

U.S. Department of Housing and Urban Development  
Office of Single Family Housing  
H O U S I N G

SPECIAL ATTENTION OF:  
TRANSMITTAL  
Housing

Handbook No: 4700.2 REV-1  
Issued: September 5, 1995

1. This Transmits Handbook 4700.2 REV-1, Title I Lender Approval Handbook.

2. Summary. This Handbook incorporates the Department's Title I lender approval requirements specified in 24 CFR Part 202 as well as various Title I letters issued since August 1984. The Handbook also contains a comprehensive revision and clarification of the Department's lender approval requirements.

3. Cancellations:

HUD Handbook 4700.2, Title I Lender Approval Handbook dated August 1984.

The provisions of the following Title I letters have been incorporated in this handbook:

TI-409 -- Imposition of Civil Money Penalties Against Title I Lenders, Dealers and Loan Correspondents Under the Department of HUD Reform Act of 1989.

TI-418 -- Change of Notification of Annual Recertification Procedures.

TI-429 -- Changes in the Property Improvement Loan Program and Title I Lender Approval Requirements.

4. Filing Requirements:

Remove: Handbook 4700.2 dated August 1984

Insert: Handbook 4700.02 dated April 1995

Assistant Secretary for Housing-  
Federal Housing Commissioner

FOREWORD

This handbook covers requirements lending institutions must meet in order to be approved to participate and to continue to participate in HUD's Title I Property Improvement and Manufactured Housing programs. The handbook also provides basic information on the Department's program for monitoring

loan origination and servicing performance of lenders; administrative sanctions; the Mortgagee Review Board; and civil money penalties.

This handbook incorporates the provisions of the Department's lender approval regulations set forth in 24 CFR Part 202 as amended from time to time.

References:

1.24 CFR Part 202 -- Approval of Lending Institutions and Mortgagees.

2.24 CFR Part 24 -- Debarment, Suspension and Limited Denials of Participation.

3.24 CFR Part 25 -- Mortgagee Review Board.

4.24 CFR Part 30 -- Civil Money Penalties.

5.HUD Handbook 1060.2 REV-5 -- Title I Property Improvement and Manufactured Home Loan Regulations, 24 CFR Parts 201 and 202.

6.HUD Handbook 2000.04 REV-1 -- Consolidated Audit Guide for Audits of HUD Programs.

7.HUD Handbook 4060.2 REV-2 -- Mortgagee Review Board.

8.Title I Letter 430 -- Home Mortgage Disclosure Act Update.

REV-1

Paragraph  
Page

## Table of Contents

	CHAPTER 1.	GENERAL INFORMATION
1-1	Purpose	
1-1		
1-2	Enabling Legislation	
1-1		
1-3	General Approval Requirements	
1-1		
1-4	Manufactured Housing and Property Improvement Loans	
1-1		
1-5	Contract of Insurance	
1-2		
1-6	Types of Approved Lender and Definitions	
1-2		
1-7	Loan Origination Responsibility	
1-3		
1-8	Loan Servicing Responsibility	
1-3		
1-9	Transferring Insured Loans	
1-4		
1-10	Reporting Irregularities to HUD	
1-4		
1-11	Ineligible Persons	
1-4		
1-12	Reports and Examinations	
1-4		
	CHAPTER 2.	GENERAL LENDER APPROVAL
	REQUIREMENTS	
2-1	General Approval Requirements	
2-1		
2-2	Application and Recertification Fees	
2-1		
2-3	Business Form	
2-2		
2-4	Net Worth Requirements	
2-4		
2-5	Branch Offices	
2-4		
2-6	Satellite Offices	
2-5		
2-7	Disclosure of Government Sanctions	
2-5		
2-8	State Licensing Requirement	
2-5		
2-9	Employees	
2-5		

2-10	Employee compensation
2-7	
2-11	Staffing Requirements
2-7	
2-12	Control and Supervision of Staff
2-7	
2-13	Branch Office Managers
2-7	
2-14	Signatory Authority
2-7	
2-15	Office Facilities
2-7	
2-16	Operating Expenses
2-8	
2-17	Geographic Restrictions for Loan Origination
2-8	
2-18	Yearly Verification Report
2-9	
2-19	Reporting Business Changes
2-9	
2-20	Quality Control Plan
2-9	
2-21	Ineligible Participants
2-10	
2-22	Compliance with Fair Housing Laws
2-10	
2-23	Home Mortgage Disclosure Act
2-10	
2-24	Submission of Subsequent Information
2-10	

CHAPTER 3. SPECIAL APPROVAL REQUIREMENTS FOR  
DIFFERENT LENDER TYPES

3-1	Eligibility Requirements
3-1	
3-2	Application Forms and Mailing Addresses
3-1	
3-3	Title I Applicants with Current Title II Approval
3-1	
3-4	Expedited Processing for Loan Correspondents
3-2	
3-5	Specific Approval Requirements by Lender Type
3-3	
	A. Supervised Lenders
3-3	
	B. Nonsupervised Lenders
3-4	
	C. Loan Correspondent Lenders
3-6	
	D. Governmental Institutions
3-9	
	E. Investing Lenders
3-9	
3-6	Nonprofit Organizations
3-10	

3-7	Partnerships
3-11	
3-8	Limited Liability Companies
3-11	
3-9	Fictitious or "Doing Business As" Name
3-12	

CHAPTER 4. APPROVAL PROCESS AND ADMINISTRATIVE  
SANCTIONS

4-1	Purpose
4-1	
4-2	Duties of the Lender Approval and Recertification Division
4-1	
	A. Requests for Additional Information
4-1	
	B. Approval of Applications
4-1	
	C. Disapproval of Applications
4-1	
	D. Appeal Process
4-3	
	E. Final Determination for Disapproved Applications
4-3	
4-3	Lender Monitoring
4-4	
4-4	Administrative Sanctions and Civil Money Penalties
4-4	
4-5	Other Actions and Remedies
4-5	
4-6	Termination of Insurance Contract
4-5	

CHAPTER 5. CHANGES SUBSEQUENT TO APPROVAL

5-1	Purpose
5-1	
5-2	Branch Offices
5-1	
5-3	Extra-Territory Requests
5-1	
5-4	Additional Sponsors
5-3	
5-5	Document Retention Requirements
5-4	
5-6	Reporting Business Changes
5-4	
	A. Change of Name
5-4	
	B. Change of Address and Telephone Number
5-4	
	C. Change of Corporate Officer, Stockholder, Ownership
5-5	
	D. Change in Corporate Charter or Federal Tax Identification Number
5-6	

5-6	E.	Corporate Mergers
5-8	F.	Acquisitions
5-10	G.	Fiscal Year
5-10	H.	"Doing Business As"
5-7		Conversion of Lender Type
5-8		Voluntary Withdrawal of HUD/FHA Approval
5-11		

#### CHAPTER 6. QUALITY CONTROL PLAN

6-1		General Requirement
6-1	A.	Policy and Objectives
6-1	B.	Scope
6-1	C.	Loan Correspondents
6-1	D.	Quality Control Plans Must Include
6-2	E.	Contracting Out
6-2	F.	Initiate Corrective Action
6-2	G.	Notification to HUD of Significant Discrepancies
6-3		General Required Elements of the Quality Control Plan
6-3		Requirements for Loan Origination
6-4		Requirements for Loan Servicing
6-6		

#### CHAPTER 7. ANNUAL RECERTIFICATION PROCEDURE

7-1		General
7-1		Required Verification Report
7-2		Annual Recertification Fees
7-1		Annual Recertification Fees
7-3		Annual Recertification Fees
7-1		Audited Financial Statements
7-4		Audited Financial Statements
7-2		Clarification of Recertification Fees and Financial Statements Requirements
7-5		Clarification of Recertification Fees and Financial Statements Requirements
7-5		Clarification of Recertification Fees and Financial Statements Requirements
7-6		Joint Title I and Title II Recertification
7-7		Joint Title I and Title II Recertification
7-7		Failure to Submit, or Submission of an Incomplete or Unacceptable Audit Report
7-7		Failure to Submit, or Submission of an Incomplete or Unacceptable Audit Report

7-8	Requests for Information
7-7	
7-9	Voluntary Withdrawal of HUD/FHA Approval
7-7	
7-10	Conversion of Lender Type
7-7	

#### APPENDICES

APPENDIX 1.	UNACCEPTABLE ASSETS FOR COMPUTATION OF ADJUSTED NET WORTH
APPENDIX 2.	QUALITY CONTROL PLAN CHECKLIST - LOAN ORIGINATION
APPENDIX 3.	APPROVED LENDING AREAS

#### Forms Required By This Handbook

The forms listed below are discussed in this handbook. We plan to make these forms available through a variety of sources, including electronically, at some time in the future. We will issue a Title I letter informing the industry when this occurs. Until that time, these forms are available from the Lender Approval and Recertification Division in Headquarters. The Division may be reached at the address and telephone number listed in paragraph 3-2A of this handbook.

Form HUD 92001-L -- Application for Approval as a Title I Lender

Form HUD 92001-LD -- Supplement to Application for Approval as a Title I  
Lender

Form HUD 92001-LE -- Application for Approval as a Title I Loan Correspondent

Form HUD 92001-LB -- Title I Branch Office Application

Form HUD 27030 -- Title I Transfer of Note Report

## CHAPTER 1. GENERAL INFORMATION

1-1 PURPOSE. This Handbook sets forth the policies and procedures of the Department for the approval and annual recertification of lenders for participation in the HUD/FHA Title I program. The regulations governing lender approval are in 24 CFR Part 202.

1-2 ENABLING LEGISLATION. Title I, Section 2 of the National Housing Act (12 U.S.C. 1703) authorizes HUD to provide credit insurance to qualified financial institutions for losses on eligible property improvement or manufactured home loans. In this Handbook loans originated under the provisions of this section of the Act are referred to as "Title I loans."

1-3 GENERAL APPROVAL REQUIREMENTS. Before financial institutions may originate, purchase or hold Title I loans, they must obtain written approval from HUD to participate in the Title I program. Separate approval is required to participate in the Title II insured mortgage loan program. Approval requirements for the Title II program are contained in 24 CFR Part 202 and HUD Handbook 4060.1.

Title I program upon meeting the Department's approval requirements and submitting an acceptable fee and application as described in Chapters 2 and 3, respectively, of this Handbook. Applications for both the home office and branch office(s) approval are submitted to the Lender Approval and Recertification Division. The application fee is forwarded to the lock box noted in Chapter 3.

1-4 MANUFACTURED HOUSING AND PROPERTY IMPROVEMENT LOANS. Under the provisions of the Title I program, approved lenders may originate and receive insurance on either property improvement loans or loans for manufactured housing. As of the effective date of this handbook, lenders will no longer be required to submit two applications in order

to originate loans under both programs. Lenders will be able to originate and submit claims under one lender identification number. The Department will maintain only one reserve account which will cover both manufactured housing and property improvement loans.

1-5 CONTRACT OF INSURANCE. At the time of approval, all types of lenders will receive a letter of approval. With the exception of Loan Correspondents, this letter also constitutes a Contract of Insurance between the lender and the Department. Loan Correspondents do not receive a Contract of Insurance. The Contract is separate and apart from a lender's status as an approved Title I lender. A lender whose Contract is terminated may continue to be approved as a Title I lender, and it continues to be insured with respect to the Title I loans it holds at the time of termination, but it cannot otherwise exercise the rights of an approved lender.

The approval letter for Loan Correspondents and the Contract of Insurance for all other types of lenders constitute an agreement between the institution and the Department which shall govern participation in the Title I program.

Please refer to Paragraph 4-6 for information concerning the effects of termination of a Contract of Insurance.

1-6 TYPES OF APPROVED LENDERS. To qualify for participation in the Title I program, a financial institution must be in one of the categories listed below. Throughout this Handbook the term "lender" generally refers to all categories.

A. SUPERVISED LENDER. A Supervised Lender is a financial institution that is a member of the Federal Reserve System or whose accounts are insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

B. NONSUPERVISED LENDER. A Nonsupervised Lender is a financial

institution that has as its principal activity the lending  
or  
investing of funds in mortgages, consumer installment  
notes, or  
similar advances of credit, or the purchasing of consumer  
installment contracts and is not a Supervised Lender or a  
Governmental Institution.

C. LOAN CORRESPONDENT. A Loan Correspondent is a financial  
institution approved by HUD/FHA to originate Title I direct  
loans  
for sale or transfer to a sponsoring financial institution  
which  
holds a valid Title I Contract of Insurance and is not  
under  
suspension. A Loan Correspondent may be either a  
Supervised or  
Nonsupervised Institution.

D. GOVERNMENTAL INSTITUTION. A Federal, State or municipal  
agency, a  
Federal Reserve Bank, the Government National Mortgage  
Association,  
a Federal Home Loan Bank, the Federal National Mortgage  
Association, or the Federal Home Loan Mortgage Corporation  
may be  
approved as a Title I lender.

E. INVESTING LENDER. An Investing Lender is any financial  
institution, including a charitable or nonprofit  
organization or  
pension fund, that is approved by HUD/FHA to purchase, hold  
or sell  
Title I loans that have been originated by another approved  
Title  
I institution and insured under the Title I regulations.  
An  
investing lender may not originate Title I loans in its own  
name,  
and it may not service such loans except with the prior  
approval of  
HUD/FHA.

F. NONPROFIT INSTITUTION. While not strictly a lender type, a  
nonprofit financial institution may apply to become  
approved to  
make Title I loans. A nonprofit institution may be  
approved as a  
Nonsupervised Lender, a Loan Correspondent or an Investing  
Lender  
and must meet the approval requirements for the type of  
lender for  
which it is seeking approval.

