

**Frequently Asked Questions (FAQs) on the Extension of the Waiver of 24 CFR § 202.5(g):
Elimination of Requirement That Audited Financial Statements be Submitted as a Condition for FHA Lender Approval or Renewal
for Supervised Lenders and Mortgagees With Less Than \$500 Million in Assets**

February 22, 2012

Which supervised lenders qualify for the waiver of audited financial statements?	The waiver applies to applicants for FHA lender approval or renewal as supervised lenders and mortgagees that possess consolidated assets below the thresholds for required submission of annual audited financial statements set by their respective regulators at 12 CFR § 363.1(a), 12 CFR § 562.4(b)(2), or 12 CFR § 715.4(c). This threshold is currently set at \$500 million.
What type of unaudited regulatory reports will FHA accept from small supervised lenders?	In lieu of submitting audited financial statements, supervised lenders and mortgagees that qualify for this waiver must submit a copy of their unaudited regulatory report that aligns with their fiscal year end. FHA will accept the following unaudited regulatory reports: a Report of Condition and Income, also known as the "Call Report" on Federal Financial Institutions Examination Council forms 031 and 041; a consolidated or fourth quarter Thrift Financial Report; or a consolidated or fourth quarter NCUA Call Report, submitted on NCUA Form 5300 or 5310). All unaudited regulatory reports submitted to FHA must be signed by a corporate officer.
How should small supervised lenders submit these documents?	Small supervised lenders should e-mail the required documentation to small.supervised.lenders@hud.gov .
When must these reports be submitted by?	Small supervised lenders must submit a copy of their unaudited regulatory report to FHA within 90 days of their fiscal year end.
What if I am a supervised lender who has already submitted my fiscal year 2011 financial statements to FHA? Does this waiver affect me?	The waiver extended FHA's current policies already in place since April 2011. It does not change the requirements for supervised lenders that have already submitted their fiscal year 2011 financial statements; it merely extends these policies for another year.
Does the waiver apply to 24 CFR § 202.5(g) in its entirety?	No. The extension of the waiver only applies to the submission of audited financial statements and does not apply to the additional financial reporting requirements in 24 CFR § 202.5(g). Supervised lenders that qualify for this waiver are reminded to complete all other approval and renewal requirements, including submitting the online certification and paying the renewal fee through the FHA Connection.
How long is the extension of the waiver good for?	The original waiver was signed on April 7, 2011 and was good for one calendar year until April 7, 2012. The recent extension of the waiver extends this timeframe until April 7, 2013. In the interim, FHA is working with HUD's Office of Inspector General (OIG) to update the OIG Audit Guide in order to affect a more permanent solution.
Who can I contact if I have further questions about the waiver or submission of my fiscal year 2011 financial statements?	Lenders can call the FHA Lender Recertification Branch and LASS Help Desk at 202-755-7400. Lenders may also e-mail questions to the FHA Lender Recertification Branch at lass@hud.gov .