Welcome to...
Notifications: What FHA Needs to Know and When

Today’s webinar begins at 2:00 PM (Eastern).
We will be underway shortly.

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Q&A Session

- Q&A session will follow 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.
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  - Computer/Smartphone
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*OFFICE OF SINGLE FAMILY HOUSING*
Contact the FHA Resource Center

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- Email: answers@hud.gov
- Phone: 1-800-Call-FHA (1-800-225-5342)

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• Documents/Materials:
  – Click Chat icon or Landing Page
  – Select the Webinar Documents/Materials link for a copy of the presentation.

• Training Evaluation:
  – Click on the Chat icon or Landing Page and select the Survey link.
Helpful Links

Click on the Chat icon or Landing Page and 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 (On Demand) Webinar's page: https://www.hud.gov/program_offices/housing/sfh/events/sfh_webinars
Office of Lender Activities and Program Compliance

Notifications:
What FHA Needs to Know and When
January 26, 2022

Presented by:
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Mortgagee Approval Analyst
Lender Approval and Recertification Division

Sherica Achike
Auditor
Lender Approval and Recertification Division
# Agenda

- Notifications to FHA
- Change Requests
- Notice of Material Events
- Resources
- Q&A
Notifications to FHA
FHA-approved Mortgagees have an ongoing requirement to notify FHA of any changes to the information provided at the time of application for FHA approval, as well as changes that might impact eligibility to participate in FHA programs.

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

Types of Notifications:

- Change Request
- Notice of Material Event
Change Requests
Any update to the institution’s FHA profile that cannot be made by the Mortgagee directly must be submitted as a Change Request in LEAP within 10 business days. These notifications require FHA review before approval.
Change Requests (cont.)

Change Requests include, but are not limited to:

- Lender Organizational Change
  - New Corporate Officer
  - Ad Hoc
  - Name Change
  - Fiscal Year and Date Change
- Add Institution DBA
- Merger
- Acquisition
- Voluntary Withdrawal
- Add Insurance Authority
- Geographic Address State Change
Submitting Change Requests
Submitting Change Requests (cont.)
Changes in Corporate Officers must be updated in LEAP as they occur.

- To add a Corporate Officer or Officer in Charge, submit a “New Corporate Officer” request.
  - Select from the drop down to indicate whether the new Corporate Officer will be Officer in Charge.

- To remove or edit information for a Corporate Officer, submit an “Ad Hoc” request.
  - Submit this request type to remove a Corporate Officer or to edit Corporate Officer information.
## Documentation Requirements

<table>
<thead>
<tr>
<th></th>
<th>Supervised</th>
<th>Non-Supervised</th>
<th>Investing</th>
<th>Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cover Letter</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Current Resume</td>
<td>●</td>
<td>●</td>
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<td>●</td>
</tr>
<tr>
<td>Current Personal Tri-Merged Credit Report</td>
<td>●</td>
<td>●</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>Full Name</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Current Title</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Social Security Number</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
</tbody>
</table>
Mortgagees must submit a Name Change Request when the Institution has legally changed its business name, *but the Tax Identification Number and organizational structure remains the same.*

The name change must be reflected in the Nationwide Mortgage Licensing System.
## Name Change (cont.)

<table>
<thead>
<tr>
<th>Required Documentation</th>
<th>Supervised</th>
<th>Non-Supervised</th>
<th>Investing</th>
<th>Government</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>(The new legal name of the entity must be shown on each document)</em></td>
<td></td>
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<tr>
<td>Cover Letter</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Amendment to Articles of Incorporation or Articles of Organization</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Charter Amendment</td>
<td>●</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evidence change has been approved by state in which home office is located</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
</tbody>
</table>
Fiscal Year End Change

Mortgagees that wish to change their fiscal year end date must submit a request at least 90 days before the end of their current fiscal year, as reported to FHA.

The Mortgagee may be required to submit interim financial statements to ensure the next annual recertification covers no more than 18 months.
Mergers and Acquisitions

FHA-approved Mortgagees involved in Mergers, Acquisitions or Reorganizations are required to notify the Federal Housing Administration (FHA) by submitting a Change Request through the Lender Electronic Assessment Portal (LEAP).

The Change Request should be submitted as early in the process as possible to ensure timely processing.
## Mergers and Acquisitions (cont.)