1-7 LOAN ORIGINATION RESPONSIBILITY. Lenders must originate loans  
following

accepted practices of prudent lending and HUD/FHA requirements which are specified in 24 CFR Part 201.

A. They must obtain and verify information with at least the same thoroughness used for non-insured loans.

B. They are responsible for sound underwriting of Title I loans they originate. This includes, but is not limited to, taking credit applications; interviewing loan applicants; investigating credit; and securing loans with liens when required by 24 CFR Part 201.

1-8 LOAN SERVICING RESPONSIBILITY. While only an approved Title I lender may hold Title I loans, it is not necessary for a lender to be approved by the Department to service Title I loans. However, HUD expects Title I loans to be serviced in accordance with HUD requirements and accepted servicing practices of prudent lending institutions. A Title I lender holding Title I loans is responsible for ensuring they are serviced in this manner whether it services them itself or arranges for a non-HUD-approved lender to service its loans.

A. Servicers must have adequate systems for contacting borrowers, including persons with disabilities, and are expected to pursue aggressive policies to cure delinquencies and defaults.

B. Lenders are responsible for proper collection efforts even when collection is made through a servicer or agent.

1-9 TRANSFERRING INSURED LOANS. A Title I lender may assign or otherwise transfer a Title I loan only to another approved Title I lender. The transferee may be any lender type except Loan correspondent.

1-10 REPORTING IRREGULARITIES TO HUD. Irregularities, unethical practices and/or fraud, by any participant (including lenders, borrowers, contractors, dealers or any other interested party) must be reported to either HUD's Single Family Monitoring Division in Washington, DC or the

Office of Inspector General located in the nearest HUD field office.

1-11 INELIGIBLE PERSONS. A Title I lender may not make an insured loan if any person participating in the transaction is currently under suspension or debarment or a limited denial of participation under the provisions of 24 CFR Part 24 or 25 or similar provisions of any other Federal agency.

1-12 REPORTS AND EXAMINATIONS. HUD/FHA may, at any time, require a Title I lender to report on any matter related to its Title I operations. This may include the inspection of a lender's loan files, reports, records, books or accounts. Representatives of the Office of Inspector General and/or Monitoring Division may periodically visit a lender's office to review its origination and servicing procedures. (See Chapter 4 for additional information.)

## CHAPTER 2. GENERAL LENDER APPROVAL REQUIREMENTS

2-1 GENERAL APPROVAL REQUIREMENTS. All financial institutions must meet the

following general requirements to be approved, and to maintain approval,

for participation in the Title I program. A financial institution must

also meet the specific requirements that apply to the type of financial

institution for which it seeks approval. These additional requirements

are described in Chapter 3 of this Handbook.

2-2 APPLICATION AND RECERTIFICATION FEES. Financial institutions other than

Government Institutions and Nonprofit Institutions must pay the following application and annual recertification fees.

### A. APPLICATION FEES.

1. New Approval: \$1,000

2. Branch Approval: \$300

This applies to each branch a financial institution wishes to get approved.

3. Additional Sponsor for Loan Correspondent:

\$300

This fee applies to each sponsor a loan correspondent wishes to add beyond the first sponsor. The fee for the first sponsor is considered part of the initial application fee.

### B. RECERTIFICATION FEES.

1. Main Office: \$150

2. Branch Office: \$50

C. CONVERSION FROM ONE LENDER TYPE TO ANOTHER. Financial institutions

who are already approved and wish to change to another lender type

must pay a fee of \$300. If a financial institution is approved as

a Title II mortgagee also and wishes to convert both its lender and

mortgagee types, the conversion fee will cover both conversions.

It is not necessary for a financial institution to convert its

status under both Title I and II. The financial institution should

submit a letter explaining what it wants to do. Because each situation may be different, a financial institution may wish to consult with the staff of the Lender Approval and Recertification Division prior to submission. The Division's telephone number is listed in Paragraph 3-2A.

D. STREAMLINE PROCESSING. Title II mortgagees that wish to become approved as Title I lenders need not pay a fee for their main office or branch office approvals.

E. EXTRA-TERRITORY APPROVAL. There is no fee for requesting extra-territory approval.

2-3 BUSINESS FORM. A financial institution seeking approval as a Title I lender or loan correspondent must be a corporation or other chartered institution, a permanent organization having succession, or a partnership meeting the requirements noted below. It must be authorized under Federal or State law or regulation to originate or purchase consumer or mortgage loans, or it shall be a Federal, State or municipal agency.

A. PARTNERSHIPS. Each general partner must be a corporation or other chartered financial institution consisting of two or more persons.

1. MANAGING GENERAL PARTNER. One general partner must be designated as the managing general partner. The managing general partner can not be a financial institution that is already approved by HUD/FHA as a Title I lender or Title II mortgagee. The managing general partner must meet the requirements with respect to employees, officers and reporting business changes as described in this Chapter and Chapter 5. It must have as its principal activity the managing of one or more partnerships all of which are property improvement or manufactured home lenders. It must have exclusive authority

partnership.  
removed from  
partner  
immediately

to deal directly with HUD/FHA on behalf of the  
If the managing general partner withdraws or is  
the partnership for any reason, a new managing general  
must be substituted, and HUD/FHA must be notified  
of the substitution.

that the  
The

2. PARTNERSHIP AGREEMENT. The agreement must specify  
partnership will exist for a minimum term of 10 years.  
partnership must specifically be authorized  
to continue its existence if a partner withdraws.

notified  
agreement  
Title

3. AMENDMENTS TO PARTNERSHIP AGREEMENT. HUD/FHA must be  
immediately of any amendments to the partnership  
which would affect the partnership's actions under the  
I program.

the  
lender

4. TERMINATION OF PARTNERSHIP. All Title I loans held by  
partnership must be transferred to an approved Title I  
prior to termination of the partnership.

(LLC)  
the state  
not  
Approval and  
each LLC  
Department

B. LIMITED LIABILITY COMPANIES. Limited liability companies  
are business entities that possess characteristics of both  
corporations and partnerships. Depending on the laws of  
in which the entity is organized, such entities may or may  
qualify for approval as a Title I lender. The Lender  
Recertification Division will review the organization of  
that applies for approval to ensure the interests of the  
are adequately protected.

LLC must  
members.  
partnerships or  
must

1. ORGANIZATION. To be approved as a Title I lender, an  
meet the following organizational requirements:  
a. LLC's are typically organized as a collection of  
The members may be either individuals,  
corporations. In order to become approved, an LLC

that  
of the  
member  
consumer  
manager.

have one member designated as the managing member  
will have as its principal activity the management  
LLC and be authorized to deal directly with the  
Department on behalf of the LLC. The managing  
must have at least three years experience in  
lending. Newly admitted members must agree to the  
management of HUD transactions by the designated

must  
period of  
establish  
manager.

b. The LLC must be a permanent organization having  
succession. The LLC's articles of organization  
provide for the existence of the entity for a  
not less than 10 years. The articles must also  
a method of determining succession for the

of its

2. ARTICLES OF ORGANIZATION. The LLC must submit a copy  
articles with its application.

be  
which  
program.

3. AMENDMENTS TO ARTICLES OF ORGANIZATION. HUD/FHA must  
notified immediately of any amendments to the articles  
would affect the LLC's actions under the Title I

LLC  
to

4. DISSOLUTION OF THE LLC. All Title I loans held by the  
must be transferred to an approved Title I lender prior  
termination of the LLC.

2-4  
following  
determined by  
institution's net

NET WORTH REQUIREMENTS. A financial institution must meet the  
adjusted net worth requirements. Adjusted net worth is  
subtracting unacceptable assets from the financial  
worth. Refer to Appendix 1 for a list of unacceptable assets.

and

A. SUPERVISED INSTITUTIONS. A Supervised Lender shall have  
an adjusted net worth of not less than \$250,000.

have and

B. NONSUPERVISED INSTITUTIONS. A Nonsupervised Lender shall  
maintain an adjusted net worth of not less than \$250,000.

C. LOAN CORRESPONDENTS. A Loan Correspondent shall have and maintain an adjusted net worth of not less than \$50,000. Additional net worth of \$25,000 is required for each approved branch up to a maximum of \$250,000.

D. GOVERNMENT INSTITUTIONS. There is no specific net worth requirement for this type of lender.

E. INVESTING LENDERS. There is no specific net worth requirement for this type of lender.

2-5 BRANCH OFFICES. Supervised Lenders, Nonsupervised Lenders, Loan Correspondents and Supervised Loan Correspondents are permitted to operate branch offices in addition to their main offices. Each branch office must be approved by the Lender Approval and Recertification Division before it is permitted to take applications for and process Title I loans. To become approved, a lender must submit Form HUD 92001-LB for each branch and the appropriate fee.

Branch offices may be located in any field office jurisdiction regardless of whether the lender already has a main or branch office in a particular jurisdiction.

Lenders must keep the Department advised of any change of address or manager. The Title I lender is fully responsible for the actions of its branch offices.

2-6 SATELLITE OFFICES. A lender may operate a satellite office in any field office jurisdiction in which it already has an approved main or branch office. Satellite offices need not be approved by HUD and lenders do not need to notify the Department of their location. However, lenders are fully responsible for the actions of their satellite offices.

2-7 DISCLOSURE OF GOVERNMENT SANCTIONS. A financial institution must submit with its application for approval and annual recertification, a certification that it and its officers and principals have not been sanctioned within the last three years by any State in which it holds a

license or in which it intends to make Title I loans. If the financial institution has been subject to such an action, it must submit a copy of the documents pertaining to the action together with a written explanation. Financial institutions that have been sanctioned by a Federal agency must make the same disclosure as discussed above and submit the same documentation.

2-8 STATE LICENSING REQUIREMENT. A financial institution must submit a copy of its operating license when it applies for approval. The financial institution must certify as a part of the annual recertification process that the license remains in effect. If the state where a financial institution operates does not have a licensing process, it must so state in the cover letter that accompanies its application and submit evidence it is approved to do business in that state.

2-9 EMPLOYEES. Financial institutions shall employ trained personnel competent to perform their assigned responsibilities in consumer and mortgage lending activities. All employees of the financial institution except receptionists, whether full-time or part-time employees, must be employed exclusively by the financial institution, and conduct only the business affairs of the financial institution during normal business hours.

In compliance with the Rehabilitation Act of 1973 and the Americans with Disabilities Act, lenders are expected to make reasonable accommodations in the workplace, upon request, for qualified personnel with disabilities so that they will be able to perform their duties.

A. OFFICERS AND BRANCH MANAGERS. Financial institutions are required to have one or more senior corporate officers with a minimum of three years of experience in consumer lending. A senior corporate officer is defined as the corporation's President, Chief Executive Officer, Chairman or Vice President. Branch managers are also required to have at least three years experience.

Managing members of an LLC and the managing general partner of a partnership must also meet the minimum experience requirement.

B. COMPANIES WITH JOINT OFFICERS. If a financial institution has any of the same officers and/or stockholders as another corporate entity, the corporate officers may represent more than one entity provided that:

1. There is a clear and effective separation of the two entities so that borrowers know, at all times, exactly with which entity they are doing business; and
2. There is at least one duly constituted senior corporate officer designated to conduct exclusively the affairs of the financial institution during normal business hours. This officer must qualify for the experience requirement noted in paragraph 2-9A. above.

C. FULL-TIME AND PART-TIME EMPLOYEES. Lenders are permitted to employ individuals on a part-time basis (less than the normal 40 hour work week). However, during the time when an employee is not on duty at the lender, he/she is not permitted to be employed (including self-employed) in the mortgage lending, consumer lending, home improvement, manufactured housing or real estate industries. There is no restriction on employment in any other field. These restrictions also apply to full-time employees who may be working part-time during the hours when they are not at the approved lender.

D. CONTRACT EMPLOYEES. The Department has no objection to financial institutions employing contract employees to perform clerical duties on a temporary basis, especially during periods of heavy volume. However, lenders are reminded that they are expected to originate, close and fund loans and not perform only a part of the

loan origination process. For this reason, it is not permissible to contract out part of the origination process, for example, the taking of the application.

2-10 EMPLOYEE COMPENSATION. The Department does not specify how a lender must compensate its employees. Compensation based on salaries, commissions, fees or a combination of these is acceptable. It is not uncommon in the industry to pay employees, especially loan officers, on the basis of Internal Revenue service Form 1099. We have no objection to this practice. However, such employees must be employed solely by a particular lender. Loan officers are strictly prohibited from taking applications for several lenders and claiming to be employed by each or being self-employed as an independent contractor.

2-11 STAFFING REQUIREMENTS. A financial institution must have a staff of at least two employees, with at least one on duty during normal business hours. Branch offices are also required to have at least two employees. This requirement may be lessened for lenders located in rural or underserved areas. When applying for main or branch office approval a financial institution must request permission to have fewer than two employees and must provide justification for the smaller staff.

2-12 CONTROL AND SUPERVISION OF STAFF. Financial institutions are required to exercise control and responsible management supervision over their employees. The requirement regarding control and supervision must include, at a minimum, regular and ongoing reviews of employee performance and of work performed.

2-13 BRANCH OFFICE MANAGERS. A branch manager must be located at the office he/she manages and may not operate or manage more than one branch office at the same time. The branch manager must have at least three year's experience in consumer lending.

2-14 SIGNATORY AUTHORITY. Financial institutions shall ensure that a

corporate officer or other person authorized to bind the financial institution shall be responsible for reporting all originations, purchases and sales of Title I loans to HUD/FHA for the purpose of obtaining or transferring insurance coverage.

