Office of Assistant Secretary for Housing, HUD

§ 200.1500 Sanctions against a MAP lender.

(a) In addition to any other legal remedy available to HUD, HUD may take the following actions with respect to a MAP lender:

(1) Warning letter;
(2) Probation;
(3) Suspension;
(4) Termination;
(5) Limited Denial of Participation (LDP);
(6) Referral to the Mortgagee Review Board; and
(7) Referral to the Office of Inspector General.

(b) The actions listed in paragraphs (a)(1) through (a)(4) of this section are carried out in accordance with the requirements of this subpart. An LDP is a sanction applied in accordance with subpart J of 2 CFR part 2424 to participants in loan transactions other than FHA-insured lenders. The Mortgagee Review Board procedures are found at 24 CFR part 25.

[70 FR 43242, July 26, 2005, as amended at 72 FR 73494, Dec. 27, 2007]

§ 200.1505 Warning letter.

(a) In general. HUD may issue a warning letter, which specifies problems or violations identified by HUD, to a MAP lender.

(b) Effect of warning letter. The warning letter:

(1) Does not suspend a lender’s MAP privileges;
(2) May impose a higher level of review of the lender’s underwriting by HUD;
(3) May direct the taking of a corrective action; and
(4) May require a meeting in a designated HUD office with the principal owners or officers, or both, of the MAP lender to discuss the specified problems and violations, and possible corrective actions.
§ 200.1510 Probation.

(a) In general. Only the MAP Lender Review Board (or Board) may place a lender on probation, in accordance with the procedures of §200.1535.

(b) Effect of probation. (1) Probation is intended to be corrective in nature and not punitive. As a result, release from probation is conditioned upon the lender meeting a specific requirement or requirements, such as replacement of a staff member. A lender’s failure to take prompt corrective action after being placed on probation may be the basis for a recommendation of either suspension or termination. Any such recommendation shall, when possible, go to a MAP Lender Review Board composed of the same members who issued the original probation.

(2) During the probation period, a MAP lender:
   (i) Shall be removed from the MAP-Approved Lender list posted on HUD’s website;
   (ii) May not submit, and HUD may not accept, materials after the close of business of the date of the probation letter for a new application for multifamily mortgage insurance from HUD; and
   (iii) May continue to process any existing application for multifamily mortgage insurance submitted to a Multifamily Hub or Program Center before the date of the probation letter.

(3) The MAP Lender Review Board may impose a higher level of review of the lender’s underwriting by HUD;

(4) Probation is nationwide in effect.

(c) Duration of probation. (1) Probation continues until all specific corrective actions required by the MAP Lender Review Board (for example, exclusion of a specific staff member from work on MAP loans) are taken by the MAP lender. When all corrective actions have been taken, the MAP lender shall notify the Board. Once the Board is satisfied that the corrective actions have occurred, the probation period shall end.

(2) A false statement that corrective action has been taken constitutes a false certification and may constitute a violation of 18 US.C. 1001.

(3) When probation is lifted, the lender’s name shall be promptly reinstated on the MAP-Approved Lender list posted on HUD’s Web site.

§ 200.1515 Suspension of MAP privileges.

(a) In general. Only the MAP Lender Review Board may suspend a lender’s eligibility for MAP, in accordance with the procedures of §200.1535.

(b) Effect of suspension. (1) A suspension may impose any conditions that may be imposed by probation.

(2) During the suspension period a MAP lender:
   (i) Shall be removed from the MAP-approved lender list posted on HUD’s Web site;
   (ii) May not submit, and the HUD field office may not accept, materials after the close of business of the date of the suspension letter for a new application for multifamily mortgage insurance from HUD; and
   (iii) May continue to process any existing application for multifamily mortgage insurance submitted to a Multifamily Hub or Program Center before the date of the suspension letter.

(3) The MAP Lender Review Board may impose a higher level of review for multifamily mortgage insurance from HUD; and

(4) Suspension is nationwide in effect.

(c) Duration of suspension. (1) Suspension may not exceed 12 months, except where conditions are imposed. If both a time period and conditions are imposed, a suspension shall terminate only when:

   (i) The time period of the suspension has expired;
   (ii) The MAP lender has submitted a certification of compliance with those conditions to the Board; and
   (iii) The Board has notified the MAP lender it has received the certification of compliance and is satisfied that the corrective actions have occurred.