<table>
<thead>
<tr>
<th>Required Documentation</th>
<th>FHA approved merging with FHA approved</th>
<th>Non-FHA approved merging with FHA approved</th>
<th>FHA approved merging with Non-FHA approved</th>
<th>FHA approved acquiring FHA approved</th>
<th>FHA approved acquiring Non-FHA approved</th>
<th>Non-FHA approved acquiring FHA approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cover Letter</td>
<td>●</td>
<td>●</td>
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<td>●</td>
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<td>●</td>
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<tr>
<td>Non-Surviving Request for Withdrawal</td>
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<td>●</td>
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<td>●</td>
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<td>●</td>
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<tr>
<td>Merger/Purchase Agreement</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
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<tr>
<td>Certificate of Merger</td>
<td>●</td>
<td>●</td>
<td></td>
<td>●</td>
<td></td>
<td>●</td>
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<tr>
<td>Articles of Dissolution</td>
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<td></td>
<td></td>
<td>●</td>
<td></td>
</tr>
<tr>
<td>For Supervised Institutions Only</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interagency Bank Merger Act</td>
<td>●</td>
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<td>●</td>
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<td></td>
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<tr>
<td>Evidence of Regulatory Approval</td>
<td>●</td>
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<td>●</td>
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</tbody>
</table>
Voluntary Withdrawal

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

To submit the request in LEAP you must:
• Be a registered Corporate Officer in LEAP
• Have the Certifying Official Role assigned in FHA Connection
Before submitting a request for Voluntary Withdrawal, the Mortgagee must:

- Transfer the servicing and ownership of any FHA-insured Mortgages in its portfolio to an FHA Approved Lender;

- Ensure the Mortgage Portfolio changes for sold/transferred loans have been recorded properly in HUD systems; and

- Close-out all post-endorsement Lender Reviews in the Loan Review System: Satisfy all outstanding payable indemnification debts and Mortgage Insurance Premiums (MIP); and Satisfy all settlement agreement obligations owed to HUD.
Notice of Material Event
Notice of Material Event

A Notice of Material Event is the method of submitting a required notice to FHA in LEAP.

These notifications are required when the information provided by the Mortgagee at application has changed, or there is a change that affects the Mortgagee’s eligibility.
Notice of Material Event (cont.)

Some Notice of Material Event types include:

• Bankruptcy
• Business Change Form
• Change in Partnership
• Fidelity Bond or E&O Insurance
• Lending License(s) Surrender
• Liquid Assets Deficiency
• Net Worth Deficiency
• Operating Loss
• Principal Activity Change
• Principal Owners
• Supervision Change
• Unresolved Findings/Sanctions
Notice of Material Event (cont.)
Notice of Material Event (cont.)
Fidelity Bond and E&O Insurance

A Mortgagee must notify FHA of any significant changes in its fidelity bond coverage or errors and omissions (E&O) insurance.

If a Mortgagee loses its fidelity bond coverage or its errors and omissions insurance, it must obtain a new policy within 30 days.
Principal Owners

- Privately held corporations must notify FHA if an individual or entity that previously owned less than 25 percent of the Mortgagee’s voting stock acquires additional voting stock resulting in ownership of 25 percent or more;

- Publicly traded corporations must notify FHA if an individual or entity that previously owned less than 10 percent of the Mortgagee’s voting stock acquires additional voting stock resulting in ownership of 10 percent or more;

- Limited Liability Companies must notify FHA of any change in Members; and

- Partnerships must notify FHA of any change in Partners.
## Principal Owners (cont.)

<table>
<thead>
<tr>
<th>Required Documentation</th>
<th>Supervised</th>
<th>Corporation</th>
<th>Limited Liability Company</th>
<th>Partnership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cover Letter</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Executed Purchase Agreement</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
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<tr>
<td>State-issued approval</td>
<td>●</td>
<td>●</td>
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<tr>
<td>Organization Chart</td>
<td>●</td>
<td>●</td>
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<tr>
<td>Bylaws</td>
<td>●</td>
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<tr>
<td>Articles of Incorporation</td>
<td>●</td>
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<tr>
<td>Operating Agreement</td>
<td>●</td>
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<tr>
<td>Articles of Organization</td>
<td>●</td>
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</tr>
<tr>
<td>Partnership Agreement</td>
<td>●</td>
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<tr>
<td>Resume</td>
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<td>●</td>
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<tr>
<td>Personal Credit Report</td>
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<td>●</td>
<td>●</td>
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<tr>
<td>Business Credit Report</td>
<td>●</td>
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</tbody>
</table>
A Mortgagee must:

• 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.