2-15 OFFICE FACILITIES.

A. A financial institution's main office must be its designated facility to which HUD/FHA directs all communications about the management affairs of the financial institution.

A financial institution may conduct Title I activities from any of its approved offices. A financial institution is fully responsible for the actions of its branch office(s).

B. A financial institution's main office and branch office facilities must:

1. Have adequate space, clerical assistance and office equipment so that employees may perform their duties in a responsible business-like manner.
2. Be in a location conducive to performing the financial institution's business. A financial institution's employees are not permitted to use their signatory authority to bind the financial institution in a home, car or similar space that is not a part of the financial institution's office facilities.
3. Be located in a space that is separate and apart from any other entity. However, a financial institution may share receptionists, entrances or lobbies with other business entities.
4. Be clearly identified to the public so that borrowers will know, at all times, exactly with whom they are doing business.
5. Be located in a space that, when viewed in its entirety, is readily accessible to and usable by individuals with disabilities.

2-16 OPERATING EXPENSES. A financial institution must pay all of its own operating expenses including the compensation of all employees of its main and branch offices. The operating expenses that must be paid by the financial institution include, but are not limited to, equipment, furniture, office rent, overhead, and other similar expenses incurred in operating a consumer lending business.

2-17 GEOGRAPHIC RESTRICTIONS FOR LOAN ORIGINATION. Financial institutions may transact Title I business only in the geographic area for which they are approved.

A. Home and branch offices may transact Title I business only within their "approved lending areas." Please refer to Appendix 3 for a list of HUD field office jurisdictions comprising each approved lending area around the country. In parts of the country where lenders can reasonably be expected to adequately serve an area consisting of more than one HUD field office's jurisdiction, HUD has combined these areas into one approved lending area. For example, a lender located in Southern California will be approved to make loans in the jurisdictions of the Los Angeles, Santa Ana, Fresno and San Diego Offices.

B. Lenders that want to do business beyond the areas covered by their approved main or branch offices have the following options:

1. A Supervised Lender or a Nonsupervised Lender may become a Sponsor for a Loan Correspondent located in the area in which it wishes to purchase loans. This area may be outside the approved lending areas of its main or branch offices. Please refer to Paragraphs 3-SC. and 5-4 for information on Sponsoring Loan Correspondents.

2. A lender, including a Loan Correspondent, may apply to the Department for Extra-Territory approval. Please refer to

Territory Paragraph 5-3 for procedures pertaining to Extra-approval.

the 3. A lender or Loan Correspondent may open a new branch in the new area in which it wishes to do business.

2-18 YEARLY VERIFICATION REPORT. All approved lenders are required to submit a Yearly Verification Report to the Department as part of the Annual recertification procedure for continued lender approval. (See Chapter 7).

2-19 REPORTING BUSINESS CHANGES. Lenders must notify HUD within 10 days of any change that affects their standing as an approved institution or which changes the information on which they were originally approved. This includes, but is not limited to: changes in name, senior corporate officers, corporate conversions, mergers, consolidations, successions, liquidations, terminations, and changes in charter provisions. Further information on reporting business changes is found in Paragraph 5-6 of this Handbook.

2-20 QUALITY CONTROL PLAN. All lenders must have and implement a Quality control Plan covering the origination and servicing of Title I loans. The Plan must meet the specifications of Chapter 6 of this Handbook.

2-21 INELIGIBLE PARTICIPANTS. To be approved and to maintain lender approval, neither the lender nor any officer, director, principal or employee shall:

24 CFR A. Be under suspension, debarment or other restrictions under Federal Part 24 or 25 or under similar procedures of any other agency; or

adversely B. Be indicted for or convicted of an offense which reflects upon the financial institution's integrity or its ability to participate in the Title I program; or

C. Be subject to unresolved findings as a result of HUD or other government audits or investigations; or

D. Be engaged in business practices that do not conform to generally accepted practices of prudent financial institutions or that demonstrate irresponsibility.

2-22 COMPLIANCE WITH FAIR HOUSING LAWS. All lenders must comply with Title VIII of the Civil Rights Act of 1968, as amended, Executive Order 11063, the Equal Credit Opportunity Act, and other Federal laws relating to consumer lending activities. Lenders must also comply with the provisions of the Americans with Disabilities Act and the Rehabilitation Act of 1973. Financial institutions are required to make their facilities readily accessible to and usable by persons with disabilities who may wish to apply for Title I loans.

2-23 HOME MORTGAGE DISCLOSURE ACT. Approved lenders are required to comply with the reporting requirements of the Home Mortgage Disclosure Act (HMDA). Refer to 12 USC 2801 et seq. and 12 CFR Part 203. Financial institutions exempt from HMDA reporting requirements must report to HUD/FHA all Title I loans for which they made the underwriting decision. Further details concerning the HMDA reporting requirements are contained in Title I Letter 430.

2-24 SUBMISSION OF SUBSEQUENT INFORMATION. Lenders may be required to submit copies of their latest financial statements and such other information as the Department may request, and shall submit to an examination of that portion of its records which relates to its Title I lending activities.

CHAPTER 3. SPECIAL APPROVAL

REQUIREMENTS FOR

DIFFERENT LEDGER TYPES

3-1 ELIGIBILITY REQUIREMENTS. A financial institution may be approved to participate in HUD/FHA's Title I insurance programs as one of the lender types discussed in this Chapter. The financial institution must meet the general approval requirements of Chapter 2 of this Handbook as well as the specific requirements discussed below for each lender type.

3-2 APPLICATION FORMS AND MAILING ADDRESSES. Application forms are available from local HUD field offices as well as the Lender Approval and Recertification Division at the address and telephone number listed below. Sample copies of the forms are attached to this handbook as Appendix 4.

A. SUBMISSION OF APPLICATION. The completed application forms and exhibits should be sent to:

U.S. Dept. of Housing and Urban Development  
Lender Approval and Recertification Division  
Room 9146  
451 Seventh St. SW  
Washington, DC 20410

Telephone: (202)708-3976

B. SUBMISSION OF APPLICATION FEE. The required application fee and Transmittal Form contained in the Application Form must be sent to the Department's lockbox at the following address:

HUD  
P.O. Box 198608  
Atlanta, GA 30384

3-3 TITLE I APPLICANTS WITH CURRENT TITLE II APPROVAL. A mortgagee currently approved under Title II (approved to participate in HUD/FHA's single family mortgage insurance programs), that wishes to participate in the Title I program may be eligible to use a streamlined approval process for approval of its main and branch offices provided that:

A. THE FINANCIAL INSTITUTION is currently HUD/FHA-approved under Title II as a Supervised, Nonsupervised or a Supervised Loan Correspondent mortgagee; or

B. THE FINANCIAL INSTITUTION has been approved as a Loan Correspondent for less than 6 months. Any Loan Correspondent whose approval is over 6 months old MUST provide full documentation as noted in Paragraph 3-SC.

C. REQUIRED DOCUMENTATION FOR STREAMLINE APPLICATIONS:

1. Either:
  - a. Form HUD 92001-L - Application for Approval as a Title I Lender if the application is for a Supervised or Nonsupervised institution; or
  - b. Form HUD 92001-LE - Application for Approval as a Title I Loan Correspondent.
2. Form HUD 92001-LD - Supplement To Application for Approval as a Title I Lender.
3. A Certification that the institution is in compliance with all HUD/FHA lender approval requirements, and has not been denied an operating license or otherwise sanctioned by any licensing or regulatory body.
4. A floor plan and photographs of the office space will be required when the applicant's address differs from the address in the Department's records.
5. There is no application fee for the streamline method of approval.

3-4 EXPEDITED PROCESSING FOR LOAN CORRESPONDENTS. Supervised Lenders and Nonsupervised Lenders that wish to sponsor a Loan Correspondent may submit the financial institution's application to HUD and receive expedited processing. Under this procedure the Lender Approval and

Recertification Division will rely on the certifications provided by the sponsor and will expedite the processing of the application. In order to take advantage of this procedure, a sponsor must comply with the following:

Certify that the sponsor has an adjusted net worth of at least \$1,000,000.  
Certify that the loan correspondent's application meets all requirements of this handbook.

Certify that the accompanying documentation is accurate and complete and complies with the provisions of Paragraph 3-5C.4.

Certify that the applicant meets all HUD/FHA requirements for a Title I Loan Correspondent as set forth in this Handbook and in 24 CFR 202.3 and 202.6.

A Sponsor that does not have an adjusted net worth of at least \$1,000,000 or that does not wish to take advantage of expedited processing may still have its prospective loan correspondents submit applications directly to HUD/FHA.

3-5 SPECIFIC APPROVAL REQUIREMENTS BY LENDER TYPE. Approval requirements, application forms and exhibits vary by type of institution. All forms must be completed and signed by an authorized senior corporate officer. The following paragraphs provide the documentation which must be submitted for approval consideration, by institution type. Additionally, the application form contains a checklist to assist applicants in assuring that the documentation noted below is included in the submission. Additional documentation, not included on the checklist, may be requested to complete the processing of the application. This may be necessary to assure sufficient documentation or clarification to confirm compliance with HUD/FHA's requirements.

A. SUPERVISED LENDERS. A Supervised Lender is a financial institution that is a member of the Federal Reserve System or an institution whose accounts are insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

1. PERMISSIBLE LENDING ACTIVITIES. Supervised Lenders may originate, purchase, hold, service and sell Title I direct and dealer loans.

2. APPROVAL OF A SUPERVISED LENDER AS A LOAN  
CORRESPONDENT. A financial institution that meets HD/FHA's definition of a Supervised Lender may apply for and receive approval as a Loan Correspondent type lender (note Paragraph 1-6C). A supervised Loan Correspondent can perform only those lending activities permitted for Loan Correspondents in Paragraph 3-5C.1.

3. TERMINATION OF SUPERVISION. A Supervised institution shall provide notification to HUD/FHA, at the address noted in Paragraph 3-2A., within 10 days of the termination of its supervision by its supervisory agency.

4. DOCUMENTATION REQUIRED FOR APPROVAL. The following and documentation must be submitted to the Lender Approval Recertification Division at the address noted in 3-2A.

Title I

a. Form HUD 92001-L - Application for Approval as a Lender.

b. Form HUD 92001-LD - Supplement to Application for Approval as a Title I Lender.

copy of c. A copy of the check for the application fee and a check. the transmittal form which was attached to the application fee.

Note Paragraph 3-2B concerning submission of the application fee.

B. NONSUPERVISED LENDERS. A Nonsupervised Lender is a financial institution which has as its principal activity the lending or investing of funds in mortgages, consumer installment notes, or similar advances of credit, or the purchase of consumer installment contracts, and which is not a Supervised or Government Institution.

1. PERMISSIBLE LENDING ACTIVITIES. Nonsupervised Lenders may originate, purchase, hold, service and sell Title I direct or dealer loans.

Lender  
credit or  
than  
loans.

2. WAREHOUSE LINE OF CREDIT REQUIREMENT. A Nonsupervised shall have and maintain a reliable warehouse line of other funding program acceptable to HUD/FHA of not less than \$500,000 for use in originating or purchasing Title I

and  
Paragraph 3-

3. DOCUMENTATION REQUIRED FOR APPROVAL. The following documentation must be submitted to the Lender Approval Recertification Division at the address noted in 2A.

Title I

a. Form HUD 92001-L - Application for Approval as a Lender.

b. Form HUD 92001-Lb - Supplement to Application for Approval as a Title I Lender.

funding

c. Evidence of a warehouse line of credit or other program of not less than \$500,000.

financial

d. The financial institution's most recent audited statements. The financial statements must be prepared by a certified public accountant or licensed independent public accountant according to Generally Accepted Accounting Principles, Generally Accepted Auditing Standards and Government Auditing Standards. They must also comply with HUD Handbook 2000.04 REV-1, Consolidated Audit Guide for Audits of HUD Programs. The financial statements must contain a computation of adjusted net worth, prepared by the accountant, in accordance with HUD Handbook 2000.04 REV-1. Refer to Appendix 1 for a list of unacceptable assets.

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statements  
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net

The audited financial statements cannot be more than twelve months old. When a lender's financial statements are more than six months old, the lender must also submit a current balance sheet and computation of adjusted net

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- 25% of
- the
- the
- Control
- the
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- discussed in
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- check.
- stockholders
- operating
- not
- federal
- e. Photographs of the office space, including pictures of the financial institution's sign on the front door building directory, as appropriate, and a floor plan of the office space. (This may be hand-drawn.)
  - f. A Residential Mortgage Credit Report (RMCR) must be obtained and paid for by the applicant, for each corporate officer and stockholder owning more than 25% of the stock. The credit report must be submitted to Lender Approval and Recertification Division by the credit bureau without passing through the hands of applicant.
  - g. A business credit report for the applicant.
  - h. A copy of the financial institution's Quality Control Plan or a copy of the Checklist in Appendix 2. If checklist is submitted, it must be accompanied by a certification by a senior corporate officer that Quality Control Plan meets the requirements Chapter 6 of this Handbook.
  - i. A copy of the check for the application fee and a the transmittal form which was attached to the check. Note Paragraph 3-2B concerning submission of the application fee.
  - j. Resumes of senior corporate officers and stockholders owning more than 25% of the stock of the company.
  - k. A copy of the financial institution's state operating license or a certification that the state has no licensing requirement.
  - l. A certification that the financial institution is not currently under administrative sanction by any federal agency or state in which it does business.

