholder, or related entity
- An investment in a related entity
- Any intangible asset
- Portion of marketable security in excess of lower of cost or market

Adjusted Net Worth Errors (continued)

Failure to Complete the Computation of Adjusted Net Worth Template.

Title II Single Family Program Lenders' Adjusted Net Worth Computation

FHA servicing portfolio* at (end of fiscal year under audit)	_____	(a)
<small>*HUD FHA-insured single-family mortgages only. Include HECMs at maximum claim amount.</small>		
FHA originations – FHA-insured Title II loan originations during the fiscal year	_____	(b)
FHA purchases – FHA-insured Title II third-party originator purchases during the fiscal year	_____	(c)
Total FHA loan activity [(d) = (a)+(b)+(c)]	_____	(d)
FHA-insured Title II loan originations retained at the fiscal yearend	_____	(e)
FHA-insured Title II third-party originator purchases retained at the end of fiscal year	_____	(f)
Adjustments [(g) = (e)+(f)]	_____	(g)
Total adjusted FHA loan activity [(h) = (d)-(g)]	_____	(h)



Supporting Documents

Failure to Provide Documents for Acceptable Assets Included in the Computation of Adjusted Net Worth.

- **Approved Real Property**
 - Appraisal
 - Recorded Deed
 - Most Recent Mortgage Statement

- **Cash Contributions**
 - Contributor bank statement
 - Mortgagee bank statement showing deposited contribution

Notice of Material Events



Notice of Material Event

A Notice of Material Event is the method of notifying FHA of a change to the information provided at approval, or a change that affects the lender's FHA-approval status and is submitted via LEAP.

- Bankruptcy
- Business Form Change
- Change In Partnership
- Change in Fidelity Bond or Errors & Omissions Insurance
- Lending License(s) Surrender
- **Liquid Assets Deficiency**
- **Net Worth Deficiency**
- **Operating Loss**
- **Principal Activity Change**
- Change of Principal Owners
- Supervision Change
- **Unresolved Findings/Sanctions**



Liquidity or Net Worth Deficiencies

If at **any** time during the fiscal year the lender falls below the net worth or liquidity requirements, the lender must:

- Report within 30 business days of the deficiency
- Provide Unaudited financial statements
- Include evidence of actions taken to cure the deficiency



Operating Loss

- When the lender experiences an **operating** loss of 20 percent or greater of net worth within a quarter, the lender must:
 - Submit financial statements every quarter until lender shows an operating profit for two consecutive quarters, or until lender submits financial reports as part of its annual recertification.
- Use the equation below to calculate the percentage of the operating loss:
 - Current Quarter Operating Loss divided by Prior Quarter End Net Worth.

Principal Activity

A Nonsupervised Mortgagee must meet FHA's principal activity requirement by deriving at least 50 percent of its gross revenue from:

- Its activities in lending or investing of funds in real estate Mortgages;
- Consumer installment notes or similar advances of credit;
- The purchase of consumer installment contracts; or
- A directly related field.



Unresolved Findings/Sanctions

- A Mortgagee must submit a Notice of Material Event to FHA and provide relevant documentation if it or any officer, partner, director, principal, manager, supervisor, loan processor, loan underwriter, or loan originator employed or retained by the Mortgagee is subject to any Unresolved Findings or Sanctions.
- A Mortgagee must submit a Notice of Material Event to FHA of a change of status in any Unresolved Finding or Sanction previously reported.

Resources



References

- FHA Connection user registration details: <https://entp.hud.gov/clas/reginfo.cfm>
- *Single Family Housing Policy Handbook 4000.1, Doing Business with FHA: SFH Handbook 4000.1 | HUD.gov / U.S. Department of Housing and Urban* https://www.hud.gov/program_offices/housing/sfh/FHA_INFO_subscribe
- LEAP User Manual: https://www.hud.gov/sites/documents/SFH_LEAP_USER_MANUAL.PDF
- The HUD-OIG Consolidated Audit Guide is available at: <http://www.hudoig.gov/reports-publications/audit-guides/consolidated-audit-guides>
- *Single Family Housing News (FHA INFO) emails:* Frequent email notifications of new policies and training opportunities for anyone who signs up. To sign up go to: https://www.hud.gov/program_offices/housing/sfh/FHA_INFO_subscribe



FHA Resource Center

Option	Point of Contact	Hours Available	Comments
1 FHA Knowledge Base – FAQs	www.hud.gov/answers	24/7/365	Knowledge Base web page includes option to email questions.
2 Email	answers@hud.gov	24/7/365	
3 Telephone	1-800-CALL-FHA (1-800-225-5342) Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339.	8:00 AM to 8:00 PM Eastern M-F	Voicemail is available after hours or during extended wait periods.

FHA INFO emails: Frequent email notifications of new policies and training opportunities for anyone who signs up. Subscribe at: https://www.hud.gov/program_offices/housing/sfh/FHA_INFO_subscribe



Q&A



Q&A Instructions

Check your audio to ensure it's working correctly:

- Click *Test Speaker & Microphone* option or Microphone icon if image is crossed out.
- Test/change audio settings on computer/smartphone/telephone by selecting *Audio Settings* on toolbar.

Access audio using one of the following options:

Option A: Computer or smartphone

- If viewing webinar through computer or smartphone, click *Raise Hand* icon.
- You will receive an onscreen message to unmute yourself, **single-click the *Unmute Myself* button.**
- When prompted by moderator, provide your name, company affiliation, then ask your question.

Option B: Standard telephone line

- To ask a question, press *9 to be placed in queue.
- Webinar moderator will unmute your phone and you will hear the following automated message, “**You Are Unmuted**” which allows you to begin speaking.
- When prompted by moderator, provide your name, company affiliation, then ask your question.

Thank you for joining us today!