• Notify FHA of a change of status in any Unresolved Finding or Sanction previously reported.
Liquidity and Net Worth Deficiency

If at any time the Mortgagee falls below the net worth or liquidity requirements, the Mortgagee must report within 30 business days of the deficiency.

Required Documentation:

- Cover Letter
- Unaudited Financial Statements
- Corrective Action Plan
# Submitting Additional Information

## Notice of Material Event History

<table>
<thead>
<tr>
<th>#</th>
<th>Notice of Material Event Number</th>
<th>Notice of Material Event Type</th>
<th>Description</th>
<th>Event Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1-157521666</td>
<td>Unresolved Findings/Sanctions</td>
<td>See attached</td>
<td>05/13/2015 00:00:00</td>
</tr>
<tr>
<td>2</td>
<td>1-1576607058</td>
<td>Unresolved Findings/Sanctions</td>
<td>See attached statement from CEO</td>
<td>12/22/2015 00:00:00</td>
</tr>
<tr>
<td>3</td>
<td>1-288735632</td>
<td>Supervision Change</td>
<td><strong><strong>TEST - LEAP SIEBEL V19 UPGRADE TEST - TO BE DELETED</strong></strong></td>
<td>07/18/2020 00:00:00</td>
</tr>
<tr>
<td>4</td>
<td>1-323299347</td>
<td>Fidelity Bond or E&amp;O Insurance</td>
<td>This is a TEST</td>
<td>11/02/2021 00:00:00</td>
</tr>
<tr>
<td>5</td>
<td>1-255260278</td>
<td>Supervision Change</td>
<td>DR PHASE 2 TEST</td>
<td>08/16/2019 00:00:00</td>
</tr>
<tr>
<td>6</td>
<td>1-259789788</td>
<td>Business Form Change</td>
<td>DR TESTING PHASE 2.2</td>
<td>08/18/2019 00:00:00</td>
</tr>
</tbody>
</table>

## Notice of Material Event Details

**Fidelity Bond or E&O Insurance:**

- Electronically submit written notification through this system on company letterhead, dated and signed by a senior officer with the FHA Lender ID Number and a point of contact for the lender, to the attention of the Division Director of the Lender Approval and Recertification Division.

- If a Mortgagee loses its fidelity bond and/or errors and omissions insurance coverage it must obtain a new policy within 30 Days.

**Status:**

- Request Additional Information

**Impact to Certification:**

- N

**OLA Comments:**

- None

**Notice of Material Event Number:**

- [ ]

**Event Date:**

- 11/2/2021

**Additional Comments:**

- This is a TEST

## Attachments

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

- I-SCHFAZ Resubmitting a Rejected Payment.pdf

- [Browse...](#)
Resources
Helpful Links

- LEAP User Manual

- HUD’s Lender Web Page
  https://www.hud.gov/program_offices/housing/sfh/lender

- Single Family Housing Policy Handbook 4000.1
  https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsqh

- HUD OIG Consolidated Audit Guide
### Resources

<table>
<thead>
<tr>
<th>Option</th>
<th>Point of Contact</th>
<th>Hours Available</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>FHA Knowledge Base – FAQs</td>
<td><a href="http://www.hud.gov/answers">www.hud.gov/answers</a></td>
<td>24/7/365</td>
<td>Knowledge Base web page includes option to email questions.</td>
</tr>
<tr>
<td>Email</td>
<td><a href="mailto:answers@hud.gov">answers@hud.gov</a></td>
<td>24/7/365</td>
<td></td>
</tr>
<tr>
<td>Telephone</td>
<td>1-800-CALL-FHA (1-800-225-5342)</td>
<td>8:00 AM to 8:00 PM Eastern M-F</td>
<td>Voicemail is available after hours or during extended wait periods.</td>
</tr>
</tbody>
</table>

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- To ask a question, press *9 to be placed in queue. Webinar moderator will unmute your phone and you will hear an automated voice message stating You Are Unmuted. When prompted by moderator, provide your name, company affiliation, then ask your question.
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