C. LOAN CORRESPONDENTS. A Loan Correspondent is a financial institution approved by HUD/FHA to originate Title I direct loans only for sale or transfer to a sponsoring financial institution which holds a valid Title I Contract of Insurance and is not under suspension. A loan correspondent may be either a Nonsupervised or Supervised institution.

1. PERMISSIBLE LENDING ACTIVITY. Loan Correspondents may originate only Title I direct loans for sale or transfer to a Sponsor which holds a valid Contract of Insurance and is not under suspension. Loan Correspondents may not hold or service Title I loans and may not report Title I loans for insurance.

Loan Correspondents must originate, close and fund loans in their own name. Loan Correspondents are expected to process their applications as well, however, Sponsors are permitted to process loans for their Loan Correspondents.

2. SPONSORING LENDER. The Sponsor shall be responsible to the Department for the actions of its Loan Correspondents in the origination of Title I loans. There is no limitation on the number of Sponsors a Loan Correspondent may have. Once initially approved, a Loan Correspondent may add additional Sponsors following the procedures in Paragraph 5-4.

3. SPONSOR PROVIDED FUNDING PROGRAM. A Loan Correspondent shall have and maintain a reliable funding program from an approved Sponsor. The Loan Correspondent must submit with its describing the application package a letter from its Sponsor I loans program. The Sponsor must agree to purchase all Title \$500,000 in originated by the Loan Correspondent OR at least purchase. loans annually if such quantity is presented for

4. DOCUMENTATION REQUIRED FOR APPROVAL. The following and documentation must be submitted to the Lender Approval

Paragraph 3-

Recertification Division at the address noted in

2A.

Title

a. Form HUD 92001-LE - Application for Approval as a  
I Loan Correspondent.

b. Form HUD 92001-LD - Supplement to Application for  
Approval as a Title I Lender.

c. Evidence of a funding program.

financial  
prepared by  
independent

d. The loan correspondent's most recent audited  
statements. The financial statements must be  
a certified public accountant or licensed  
public accountant according to Generally Accepted  
Accounting Principles, Generally Accepted Auditing  
Standards and Government Auditing Standards. They

must

Consolidated

financial

net

with HUD

list

also comply with HUD Handbook 2000.04 REV-1,

Audit Guide for Audits of HUD Programs. The

statements must contain a computation of adjusted

worth, prepared by the accountant, in accordance

Handbook 2000.04 REV-1. Refer to Appendix 1 for a

of unacceptable assets.

than

The audited financial statements cannot be more

twelve months old. When a financial institution's  
financial statements are more than six months old,

the

financial institution must also submit a current

balance

sheet and computation of adjusted net worth

certified to

by management.

of

e. Photographs of the office space, including pictures

the Loan Correspondent's sign on the front door or  
building directory, as appropriate, and a floor

plan of

the office space. (This may be hand-drawn.)

f. A Residential Mortgage Credit Report (RMCR) must be  
obtained and paid for by the applicant, for each

senior

25% of  
the

corporate officer and stockholder owning more than  
the stock. The credit report must be submitted to  
Lender Approval and Recertification Division by the  
credit bureau without passing through the hands of  
the applicant.

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92001-LE

- g. A business credit report for the applicant.
- h. A copy of the financial institution's Quality Plan or a copy of the Checklist in Appendix 2. If checklist is submitted, it must be accompanied by a certification by a senior corporate officer that Quality Control Plan meets the requirements Chapter 6 of this Handbook.
- i. A copy of the check for the application fee and a the transmittal form which was attached to the Note Paragraph 3-2B concerning submission of the application fee.
- j. Resumes of senior corporate officers and owning more than 25% of the stock of the company.
- k. A copy of the financial institution's state license or a certification that the state has no licensing requirement.
- l. A certification that the financial institution is currently under administrative sanction by any agency or state in which it does business.
- m. A certification that the financial institution is currently under administrative sanction by any agency or state in which it does business.
- n. A financial institution that meets the definition Supervised Lender and is requesting HUD/FHA a Loan Correspondent must submit only Forms HD

and LD, the application fee and the transmittal form.

D. GOVERNMENTAL INSTITUTIONS. A Governmental Institution is a Federal, State or municipal agency, a Federal Reserve Bank, a Federal Home Loan Bank, the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation.

1. PERMISSIBLE LENDING ACTIVITIES. Governmental Institutions may originate, purchase, hold, service and sell Title I loans.

2. APPLICATION FEE. There is no application fee for Governmental Institutions.

3. EXPERIENCE REQUIREMENT. Paragraph 2-9A requires a minimum of three years experience in consumer lending by a senior corporate officer. In order to meet this requirement, Government Institutions may identify a senior staff person who has this level of experience.

4. DOCUMENTATION REQUIRED FOR APPROVAL. The following documentation must be submitted to the Lender Approval and Recertification Division at the address noted in 3-2A.

a. Form HUD 92001-L - Application for Approval as a Title I Lender.

b. Form HUD 92001-LD - Supplement to Application for Approval as a Title I Lender.

c. Resume(s) of senior staff person who will be dealing with the Department on behalf of the Governmental Institution.

E. INVESTING LENDERS. An Investing Lender is a financial institution, including a charitable or nonprofit organization or pension fund, that is approved by HUD/FHA to purchase, hold, and sell Title I loans.

1. PERMISSIBLE LENDING ACTIVITIES. An Investing Lender may only purchase, hold and sell Title I loans. It may not originate

such Title I loans in its own name, and it may not service loans except with the prior approval of the Department.

have 2. FUNDING ARRANGEMENT. An Investing Lender must have, or made arrangements for, funds sufficient to support a projected investment of at least \$1,000,000 in property improvement or manufactured home loans.

requirements 3. STAFFING. In lieu of the staffing and facilities discussed in Chapter 2 of this Handbook, an Investing Lender shall have officers or employees who are capable of managing its activities in purchasing, holding, and selling Title I loans.

service loans 4. SERVICING. An Investing Lender may not directly which it holds except with the prior approval of the Department. However, it must ensure that all Title I loans it holds are serviced through contractual or other arrangements with another financial institution holding a valid Title I Contract of Insurance.

must be 5. REQUIRED DOCUMENTATION. The following documentation Division submitted to the Lender Approval and Recertification at the address noted in 3-2A.

Title I a. Form HUD 92001-L - Application for Approval as a Lender.

b. Form HUD 92001-LD - Supplement to Application for Approval as a Title I Lender.

c. Evidence the financial institution has arranged for funds sufficient for an investment of at least \$1,000,000 in property improvement or manufactured home loans.

d. Resumes of senior corporate officers and stockholders owning more than 25% of the stock of the company.

e. A copy of the financial institution's state operating license or a certification that the state has no

licensing requirement.

not  
federal  
f. A certification that the financial institution is  
currently under administrative sanction by any  
agency or state in which it does business.

3-6  
Federal, State  
participate in  
Correspondent  
in Chapter  
2 and the specific requirements noted in this Chapter, apply to  
nonprofit organizations.

NONPROFIT ORGANIZATIONS. Organizations classified by a  
or municipal agency, as a nonprofit group, may apply to  
the Title I loan program as a Nonsupervised Lender, Loan  
or Investing Lender. All general approval requirements noted  
All general approval requirements noted in Chapter  
2 and the specific requirements noted in this Chapter, apply to  
nonprofit organizations.

A. DOCUMENTATION REQUIRED FOR APPROVAL. The documentation  
required by  
must be  
Division at  
required  
must  
the  
Paragraphs 3-5B3, 3-5C4 or 3-5E5 (whichever is appropriate)  
submitted to the Lender Approval and Recertification  
the address noted in 3-2A. In addition to the documents  
under the applicable lender type, nonprofit organizations  
submit evidence of their nonprofit approval or status by  
appropriate governmental authority.

B. APPLICATION FEE. There is no application fee for nonprofit  
organizations.

C. EXPERIENCE REQUIREMENT. Paragraph 2-9A. requires a minimum  
of  
corporate  
this level  
of experience.

Paragraph 2-9A. requires a minimum  
three years experience in consumer lending by a senior  
officer. In order to meet this requirement, nonprofit  
organizations may identify a senior staff person who has  
of experience.

3-7  
institution  
package in  
for which  
it is seeking approval:

PARTNERSHIPS. A partnership seeking approval as a financial  
must include the following documents with its application  
addition to the documentation for the particular lender type  
it is seeking approval:

A. The names of all general partners.

B. The identity of the designated managing general partner.

The

officers and directors of the managing general partner must  
be listed on the appropriate application form.

C. A statement explaining the principal business activity of  
the managing general partner.

D. A copy of the partnership agreement or a certification that  
the agreement meets the requirements of Paragraph 2-3A of this  
Handbook. The Department reserves the right to require  
submission of the agreement if it is deemed necessary.

3-8 LIMITED LIABILITY COMPANIES. An LLC seeking approval as a  
financial institution must include the following documents with its  
application package in addition to the documentation for the particular  
lender type for which it is seeking approval:

A. A list of all members of the LLC having a 25% or more  
interest in the LLC.

B. The name of the managing member. The officers and  
directors of the manager, if any, must be listed on the appropriate  
application form.

C. If the manager is a corporation or partnership, include a  
statement explaining its principal business activity.

D. A copy of the articles of organization.

3-9 FICTITIOUS OR "DOING BUSINESS AS" NAME. If a financial  
institution or any of its branch offices is using a fictitious name, or a  
"Doing Business As" (DBA) name, it must submit a copy of the DBA  
statement or assumed name certificate filed with the State as part of the  
lender approval application. The lender's real name must be on all  
legal documents associated with individual loans.

CHAPTER 4. APPROVAL PROCESSING AND ADMINISTRATIVE SANCTIONS

4-1 PURPOSE. This chapter explains HUD/FHA's approval process and the procedures and requirements applicable to financial institutions once initial approval is obtained.

4-2 DUTIES OF THE LENDER APPROVAL AND RECERTIFICATION DIVISION. HUD/FHA's

Lender Approval and Recertification Division is responsible for analyzing lender application packages, and subsequently, approving or disapproving the application. Additionally, the Division maintains a record of all approved lenders on the Department's Institution Master File (IMF) system.

A. REQUESTS FOR ADDITIONAL INFORMATION. If additional information or documents are required to complete the processing of the application and to make a determination for approval or disapproval, a request may be made to the applicant by telephone or in writing. If the required documents or information cannot be obtained, the application will be returned as incomplete.

B. APPROVAL OF APPLICATIONS. Lender approval is granted by the Lender Approval and Recertification Division. Subsequent to approval, the following actions are - completed by Division staff:

1. The financial institution is assigned a ten-digit identification number.
2. The financial institution is sent a formal notice of approval and a copy of the approved application signed by the Division Director or designee.
3. The local HUD field office is sent a copy of the signed application.
4. If approved as a Loan Correspondent, the Sponsor will receive a copy of the signed application.
5. If approved as a Supervised or Nonsupervised Lender, the lender will receive letter which constitutes the lender's

Title I Contract of Insurance.

C. DISAPPROVAL OF APPLICATIONS. An application from a financial institution that fails to meet HUD/FHA's approval requirements will be denied. The financial institution will be sent a written notice that explains the reasons for denial. The application package will be retained by the Lender Approval and Recertification Division for a period of time to be used if the financial institution appeals the denial.

The bases for denying an application include, but are not limited to the following:

1. Failure to meet the standards for approval as described in this Handbook and the Department's regulations at 24 CFR part 202.
2. Lack of financial responsibility on the part of the applicant, directors, major stockholders or principals, particularly if demonstrated in areas related to real estate lending, or consumer lending, especially if such irresponsibility has resulted in monetary loss to the Federal government (e.g. foreclosure of a HUD/FHA-  
insured or VA-guaranteed mortgage or loan, tax liens, defaulted government loans or any other Federal or State debt).
3. Any reason that HUD/FHA determines could seriously  
affect the financial institution's ability to participate in HUD's insurance programs. For example, a director, officer or principal's previous termination of  
employment by a financial institution for cause relating to job performance, if the applicant cannot provide a satisfactory explanation.
4. Intentional misrepresentation of a corporation's status regarding its HUD/FHA approval or misrepresentation of the meaning of such status.
5. Suspension, debarment or other restrictions under 24  
CFR Part 24 or 25 or under similar procedures of any other Federal agency.
6. Indictment or conviction for a felony if the sentence  
has not been completed.
7. Any unresolved findings of audits or investigations by HUD/FHA or any other Federal agency relating to the financial institution or the principals of the

institution.

D. APPEAL PROCESS. Upon written notice that the application has been disapproved (for reasons other than an incomplete submission), the applicant has 30 days to appeal the disapproval by requesting a review by the Director, Office of Lender Activities and Land Sales Registration, HUD, 451 Seventh Street, SW, Washington, DC 20410.

1. DOCUMENTATION REQUIRED. The financial institution's request for appeal must be in writing and accompanied by any documentation which will address the reasons for the disapproval.
2. REVIEW OF THE APPEAL. The Director, after review of the appeal request, will either reverse or affirm the disapproval.
3. APPLICATION APPROVED. If the Director reverses the disapproval, the applicant will be assigned a lender identification number and receive a copy of the approved application form submitted to HUD/FHA and signed by the Director.
4. APPLICATION DISAPPROVED. If the Director affirms the disapproval, the applicant will be notified in writing.

E. FINAL DETERMINATION FOR DISAPPROVED APPLICATIONS. Upon receipt of a letter from the Director denying the appeal and affirming the original disapproval, the applicant has 30 days to request a review of the decision by the Deputy Assistant Secretary for Single Family Housing (DAS).

