

Friday, January 22, 2010 - 2:43 PM

ATTN: FHA ANNUAL RECERTIFICATION REQUIREMENTS

Letter Date : January 21, 2010

Pursuant to Mortgagee Letter 2009-25, all FHA-approved lenders must complete the entire Annual Renewal process online via the FHA Connection. The annual renewal process includes completing the new online Annual Certification, remitting the annual renewal fee electronically via pay.gov, and submitting annual Audited Financial Statements via FHA's Lender Assessment Subsystem. Completion of the Annual Renewal Process must occur within 90 days of your institution's fiscal year end.

Change of Lender's Fiscal Year End Date

All requests by lenders to change the ending date of their fiscal year must be submitted in writing on company letterhead, signed by a corporate officer, and submitted 90 days prior to the end of the lender's existing fiscal year end date (i.e., approved by HUD and reflected in FHA's records). FHA reserves the right to deny such requests, and will notify lenders of denials accordingly.

Extensions for the Submission of Audited Financial Statements

Extensions for the submission of Audited Financial Statements are only granted in cases of catastrophic events beyond the control of a lender or its auditor. Extension requests must be submitted through the Lender Assessment Subsystem (LASS) at LASS@HUD.gov. Such requests 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.

Annual Certification (Formerly referred to as the 'V-Form')

Effective September 1, 2009, all FHA-approved lenders must complete the electronic Annual Certification (i.e., the first component of the Annual Renewal process). The electronic Annual Certification replaces the paper Yearly Verification Report (V-Form), which is now obsolete. Only corporate officers and principal owners with authority to legally bind the mortgagee will be permitted to complete the 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 a renewing mortgagee. All FHA-approved mortgagees must ensure that the Department's records reflect the most up to date information regarding the company and its officers and principals. Please have your FHA Connection Coordinator verify the accuracy of the institutions' information in FHA Connection. Corporate officers include: Chairman of the Board, President, Vice President, Director, LLC members, Chief Financial Officer, Chief Operating Officer, and Chief Executive Officer. Instructions on how to complete the electronic Annual Certification can be found in Mortgagee Letter 2009-25, which is available on www.hud.gov. The submission of the online Annual Certification and the remittance and settlement of the annual renewal fee must be completed within 90 days of your institution's fiscal year end.

Submission of Annual Audited Financial Statements

Currently, FHA has not implemented any policy changes that would preclude Mortgage Brokers from submitting the requisite annual Audited Financial Statements. Therefore, all FHA-approved lenders (supervised and non-supervised) renewing their FHA approval status, MUST comply with FHA's requirement to submit 'acceptable' annual Audited Financial Statements within 90 days of an institution's fiscal year end. These annual Audited Financial Statements must be received and accepted within 90 days of an institution's fiscal year end. For Supervised mortgagees, this requirement is not effective

until January 1, 2010. Therefore, Supervised mortgagees will submit their first annual audited financial statements to HUD within 90 days of their 2010 fiscal year end date. For more information, please see Mortgagee Letter 2009-31.

Failure to Comply with FHA's Requirements

FHA-approved lenders must comply with all of FHA's annual recertification requirements to renew their FHA approval status. Failure to complete any part of the annual renewal process could result in an FHA-approved lender having its FHA approval terminated by the Department's Mortgagee Review Board.

For more information, please see Mortgagee Letters 2009-01, 2009-17, 2009-25, and 2009-31 (<http://www.hud.gov/offices/adm/hudclips/letters/mortgagee/>), or contact the Lender Approval and Recertification Division at (202) 755-7400.