

LENDERS UPDATE™

ALT & ASSOCIATES NEWSLETTER

A COMPLIMENTARY SERVICE TO THE MORTGAGE LENDING INDUSTRY

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FHA ENFORCEMENT ACTIONS

Once a year or so the FHA publishes a summary of its administrative actions taken in the prior year. As with the CFPB complaint summary, it can be useful to see what is peaking the regulators interests. On May 11, the FHA published this summary for the period October 1, 2014 through September 30 2015. The publication may be identified as FHA INFO #16-29.

It can be found at:

<https://www.federalregister.gov/articles/2016/05/11/2016-11045/mortgagee-review-board-administrative-actions>.

Without going into detail, we thought it might be useful to briefly summarize the frequent violations found in these enforcement actions, so here goes:

- ✚ 6 of the 14 actions involved the failure to establish and implement Quality Control Plans and/or conduct timely reviews.

- ✚ Another frequent violation was the failure in the mortgagee's duty to report investigative proceedings, litigation and settlements brought by or entered into with other regulators.
- ✚ Failure to properly verify income, gifts and funds to close.
- ✚ Violations of the exclusive employment requirement.
- ✚ Violations of branch office regulations.
- ✚ Failure to notify FHA of early payment defaults.
- ✚ Underwriting errors and failure to verify required data or information.

Overall there were 14 administrative actions. There were also numerous settlement agreements against lenders who failed to meet timely requirements for recertification. These penalties were generally in the \$3500 range.

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