1. DOCUMENTATION REQUIRED. The lender's request for appeal to the DAS must be in writing and accompanied by any documentation which will address the reasons for disapproval.
2. REVIEW OF THE APPEAL. The DAS, after review of the appeal request, will either reverse or affirm the disapproval.
3. APPLICATION APPROVED. If the DAS reverses the disapproval,

number the applicant will be assigned a lender identification  
submitted and receive a copy of the approved application form  
to HUD/FHA and signed by the DAS or his/her designee.  
4. APPLICATION DISAPPROVED. If the DAS affirms the  
disapproval, the applicant will be notified in writing. The DAS's  
decision is final.

4-3 LENDER MONITORING. The Office of Lender Activities and Land  
Sales Registration is responsible for monitoring the origination and  
servicing performance of HUD/FHA-approved lenders. The Monitoring  
Division, located within this Office, directs and supervises a staff of  
both Headquarters and out-stationed employees to perform this  
function.

A. ON-SITE REVIEWS. On-site reviews are conducted at a  
lender's office to ensure compliance with HUD/FHA's loan origination  
and servicing requirements. These reviews consist of  
interviews with lender officials and employees and an analysis of the  
portfolio, as well as the origination and/or servicing policies and  
procedures.

B. PROVISION OF LOAN FILES. Lenders are expected to provide  
loan files for review by Monitoring Division staff within 24  
hours of receiving a request. While hard copies of files are  
preferred, microfilm copies are also acceptable. Under most  
circumstances the staff tries to provide adequate notice so that a lender has  
sufficient time to locate and supply the files.

C. REPORTS AND CORRESPONDENCE. At the conclusion of a review,  
findings are, discussed with the lender. Depending upon  
the nature and extent of the findings, the Monitoring Division will  
prepare the appropriate correspondence and/or referrals. Where  
significant violations of regulatory or handbook requirements are  
discovered, referrals may be made to the Office of Inspector General,  
Mortgagee Review Board, Participation and Compliance Division, Lender

Approval and Recertification Division, Title I Insurance Division, Office of Fair Housing and Equal Opportunity, and/or the local HUD Field Office.

4-4 ADMINISTRATIVE SANCTIONS AND CIVIL MONEY PENALTIES. The Department's Mortgagee Review Board and Housing Civil Penalty Panel are authorized to take administrative action against approved lenders that do not comply with HUD/FHA requirements; the nondiscrimination requirements of the Equal Credit Opportunity Act, the Fair Housing Act, or Executive Order 11063; or the Real Estate Settlement Procedures Act (RESPA)

A. MORTGAGEE REVIEW BOARD. The Board may issue a letter of reprimand, place a lender on probation, suspend or withdraw a lender's approval, or enter into a Settlement Agreement with a lender. The Board may also issue a cease and desist order where there is a reasonable cause to believe that a lender is violating, or has violated, the Department's requirements. The nature and extent of the violations determines the type of administrative action that the Board may impose. The Board's regulations as well as the grounds for administrative sanctions are discussed in 24 CFR Part 25.

B. CIVIL MONEY PENALTIES. The Board and the Housing Civil Penalties Panel (HCPP) are authorized to impose a civil money penalty whenever an approved lender knowingly and materially violates HUD/FHA program regulations or requirements. A civil money penalty may be imposed in addition to any other administrative action taken by the Board. The maximum amount of penalties may not exceed \$5,000 for each violation by the lender, and a maximum penalty for all violations by a lender during any one-year period may not exceed \$1 million. The Department's regulations on civil money penalties as well as a list of violations subject to civil money penalties are discussed in 24 CFR Part 30.

4-5 OTHER ACTIONS AND REMEDIES. In addition to the sanctions and penalties described in paragraphs 4-4A. and 4-4B., the Department may seek such other legal and equitable relief as may be available.

4-6 TERMINATION OF INSURANCE CONTRACT. The DAS may terminate a lender's Contract of Insurance upon five business days prior written notice.

A. INFORMAL MEETING. If requested, a lender is entitled to an informal meeting with the DAS or his/her designee before the expiration of the 5-day notice period. Such a meeting will be for the purpose of giving the lender an opportunity to discuss its Title I program participation.

B. EFFECTS OF TERMINATION. Termination has the following effects:

1. A lender cannot obtain insurance coverage for new loans under the terminated contract.
2. The insurance reserve on loans previously accepted for insurance is not adversely affected except for loans involving fraud or misrepresentation.
3. The lender is not relieved of the liability to pay future insurance premiums or other obligations owed to the Department.
4. Insurance reserves earned by the lender as of the date of termination, under the terminated contract, remain to its credit unless exhausted by filing of claims.

C. AFFECT ON APPROVAL STATUS. Termination of the contract does not affect a lender's approval status or ability to apply for, and hold, a new Contract of Insurance provided the requirements of this Handbook and 24 CFR Part 202 are met and provided the underlying reasons for the contract termination are remedied.

## CHAPTER 5. CHANGES SUBSEQUENT TO APPROVAL

5-1 PURPOSE. This chapter discusses the various changes which may occur following a lender's initial approval by HUD/FHA.

5-2 BRANCH OFFICES. All institution types are permitted to use branch offices for all permissible activities provided the branch has been approved by HUD/FHA. Financial institutions are responsible for the actions of their branch offices. The branch office must meet the general approval requirements in Chapter 2 concerning staffing and facilities.

A. BRANCH MANAGER. Branch managers must be located at the branch office they manage and cannot operate or be the manager of more than one branch office at the same time.

B. OBTAINING BRANCH OFFICE APPROVAL. Lenders seeking branch office approval must supply the following documentation to HUD/FHA's Lender Approval and Recertification Division at the address noted in paragraph 3-2A:

1. Form HUD 92001-LB - Branch Office Notification.
2. A copy of the application fee check and the fee transmittal form.
3. Loan Correspondents that submit branch office applications must provide evidence of the additional required net worth. (See Paragraph 2-4C) A copy of the lender's most current audited financial statement must be submitted. If it is over six months old, a management certified balance statement must accompany the audited financial statement. The audited financial statement must contain evidence of sufficient adjusted net worth to support the branch application(s). Refer to Paragraph 2-4 for a discussion of net worth requirements.

C. NOTIFICATION OF APPROVAL OR DISAPPROVAL. The Lender Approval and

Recertification Division will notify the lender in writing of its decision to approve or disapprove the branch application.

5-3 EXTRA-TERRITORY REQUESTS. A Title I lender or Loan Correspondent may originate loans only within its approved lending area. (Please refer to Paragraph 2-17.) However, a lender's approved lending area may be extended by making a request for Extra-Territory Approval.

A. WHY EXTRA-TERRITORY MAY BE NEEDED. With the expansion of the Department's definition of "approved lending area" the need for Extra-Territory approval should diminish. Before submitting a request a lender should consider whether Extra-Territory approval is really necessary and whether the lender will be able to adequately serve its expanded area without establishing a branch or a loan correspondent relationship. Following are some of the reasons a lender may wish to request Extra-Territory approval:

1. A lender originating dealer loans may be able to serve a larger area due to the network of dealers it has established.
2. Even with expanded lending areas, in some parts of the country the areas may not cover a large geographic area. In such areas it may be very possible for a lender's main or branch offices to cover areas outside its approved lending area.
3. The location of the lender's main or branch office may be close to the boundary of its approved lending area so that the lender's market area includes an adjacent field office jurisdiction.

B. APPROVAL FOR LOAN ORIGINATION ONLY. Extra-Territory approval is granted only for the purpose of loan origination. Title I lenders are permitted to purchase closed loans from other lenders located anywhere in the nation without the need of Extra-Territory approval. The same is true for Sponsors purchasing closed loans

from their Loan Correspondents.

C. EXTRA-TERRITORY PROCESSING. To obtain Extra-Territory approval the lender must send a letter to the Lender Approval and Recertification Division at the address in paragraph 3-2A.

The

letter must:

1. State the address of the approved home or branch office seeking the Extra-Territory approval as well as that office's ten digit HUD/FHA identification number.
2. Identify the area into which the lender wishes to expand.
3. Explain whether the lender will originate dealer or direct loans in the expanded area.
4. Explain how the lender plans to originate and close loans in the expanded area.

D. REQUIREMENTS FOR EXTRA-TERRITORY APPROVAL. The lender must satisfy the Department with respect to the following:

1. A lender may apply for Extra-Territory approval only after it has been approved as a Title I lender for at least one year.
2. The lender has an adequate Quality Control Plan which will address loans originated in the expanded lending area.
3. The lender is operating with an acceptable default and claim rate.
4. The lender can maintain adequate supervision of dealers located in the expanded area.

E. NOTIFICATION OF APPROVAL OR DISAPPROVAL. The Lender Approval and Recertification Division will notify the lender in writing, of its decision whether to approve or disapprove the request.

5-4 ADDITIONAL SPONSORS.

A. A Loan Correspondent may have as many approved sponsoring lenders as it chooses. The only limitation on the number of Loan

Correspondents that a Sponsor may have relates to its ability to supervise and monitor their compliance with Title I requirements.

B. ADDITIONAL SPONSOR PROCESSING. Each additional Sponsor must be HUD/FHA-approved. Requests for an additional Sponsor may be completed by either the Sponsor or the Loan Correspondent. The following documentation must be sent to the Lender Approval and Recertification Division at the address in paragraph 3-2A:

1. Form HUD 92001-LE - Application for Approval as a Title I Loan Correspondent. The Application must be signed by a senior corporate officer of the Loan Correspondent and must also be signed by a senior corporate officer of the sponsoring lender.
2. A letter from the new Sponsor stating that it agrees to purchase at least \$500,000 in closed Title I loans from the Loan Correspondent.
3. Copy of the application fee check and transmittal form.

5-5 DOCUMENT RETENTION REQUIREMENTS. After closing a Title I loan, the originating lender or Loan Correspondent must retain a copy of the entire loan origination package, including copies of all closing documents, for a two-year period following the loan closing. If the loan is sold, the original copy of the loan file must be sent to the servicing lender and retained for the life of the loan.

5-6 REPORTING BUSINESS CHANGES. Lenders must notify HUD/FHA of any change that affects their standing as an approved institution, or which changes the information on which they were originally approved. Lenders must notify HUD/FHA's Lender Approval and Recertification Division, at the address in paragraph 3-2A., of all corporate changes. Generally notification would consist of a letter to HUD/FHA, signed by a senior

corporate officer. Certain changes, however, may require additional documentation.

A. CHANGE OF NAME. The company must submit evidence the name change has been accepted by the state in which the home office is located and a copy of the amendment to its articles of incorporation (or other document) showing the name change.

B. CHANGE OF ADDRESS AND TELEPHONE NUMBER. The Department maintains the following addresses for the home office of a lender:

Geographic --	Address where the office is physically located.
Mailing --	Address to which HUD correspondence is sent.
Premium --	Address to which HUD premium billings are sent.
Payee --	Address to which checks for insurance benefits are sent.

1. The notification letter must indicate which of the above addresses is to be changed. (Only geographic and mailing addresses are maintained for branch offices.)

A change in the geographic address for the main office must be accompanied by the name of the County in which the main office is located. The following information must also be submitted: photographs of the new offices (inside and outside); a floor plan of the new offices; and a certification that the new offices comply with the requirements of Paragraph 2-15 of this Handbook.

When a branch office is closed in one HUD field office jurisdiction and a branch office is opened in another jurisdiction, it is considered to be a new branch, not merely a new location. For this reason, Form HUD 92001-LB, along with the appropriate fee, must be submitted to have the new location approved. If a branch changes location within the same HUD field office jurisdiction, it is acceptable to

corporate  
Paragraph

request only a change of address and for a senior officer to certify that the new office complies with 2-15 of this Handbook.

Department  
their

2. Because HUD/FHA often has a need to contact lenders by telephone or fax machine, lenders must keep the aware of changes in the telephone and fax numbers of their main offices.

lender  
the  
person  
voting  
A  
new  
facilities

C. CHANGE OF CORPORATE OFFICER, STOCKHOLDER, OWNERSHIP. If a lender has an addition or substitution of a principal (including chairman of the board, president, vice president and/or any or entity that owns 25 percent or more of the lender's stock), the lender must provide notification of the change. Residential Mortgage Credit Report must be submitted on the new person(s) or entity. The lender must certify that the facilities and staff continue to meet HUD/FHA requirements.

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Supervised Lenders or Supervised Loan Correspondents do not comply with the credit report requirement. They also need report a change in principals, except for the addition of a stockholder owning 25 percent or more of the lender's stock. Whenever an individual or entity acquires 25 percent or more of a lender's voting stock the lender must notify the Lender Approval and Recertification Division. When the majority of a lender's ownership changes a new application and fee may be necessary. We advise that the lender contact the Lender Approval and Recertification Division in advance to determine what will be required. Additional information on changes in ownership is provided in paragraphs 5-6E and F.

changes

D. CHANGE IN CORPORATE CHARTER OR FEDERAL TAX IDENTIFICATION NUMBER.

1. If a lender re-incorporates the approved institution;

company  
results in  
identification  
application and  
transferred

the institution's charter; changes the state where the  
is incorporated; or completes any other change that  
the company receiving a different Federal tax  
number, the lender is required to submit a new  
fee. The lender's Title I reserves will not be  
automatically to the newly approved entity.

tax

2. If the change does not result in a new Federal income  
identification number, then the lender must:

there  
identification

a. Certify as to the nature of the conversion and that  
has been no change in the Federal tax  
number or depositor insurance (in the case of a  
Supervised Lender).

comply with

b. Certify that the institution will continue to  
the approval requirements of this Handbook.

continue to

c. Certify that the newly chartered entity will  
be responsible for the assets and liabilities of  
the former institution. This would include any  
problems found subsequently by the Department in the  
origination of any Title I loans originated by the institution  
prior to the adoption of the new charter.

d. Submit a copy of the new charter and a complete  
description of the changes.

forms

E. CORPORATE MERGERS. Corporate mergers can take a variety of  
which are discussed below.

1. TWO OR MORE HUD/FHA-APPROVED LENDERS MERGE.

a. THE NONSURVIVING ENTITY MUST:

corporate

(1) Submit a letter signed by a senior  
officer (vice president or above) informing the  
Department that it is merging with another  
entity.

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Correspondents of

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The letter must indicate which lender will provide the lender identification numbers for lender involved; provide the date the merger occurred or will occur; and request termination its approval.

(2) If the nonsurviving lender was a Sponsor HUD/FHA-approved Loan Correspondents, it is its responsibility to notify its Loan its request for termination.

(3) Once the nonsurviving entity ceases to approval is terminated (whichever comes first), must not take any new applications for Title I loans. Applications which are in progress may closed by the lender only if they were approved the lender prior to the termination of It also may no longer purchase Title I loans or submit claims to the Department.

(4) When the nonsurviving lender holds a Title I loans, it must arrange to sell the the surviving lender or some other lender Title I Contract of Insurance.

b. THE SURVIVING ENTITY MUST:

(1) Submit a letter describing the merger.  
(2) Submit a copy of the document which merger. For Supervised Lenders, this would be letter from the supervisory authority which approved the merger.

(3) Submit a HUD Form 92001-LB for each of the nonsurviving entity's branch offices which will remain open under the auspices of the surviving entity, plus the fee required by paragraph 2-2A this Handbook. Any extra-territory approvals held by the nonsurviving entity's branches will be

transferred to the surviving entity upon the processing of Form 92001-LB.

any)  
plus  
for  
followed.

(4) Submit Form HUD 92001-LE for each of the nonsurviving entity's Loan Correspondents (if which the surviving entity wishes to sponsor, the fee required by Paragraph 2-2A. of this Handbook. For each of the Loan Correspondents which approval is sought, the provisions of Paragraph 3-5C of the Handbook must be

portion of  
must  
large  
computer  
the

(5) If the surviving lender acquires only a the nonsurviving lender's Title I loans, it submit Form HUD 27030 Title I Transfer of Note Report for each loan. However, if there is a number of loans involved, we will accept a printout which contains all the information on form in lieu of the form itself.

the  
loans, it  
for  
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were  
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institution  
If  
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of  
completed.

(6) If the surviving lender acquires all of nonsurviving lender's outstanding Title I is not necessary to submit HUD Form 27030. However, the surviving lender must provide the Department the total unpaid principal balance all outstanding Title I loans in the portfolio of the date of the merger or state that there no outstanding loans. Upon receipt of this information, we will change the premium address the computer to that of the surviving so payment can be remitted in a timely manner. the unpaid balance information is not received, Department will place a "hold" on the payment any claims until the transfers have been

2. A HUD/FHA-APPROVED LENDER MERGES WITH A NON-APPROVED LENDER

AND THE NON-APPROVED LENDER SURVIVES.

provisions

a. The nonsurviving lender must comply with the of paragraph E.1.a. above.

hold Title

b. If the surviving lender wishes to originate or I loans or submit claims for loans previously

held by the

nonsurviving lender, it must become HUD/FHA-

approved. To

become approved, it must follow the approval

procedures

discussed in this Handbook and in Paragraph

E.1.b. above.

may

F. ACQUISITIONS. The acquisition of a HUD/FHA-approved lender

acquired

take the form of common stock, assets or operations being

or some combination of these.

acquiring

The lender may cease to exist, becoming part of the

the

company, or it may continue as a subsidiary or affiliate of

acquiring company. Each of these is handled differently.

APPROVED

1. A HUD/FHA-APPROVED LENDER IS ACQUIRED BY ANOTHER

a

LENDER. The necessary action depends upon whether the acquired lender will cease to exist or will continue as

subsidiary or affiliate of the acquiring lender.

operate as

a. If the lender being acquired will continue to

the

a subsidiary or affiliate of the acquiring lender,

the

acquiring lender must submit a letter describing

their

transaction including the names of all parties,

of

HUD/FHA lender identification numbers, and the date

the

the acquisition. The letter must also explain that

lender

acquired entity will continue as a subsidiary or affiliate of the acquiring entity. The acquired

been

must notify the Department by letter that it has

subsidiary or

acquired and will continue to operate as a

lender

affiliate of the acquiring lender. The acquired

may continue to operate under its existing Title I

Contract of Insurance.

operate, no  
necessary.

Because the acquired lender will continue to  
change to the acquired lender's reserves is

then the  
future  
comply  
must

- b. If the lender being acquired will be dissolved, acquiring lender must submit a statement of the operating status of the acquired lender and must comply with Paragraph E.1.b. above. The acquired lender must comply with the provisions of Paragraph E.1.a.

THE

- 2. THE ACQUIRED ENTITY IS A HUD/FHA-APPROVED LENDER AND ACQUIRING ENTITY IS NOT APPROVED.

Title

- a. If the acquiring entity wishes to be able to make Title I loans, then it must apply for approval under the provisions of this Handbook and comply with the provisions of Paragraph E.1.b. above.

other

- b. If the acquired entity will cease to exist, then it must comply with the provisions of Paragraph E.1.a.

must

above.

a

- c. If the acquired entity will continue to operate as a subsidiary or affiliate of the acquiring lender, then it may continue to operate as a Title I lender under its own name, whether or not the acquiring entity becomes HUD/FHA-approved.

then it

its own

changing

- G. FISCAL YEAR. There is no prohibition against lenders their fiscal year. However, a lender may be required to submit a

submit a

balance sheet and computation of adjusted net worth

certified to by

management. This requirement will depend upon the length

of time

since the lender last submitted financial statements to the Department. Because each case is different, lenders are

advised to

consult with the staff of the Lender Approval and

Recertification

Division to determine whether a balance sheet will be

necessary and

the most appropriate date.

H. "DOING BUSINESS AS." Whenever a change occurs to a lender's "doing business as" name, a copy of the State or local governmental approval must be submitted. Each branch office may have no more than one "doing business as" identity.

5-7 CONVERSION OF LENDER TYPE. If a lender wishes to convert its institution type (e.g. an approved Supervised Lender wishes to convert to a Supervised Loan Correspondent), it must complete Form HUD 92001-L and submit the fee discussed in Paragraph 2-2A. of this Handbook. If the lender is converting to become a Loan Correspondent, it must complete Form HUD 92001-LE and submit evidence of an acceptable funding agreement. If converting to a Nonsupervised Lender, it must complete Form HUD 92001-L and submit evidence of an acceptable funding program. This documentation along with a copy of the fee check and transmittal form must be sent to HUD/FHA at the address noted in paragraph 3-2A.

When converting, a Lender or Loan Correspondent must demonstrate that it has adequate net worth to meet the requirements of the type of lender to which it is converting. To expedite the process we recommend a Lender or Loan Correspondent submit a copy of its most recent financial statements. If the statements are more than six months old, a management certified balance sheet and calculation of adjusted net worth must also be submitted.

5-8 VOLUNTARY WITHDRAWAL OF HUD/FHA APPROVAL. A lender that wishes to withdraw its HUD/FHA-approval must send a letter to the Department at the address in paragraph 3-2A, signed by a senior corporate officer.

## CHAPTER 6. QUALITY CONTROL PLAN

6-1 GENERAL REQUIREMENT. As a condition of HUD Title I approval, all lenders, including Loan Correspondents, shall prepare and implement a Quality Control Plan (QCP) The Department considers a QCP to be an important part of a lender's origination and servicing operations in order to ensure that the lender maintains compliance with HUD requirements and its own policies and procedures. The QCP must be sufficient in scope to enable the lender to evaluate the accuracy, validity and completeness of its loan origination and servicing operations.

A. POLICY AND OBJECTIVES. All Nonsupervised and Supervised Lenders and Loan Correspondents shall prepare and implement a QCP which utilizes an independent program of internal or external audit performed by personnel who are knowledgeable and have no direct loan processing, underwriting or servicing responsibilities. The quality control function may be performed by either company personnel or an outside firm. The QCP shall provide for periodic reports to be provided to senior management. The reports will identify for senior management any areas of the loan origination or servicing functions that are deficient.

B. SCOPE. The QCP must provide for a monthly review of not less than ten percent of all Title I loans originated by the lender on a monthly basis, including its branches and Loan Correspondents. For loan servicing, lenders must perform a quarterly review of a representative sample of loans that is sufficient in number to provide reasonable evidence that HUD loan servicing policies and requirements have been met. For each branch office that originates or services HUD insured Title I loans, an on-site branch office review must take place at least once every year. The QCP must also

determine provide for a review of the lender's files and records to  
compliance with HUD's Fair Housing Act as amended in 1988.

include C. LOAN CORRESPONDENTS. While it is important for Sponsors to  
each of their Loan Correspondents in their review samples,  
each Loan Correspondent must have its own QCP. It is not  
acceptable for a Sponsor to perform its routine review of Loan  
Correspondents and use this as a replacement for the Loan Correspondent's  
own review, unless a full 10 percent sample is reviewed.

an As discussed below, Loan Correspondents may choose to use  
outside source to perform their quality control reviews.  
However, if a Sponsor is used, the review must cover the full 10  
percent sample.

D. QUALITY CONTROL REVIEWS MUST INCLUDE:

from 1. A selection of loans on a random basis including loans  
agents. all branch offices, loan correspondents and servicing  
servicers 2. Assurance that all loan officers, underwriters and  
will have loans subjected to reviews.  
3. Analysis of all loans which go into default within six  
payments after closing.  
4. Procedures for expanding the scope of the review where  
a pattern of deficiencies or fraudulent activity is  
disclosed.

source to E. CONTRACTING OUT. Lenders are permitted to use an outside  
be perform their quality control reviews. This procedure may  
to useful for smaller lenders who do not have sufficient staff  
is devote to quality control, for example. The outside source  
the expected to use the lender's QCP or develop one that meets  
take Department's requirements. Lenders are still required to  
in this appropriate actions in response to findings, as discussed

Chapter.

F. INITIATE CORRECTIVE ACTION. The QCP must require written notification to the lender's senior management, at least quarterly, of deficiencies cited as a result of the reviews. Senior management must promptly initiate action to correct all deficiencies. The actions taken by management must be formally documented by citing each deficiency, identifying the cause of the deficiency, and providing management's response or actions taken. Employees are to be provided with the results of the quality control review.

G. NOTIFICATION TO HUD OF SIGNIFICANT DISCREPANCIES. Approved lenders are required to report to HUD any violation of law or regulation, false statements or program abuses by a borrower, dealer, the lender, its Loan Correspondents, employees or any other party to the transaction (refer to 24 CFR Section 201.40(a)). These reports should be forwarded to the Monitoring Division in Washington, D.C. or the Office of Inspector General at the nearest HUD field office.

6-2 GENERAL REQUIRED ELEMENTS OF THE QUALITY CONTROL PLAN. The quality control plan shall:

A. Assure that each office of the lender including, if applicable, its approved Loan Correspondent(s) and branches maintain copies of all HUD issuances, including regulations, handbooks, and Title I letters, etc., which are relevant to the lender's Title I origination and servicing activities. These documents must be accessible to all employees, and new directives must be reviewed with appropriate staff.

B. Assure that all loans reported by the lender to HUD/FHA for insurance are processed only by employees of the lender.

C. Assure that the lender does not employ or conduct Title I business with any individual who is debarred, suspended or subject to a Limited Denial of Participation (LDP).

Alert  
means to  
been  
insured or

D. Assure that a check was made through the Department's Credit Interactive Voice Response System (CAIVRS) or some other determine whether an applicant is in default or a claim has paid in connection with any loan obligation owed to or guaranteed by the Federal government'.

the  
in  
date of

E. Assure that the originating lender is retaining a copy of entire case file pertaining to all loan originations, either hard copy or microfilm form, for at least two years from loan disbursement.

being

F. Assure that Home Mortgage Disclosure Act (HMDA) reporting is done accurately, timely and is properly documented.

loan

G. Assure that the lender does not require, as a condition of providing an insured loan, that the principal amount of the exceed a minimum amount established by the lender.

days of  
at

H. Assure that quality control reviews are performed within 90 loan disbursement. For loan servicing, reviews must be done at least quarterly.

home

I. Assure that post-disbursement inspections are conducted to determine that improvements were completed or a manufactured was properly installed.

quality  
period

J. Assure that the lender keeps records of the results of control reviews, including findings and actions taken, for a period of one year.

### 6-3 REQUIREMENTS FOR LOAN ORIGINATION.

diligence  
risk,  
obligation.  
creditworthiness

A. GENERAL. Lenders are expected to exercise prudence and in determining whether the borrower is an acceptable credit with a reasonable ability to make payments on the loan obligation. All documentation supporting the determination of creditworthiness must be retained in the loan file.

1. The QCP must ensure that all loans comply with the applicable provisions of 24 CFR Part 201 and requirements contained in Title I letters.
2. The QCP must provide for the reverification of the borrower's employment and deposit by telephone or in writing with the employer and depository. It must also provide for the reverification of gift letters or other sources of funds. All reverifications must be documented in the loan file.
3. A new in-file credit report must be obtained and compared to the original for discrepancies. Also, the credit report must be reconciled with the credit application to determine that all liabilities were listed or properly adjusted and documented.

B. SPECIFIC REQUIREMENTS: The QCP must provide for a review of the loan origination and underwriting functions in order to:

1. Determine whether all income and employment data is supported by written verification or other documentation, especially for self-employed applicants and those with non-employment income. Determine whether the loan file contains a financial statement or Federal income tax return if the borrower is self-employed.
2. Determine whether a complete and current consumer credit report on the borrower and any co-maker or co-signer was obtained, and any credit inquiries reported within the previous 90 days were checked. If more than one credit report was obtained, determine whether all information was considered by the underwriter and any discrepancies were resolved.
3. Determine whether a written verification of the source of bank funds was obtained through verifications of deposit, statements, gift letters or other written documentation, when

the principal balance of the loan exceeds \$5,000 and the initial payment exceeds five percent of the loan amount.

4. Determine whether the borrower's expense-to-income ratios are within the allowable ratios established by HUD/FHA, or that there are appropriate compensating factors that support approval of the loan.

5. Determine whether all conflicting information or discrepancies were reconciled and properly documented in writing.

6. Determine whether the lender completed a face-to-face or telephone interview with the applicant before making a final determination of creditworthiness in order to ensure the accuracy of information in the file. (Refer to 24 CFR 201.22(a) (9)).

7. Determine that proper procedures were used to determine proceeds borrower eligibility and evaluating whether the loan to 24 were intended to be used for eligible purposes. (Refer to 24 CFR 201.20 or 201.21 as appropriate.)

8. Determine whether the property improvement loan files contain all required documents, including but not limited to, completion certificates and inspections of completed improvements.

9. Determine whether each manufactured home loan file contains all required documents, including but not limited to, a inspection. placement certificate and a site-of-placement

10. Where the lender approves dealer loans, determine that the lender supervises and monitors each dealer and visits the dealer periodically.

a. Determine that each dealer's approval is documented on a HUD-approved form signed and dated by both parties.

b. Determine that each dealer file contains the dealer's

determination  
requirements  
the  
officers.

current financial statement, including a  
that the dealer meets the minimum net worth  
of 24 CFR 201.27(a) (1), and credit reports on  
dealership and its owners, principals and

of the  
loans,  
borrower

c. Determine that each file contains documentation  
lender's experience with the dealer's Title I  
including information on borrower defaults and  
complaints and their resolution.

dealer's  
approval and  
it is  
Title I

d. Determine whether the lender reviews the  
advertising during the time of annual re-  
during the semi-annual on-site visits to ensure  
not inaccurate or misleading regarding the  
Program.

#### 6-4 REQUIREMENTS FOR LOAN SERVICING

A. GENERAL The lender shall service loans in accordance' with  
accepted practices of prudent lending institutions. It shall have  
adequate facilities for contacting the borrower in the event of  
default, and shall otherwise exercise diligence in collecting the amount  
due.

The lender shall be responsible for proper collection  
efforts, even though actual loan servicing and collection may be performed  
by an agent of the lender. The lender shall have an organized  
means of identifying, on a periodic basis, the payment status of  
delinquent loans to enable collection personnel to initiate and follow-  
up on collection activities, and shall document its records to  
reflect its collection activities on delinquent loans.

B. SPECIFIC REQUIREMENTS The QCP must provide for a review of  
the loan servicing function in order to:

1. Determine that loan servicing records are promptly  
established

servicing  
service

after loan closing or acquisition and that the records contain the information necessary to properly the loan. Also, determine that the borrowers have been notified concerning the transfer of servicing.

the  
regulations at

2. Determine through a review of individual loan servicing records that the amount of fees and charges imposed on borrower do not exceed those permitted by HUD 24 CFR 201.25.

their

3. Determine that inquiries from borrowers concerning individual loan accounts are promptly responded to.

that  
cause of  
underwritten

4. Determine that an analysis is performed on all loans default early (less than 6 payments) to determine the the default and confirm that the loans were properly.

including

5. Determine that borrowers are provided every reasonable opportunity to remedy a delinquency or default, modification agreements or informal repayment plans.

accurate

6. Determine that adequate collection activities and documentation of collection efforts are recorded.

lender  
to  
determine the

7. Determine that a face-to-face meeting or telephone interview with the borrower is attempted before the takes any action to accelerate the maturity of the loan discuss the reasons for lack of payment and to necessary steps to bring the loan current.

acceleration is  
Title I

8. Determine whether the notice of default and in compliance with the regulations (24 CFR 201.50(b) and Letter TI-408).

assure that  
prepared

9. Determine whether there are sufficient controls to all aspects of the claims for insurance benefits are accurately and on a timely basis.

a  
loan  
10. Determine whether the borrower's default is reported to credit reporting agency following acceleration of the maturity.

proceedings are  
accordance  
enforceable  
where  
the  
11. Determine whether foreclosure or repossession initiated and completed on a timely basis and in accordance with HUD requirements. Determine that valid and enforceable deficiency judgments are taken against the borrowers where required or appropriate to establish the validity of the obligation.

CHAPTER 7. ANNUAL RECERTIFICATION PROCEDURE

7-1 GENERAL. Every lender must be recertified annually. Failure to submit the required documents and/or fees will result in cancellation of a lender's authority to participate in the Title I program.

7-2 REQUIRED VERIFICATION REPORT.

A. HUD/FHA uses the Yearly Verification Report to verify data it has on a lender's status and operations. The Lender Approval and Recertification Division mails this report to every approved lender at the close of the lender's fiscal year.

B. This report must be completed by the lender and returned to HUD/FHA within 30 days after the close of the lender's fiscal year.

C. Lenders are responsible for verifying the data on the form and correcting any data listed in error. This is done by lining through the old data on the report and inserting the correct information.

D. The Yearly Verification Report includes a separate page for each branch office that is approved to originate Title I loans. This page(s) must also be reviewed and any changes noted. This report may not be used to add new branch offices. The procedure for adding branches is discussed in Paragraph 5-2.

E. After the lender has updated the information and a senior corporate officer has signed the Yearly Verification Report, it must be mailed to the following address:

HUD  
P.O. Box 100922  
Atlanta, GA 30384

7-3 ANNUAL RECERTIFICATION FEES. With the Yearly Verification Report, lenders are responsible for paying a recertification fee. The fee is \$150 for the main office and \$50 for each branch office.

A. EXCEPTIONS.

are not  
their  
they  
and  
above.  
or Loan  
required.  
financial

1. Governmental Institutions and non-profit organizations required to pay this fee.
2. Lenders approved within six months prior to the end of fiscal year are not required to pay the fee. However, they must review and correct the Yearly Verification Report and return it to the address noted in paragraph 7-2 E. Additionally, if the lender is a Nonsupervised Lender Correspondent, an audited financial statement may be required. Please refer to Paragraph 7-4A.2. for information on statements.

B. SUBMISSION OF FEES. The recertification fee must be sent with the Yearly Verification Report to the address noted in paragraph 7-2 E.

canceled  
approved  
Title  
order

1. The lender must include its HUD/FHA 10 digit lender identification number on the face of the check. The check is evidence of payment of the annual fee.
2. If a lender is paying an annual fee for more than one lender, a separate check must be used for each lender.
3. Title I lenders who are also approved under the HUD/FHA II program must mail separate recertification checks in order to remain approved in each program area.

7-4  
statements  
end of each  
Paragraph 3-  
2A.

AUDITED FINANCIAL STATEMENTS. Nonsupervised Lenders and Loan Correspondents are required to file audited financial statements covering their most recent fiscal year within 90 days of the end of each fiscal year. The statements must be sent to the address in Paragraph 3-2A.

letter

IMPORTANT: The statements themselves or the accompanying cover letter MUST contain the lender's HUD/FHA 10 digit lender identification number.

A. EXCEPTIONS TO FINANCIAL STATEMENTS REQUIREMENT.

- audited
1. Governmental Institutions are not required to submit financial statements.
- dated
2. A lender approved on the basis of financial statements within six months of the end of its fiscal year need not submit audited financial statements with its recertification. If the financial statements were more than six months old at the time of approval, then year-end statements must be submitted with its recertification.
- are not
3. Supervised Lenders and Supervised Loan Correspondents required to submit audited financial statements.

B. EXTENSIONS. Requests to extend the 90 day deadline for submission will be granted only in unusual circumstances. As an example, extensions were granted to approved lenders whose home offices were located in the area affected by the Los Angeles earthquake in January 1994. Requests for extensions which meet this requirement must be made in writing and sent to the Lender Approval and Recertification Division at the address noted in paragraph 3-2 A. Extensions will be evaluated on a case-by-case basis, and approval or denial will be sent by the Division Director in writing.

C. AUDIT REPORT REQUIREMENTS. Annual audited financial statements must meet the following requirements:

the

1. BASIC REQUIREMENTS. Each financial statement must meet the following basic requirements:

Generally

Accepted

Auditing

comply with

Audit Guide

a. They must be prepared in accordance with Accepted Accounting Principles (GAAP), Generally Auditing Standards (GAAS), and Government Standards (GAS). The statements must also HUD Handbook 2000.04 as revised, Consolidated for Audits of HUD Programs.

last  
Department.  
certified  
is  
2000.04 for  
HUD  
must  
Department.  
lender's net  
(Refer to  
acceptable  
Appendix  
falls  
subsequent

b. They must cover the period since the date of the financial statements submitted to the

c. The audit must be performed by an independent public accountant or licensed independent public accountant.

d. The auditor's opinion must be unqualified.

2. FINANCIAL STATEMENT CONTENT. Each financial statement expected to contain the following:

a. Balance sheet.

b. Statement of operations and retained earnings.

c. Statement of cash flow.

d. Notes to the financial statement.

e. Computation of Adjusted Net Worth for HUD/FHA requirements.

f. Report on Compliance (refer to HUD Handbook details).

g. Report on Internal Control Structure (refer to Handbook 2000.04 for details).

3. DETERMINING ADJUSTED NET WORTH. The lender's net worth be based only on assets that are acceptable to the Department. Any unacceptable assets must be deducted from the lender's net worth to determine the HUD/FHA adjusted net worth. (Refer to HUD Handbook 2000.04 as revised for a discussion of acceptable assets. A list of unacceptable assets is included in Appendix 1 of this Handbook.)

4. NET WORTH DEFICIT. If the lender's adjusted net worth falls below HUD/FHA requirements, the notes to the financial statements are analyzed to determine whether a subsequent event has brought the lender's adjusted net worth into compliance with HUD/FHA requirements.

analysis of  
the  
HUD/FHA  
Violation by  
the  
administrative  
net worth  
opportunity to  
receipt of  
the  
compliance, the  
  
financial  
does not  
throughout the  
submit  
further  
the  
administrative  
lender.

a. FAILURE TO MEET NET WORTH REQUIREMENT. If the financial statements and notes reveals that lender's adjusted net worth does not meet requirements, the lender is sent a Notice of the Mortgagee Review Board. The Notice informs lender that the Board is considering an action based upon its failure to meet HUD/FHA requirements. The lender is provided an submit a written response within 30 days from the Notice. If the lender fails to respond to Notice, or to bring its net worth into lender's HUD/FHA approval will be withdrawn.

b. FAILURE TO MAINTAIN REQUIRED NET WORTH. If the statements disclose that the lender consistently maintain the required adjusted net worth year, the Department may request that the lender interim financial statements and may consider actions. The failure to consistently maintain required net worth is grounds for an action by the Mortgagee Review Board against a

5.  
notes  
or  
The  
HUD/FHA

NOTES TO FINANCIAL STATEMENTS. A review is made of the to the financial statements for any indication of fraud practices not in compliance with HUD/FHA requirements. review also will provide a means to determine whether Nonsupervised Lenders and Loan Correspondents meet the principal activity requirement.

identified,  
explanation, or

If violations of HUD/FHA requirements or fraud are a letter is sent to the lender requesting an

Office the lender is referred to the Monitoring Division, the  
of Inspector General, or the Mortgagee Review Board as  
appropriate, for further action.

6. REPORT ON COMPLIANCE. The auditor's report on  
compliance and report on internal controls are reviewed to ensure they  
are prepared in accordance with: HUD Handbook 2000.04 as  
revised, Government Auditing Standards (GAS) (yellow book), and  
Statement of Standards (SAS) number 68.

a. Where the auditor has reported material  
weaknesses in the compliance report or in the lender's internal  
controls, a response from the lender's management will be  
required to explain the actions to be taken to correct  
the weaknesses. The response must be submitted with  
the audited financial statements.

b. Depending on the nature of the findings, the  
lender may be referred to the Monitoring Division, Office  
of Inspector General, or the Mortgagee Review Board  
for appropriate action.

7. REPORT ON INTERNAL CONTROL. This report is reviewed to  
ensure that the lender has adequate accounting controls and an  
adequate quality control plan (as discussed in Chapter  
6 of this Handbook) that has been fully implemented.  
Failure to have adequate control systems in place will result in  
further action as described above.

7-5 CLARIFICATION OF RECERTIFICATION FEES AND FINANCIAL STATEMENTS  
need for REQUIREMENTS. Because we receive many inquiries concerning the  
like to new financial statements and recertification fees, we would  
provide some further guidance.

EXAMPLE 1. An established lender with a fiscal year end of  
December applies for approval in April of the following year.

This lender would pay the approval fee and submit its December financial statements when it applies for approval.

When this lender recertifies it must submit its verification report and fee by January 30 of the year following its approval. It must submit financial statements dated December 31 of its approval year by March 31 of the year following its approval.

EXAMPLE 2. An established lender with a fiscal year end of December applies for approval in September of the following year.

This lender would pay the approval fee and submit its December financial statements when it applies for approval. Because the statements are dated more than six months prior to the end of its fiscal year, it must also submit a balance sheet prepared and certified by management dated within six months of the time of application.

When this lender recertifies it must submit its verification report by January 30 of the year following its approval. However, no fee will be required since it was approved within six months of the end of its fiscal year. It must submit financial statements dated December 31 of its approval year by March 31 of the year following its approval.

EXAMPLE 3. A newly formed lender with a fiscal year end of December applies for approval in September of the following year.

This lender paid the approval fee and had financial statements prepared as of August 30 for the purpose of applying for approval.

When this lender recertifies it must submit its verification report by January 30 of the year following its approval. However, no fee will be required since it was approved within six months of the end of its fiscal year. The lender would not need to submit new financial statements since the ones submitted with its approval were less than six months old.

If this lender had financial statements prepared as of May 31, for example, when it applied for approval, it would have had to submit new statements dated December 31 with its recertification.

7-6 JOINT TITLE I AND TITLE II RECERTIFICATION. A lender that is approved to participate in both the Title I and Title II programs may recertify under both programs jointly. In the lender's cover letter it must state that it is recertifying under both programs and it must list both the lender identification and mortgagee identification numbers. Only one set of audited financial statements must be submitted. The lender must submit both the Title I and Title II recertification fees as discussed in Paragraph 7-3B.3.

7-7 FAILURE TO SUBMIT, OR SUBMISSION OF AN INCOMPLETE OR UNACCEPTABLE AUDIT REPORT. When a lender fails to submit its audit report within 90 days of the close of its fiscal year, or submits an incomplete or unacceptable audit report, the lender will be sent a Notice of Violation by the Mortgagee Review Board. The lender will be provided an opportunity to submit an acceptable audit report or other documents within 30 days after receipt of the Notice. Failure to submit an acceptable audit report within the 30-day period will result in the withdrawal of the lender's HUD/FHA approval.

7-8 REQUESTS FOR INFORMATION. Lenders are required under the Department's regulations (24 CFR 202.3(h)) to provide, upon request, a copy of their latest financial statement plus such additional information the Department may request. Lenders are also required to submit to an examination of that portion of their records that relates to their Title I lending activities.

7-9 VOLUNTARY WITHDRAWAL OF HUD/ FHA APPROVAL. A lender may request a voluntary withdrawal of its HUD/FHA approval by submitting written notification to the Office of Lender Activities and Land Sales Registration.

7-10      CONVERSION OF LENDER TYPE. A lender that converts its status  
from one  
          type to another during its fiscal year must continue to comply  
with all  
          annual recertification requirements. Its recertification must  
continue  
          to be made on the basis of its current fiscal year unless its  
fiscal  
          year end has changed.

## APPENDIX 1

### UNACCEPTABLE ASSETS FOR COMPUTATION OF ADJUSTED NET WORTH

1. Any assets of the lender pledged to secure obligations of another person or entity.
2. Any asset due from either officers or stockholders of the lender or related entities, in which the lender's officers and stockholders have a personal interest (unrelated to their position as an officer or stockholder). "Personal interest" refers to a relationship between the lender and a person or entity in which that specified person (e.g. spouse, parent, grandparent, child, brother, sister, aunt, uncle or in-law) has a financial interest in or is employed in a management position by the lender.
3. Any investment in related entities in which the lender's officer or stockholders have a personal interest unrelated to their position as an officer or stockholder or the lender.
4. That portion of an investment in joint ventures, subsidiaries, affiliates and/or other related entities which is carried at a value greater than equity, as adjusted. "Equity as adjusted" means the book value on the books of the related entity reduced by the amount of unacceptable assets carried by the related entity.
5. All intangibles, such as goodwill, covenants not to compete, franchisee fees, organization costs, etc. except unamortized servicing costs carried at a value established by an arms-length transaction and presented in accordance with generally accepted accounting principles.
6. That portion of an asset not readily marketable and for which appraised values are very subjective, carried at a value in excess of a substantially discounted appraised value. Assets such as antiques, art work and gemstones are subject to this provision and should be carried at lower of cost or market.

7. Any asset which is principally used for the personal enjoyment of an officer or stockholder and not for normal business purposes.

APPENDIX 2. QUALITY CONTROL PLAN CHECKLIST - LOAN ORIGINATION

LENDER

DATE

Reference: HUD Handbook 4700.02 REV-1 Chapter 6

DOES THE QUALITY CONTROL PLAN ASSURE THAT:

1. the lender maintains compliance with HUD/FHA requirements(6-1); Yes  
No
2. personnel conducting the QC reviews have no direct loan processing  
or  
underwriting responsibilities(6-1A); Yes  
No
3. periodic reports identifying deficiencies are provided to senior  
management at least quarterly (6-1A and F); Yes  
No
4. procedures are revised to reflect changes in FHA requirements;  
personnel are informed of the changes; employees are accountable  
for performance failures or errors (6-2A); Yes  
No
5. prompt, effective corrective measures are taken by senior  
management and documented when deficiencies are identified  
(6-1F and G); Yes  
No
6. procedures exist for expanding scope of the QC review when fraud  
or patterns of deficiencies exist (6-1B); Yes  
No
7. the lender reviews 10% of all loans closed on a monthly basis  
(6-1B); Yes  
No
  - the selection includes loans from: all branches Yes
  - from all loan correspondents Yes
  - from all loan officers, underwriters, appraisers Yes
8. loans which go into default within the first 6 months are  
reviewed (6-1D3); Yes  
No
9. sponsors of loan correspondents must perform QC reviews on  
loans purchased from their correspondents (the LC MUST have  
it's own plan) (6-1 & 6-1C); Yes  
No
10. an on-site branch office review is completed at least once  
a year (6-1B); Yes  
No
11. reporting to HUD (or appropriate Fed. agency) under HMDA (6-2F); Yes  
No
12. the lender reports any violation of law or regulation, false  
statement or program abuse to the Department (6-1G); Yes  
No
13. loans are processed by the lender's employees (6-2B); Yes  
No
14. no one is employed who has been debarred, suspended or subject  
to an LDP or otherwise restricted (6-2C); Yes  
No

15. records of QC findings and actions taken are maintained (6-21); Yes  
No
16. the reviews will be performed within 90 days of loan closing (6-2H); Yes  
No
17. a new in-file credit report is obtained (6-3A1); Yes  
No
18. that a reverification of the applicant's employment, deposits, gift letter or other source of funds is completed (6-3A2); Yes  
No
19. if more than 1 credit report was ordered, all discrepancies were resolved(6-3B2); Yes  
No
20. the file has documentation on source of funds and, the source is verified (6-3B3); Yes  
No
21. if mortgagor is self-employed, the file has a financial statement and business credit report (6-3B1); Yes  
No
22. all loan proceeds were used only for eligible purposes (6-3B7); Yes  
No
23. all conflicting information is resolved prior to submission to HUD (6-3B5); Yes  
No
24. there was accurate & complete underwriting (6-3A1); Yes  
No
25. all manufactured home loan files contained placement certificates and site-of-placement inspections (6-3B9); Yes  
No
26. if lender approves dealers, each dealer's performance is monitored and the dealer is visited periodically (6-3B10); Yes  
No
27. each dealer file contains proper documentation including financial statements and information pertaining to experience (6-3B10); Yes  
No
28. dealer advertising is not misleading (6-3B10); Yes  
No

Lenders are permitted to contract this function to an outside firm.  
See 6-1A.

APPENDIX 3: Approved Lending Areas

PRIMARY FO ADDITIONAL FO	ADDITIONAL FO	ADDITIONAL FO
Albany, NY Burlington, VT	Buffalo, NY	New York City, NY
Albuquerque, NM	Lubbock, TX	
Anchorage, AK *		
Atlanta, GA	Columbia, SC	Birmingham, AL
Baltimore, MD Richmond, VA Charleston, WV	Washington, DC	Wilmington, DE
Bangor, ME Boston, MA	Manchester, NH	Burlington, VT
Birmingham, AL Nashville, TN	Atlanta, GA	Jackson, MS
Boise, ID	Helena, MT	
Boston, MA Albany, NY	Manchester, NH	Providence, RI
Buffalo, NY	Albany, NY	Cleveland, OH
Burlington, VT	Manchester, NH	Albany, NY
Camden, NJ Wilmington, DE	Newark, NJ	Philadelphia, PA
Caribbean *		
Casper, WY	Denver, CO	
Charleston, WV Cincinnati, OH Baltimore, MD	Pittsburgh, PA	Richmond, VA
Chicago, IL Indianapolis, IN Cincinnati, OH Louisville, KY Cleveland, OH Detroit, MI Columbia, SC Columbus, OH Pittsburgh, PA Coral Gables, FL Dallas, TX Shreveport, LA	Springfield, IL  Columbus, OH Columbus, OH Greensboro, NC Cincinnati, OH  Tampa, FL Ft. Worth, TX	Milwaukee, WI  Indianapolis, IN Buffalo, NY Atlanta, GA Cleveland, OH  Orlando, FL Oklahoma City, OK

Houston, TX

Denver, CO  
Des Moines, IA

PRIMARY FO  
ADDITIONAL FO  
Detroit, MI  
Cleveland, OH  
Fargo, ND

Flint, MI

Fresno, CA  
Sacramento, CA  
Santa Ana, CA

Ft. Worth, TX  
San Antonio, TX  
Lubbock, TX

Grand Rapids, MI

Greensboro, NC  
Knoxville, TX  
Hartford, CT  
Newark, NJ  
Helena, MT  
Honolulu, HI \*  
Houston, TX  
Indianapolis, IN  
Louisville, KY  
Jackson, MS  
Little Rock, AR  
Jacksonville, FL  
Kansas City, KS  
Topeka, KS  
Knoxville, TN  
Las Vegas, NV  
Phoenix, AZ  
Little Rock, AR  
Los Angeles, CA  
Fresno, CA  
Louisville, KY  
Lubbock, TX  
Manchester, NH  
Bangor, ME  
Memphis, TN  
Jackson, MS  
Milwaukee, WI

PRIMARY FO  
ADDITIONAL FO

Minneapolis/  
St. Paul, MN

Casper, WY  
Omaha, NE

ADDITIONAL FO

Flint, MI

Minneapolis/  
St. Paul, MN

Grand Rapids, MI

Los Angeles, CA

Dallas, TX

Detroit, MI

Richmond, VA

Providence, RI

Boise, ID

San Antonio, TX  
Cincinnati, OH

New Orleans, LA

Orlando, FL  
St. Louis, MO

Nashville, TN  
Los Angeles, CA

Memphis, TN  
Santa Ana, CA

Cincinnati, OH  
Ft. Worth, TX  
Burlington, VT

Nashville, TN

Chicago, IL

ADDITIONAL FO

Fargo, ND

Sioux Falls, SD

ADDITIONAL FO

Grand Rapids, MI

Sioux Falls, SD

Detroit, MI

San Francisco, CA

Oklahoma City, OK

Flint, MI

Columbia, SC

New York City, NY

Dallas, TX  
Springfield, IL

Shreveport, LA

Tampa, FL  
Omaha, NE

Greensboro, NC  
Santa Ana, CA

Jackson, MS  
San Diego, CA

Nashville, TN  
Albuquerque, NM  
Boston, MA

Little Rock, AR

Springfield, IL

ADDITIONAL FO

Sioux Falls, SD

Nashville, TN Louisville, KY Birmingham, AL	Knoxville, TN	Memphis, TN
New York City, NY Albany, NY	Hartford, CT	Newark, NJ
New Orleans, LA	Jackson, MS	Shreveport, LA
Newark, NJ Philadelphia, PA	Camden, NJ	New York City, NY
Oklahoma City, OK Tulsa, OK	Ft. Worth, TX	Dallas, TX
Omaha, NE	Des Moines, IA	Kansas City, KS
Orlando, FL	Jacksonville, FL	Tampa, FL
Philadelphia, PA Wilmington, DE Newark, NJ	Camden, NJ	Pittsburgh, PA
Phoenix, AZ	Tucson, AZ	Las Vegas, NV
Pittsburgh, PA Charleston, WV	Philadelphia, PA	Columbus, OH
Portland, OR Providence, RI Reno, NV Richmond, VA Baltimore, MD Charleston, WV	Seattle, WA Boston, MA Sacramento, CA Washington, DC	Hartford, CT San Francisco, CA Greensboro, NC
Sacramento, CA Fresno, CA Salt Lake City * San Diego, CA	San Francisco, CA  Santa Ana, CA	Reno, NV  Los Angeles, CA
San Antonio, TX Ft. Worth, TX	Houston, TX	Dallas, TX
San Francisco, CA Reno, NV Santa Ana, CA Las Vegas, NV Fresno, CA	Sacramento, CA  San Diego, CA	Fresno, CA  Los Angeles, CA
Shreveport, LA Dallas, TX Sioux Falls, ND Des Moines, IA Spokane, WA	New Orleans, LA  Fargo, ND  Seattle, WA	Jackson, MS  Minn./St. Paul
PRIMARY FO	ADDITIONAL FO	ADDITIONAL FO

ADDITIONAL FO  
Springfield, IL  
St. Louis, MO  
Tampa, FL  
Tucson, AZ  
Tulsa, OK  
Washington, DC  
Wilmington, DE  
Camden, NJ

Chicago, IL  
Kansas City, KS  
Orlando, FL  
Phoenix, AZ  
Oklahoma City, OK  
Baltimore, MD  
Philadelphia, PA

Indianapolis, IN  
Springfield, IL  
Coral Gables, FL  
  
Richmond, VA  
Baltimore, MD

\* There is no extended lending area for this field office jurisdiction.