

in administrative guidance to ensure that the mortgagor is in compliance with the certification.

§ 257.114 Appraisal.

(a) The property shall be appraised by an appraiser on the FHA Appraiser Roster.

(b) An appraisal of a property to be security for an H4H program mortgage shall be conducted in accordance with Uniform Standards of Professional Appraisal Practice (USPAP), and dated no more than 180 days from the date on which the mortgage transaction is closed, except as otherwise provided by HUD.

(c) The mortgagee must inform the appraiser that copies of the appraisal may be shared with holders and servicers of existing subordinate mortgages.

§ 257.116 Representations and prohibitions.

(a) *Underwriting and appraisal standards.* In order for the H4H program mortgage to be eligible for insurance under the H4H program, the underwriter and the mortgagee must provide certifications, in a format approved by FHA, that the mortgage is in compliance with the underwriting and the appraisal standards set forth in this part, and that it meets all requirements applicable to the H4H program. FHA may require additional certifications by the mortgagee to ensure compliance with such additional standards as FHA deems necessary, given the specific mortgage transaction presented.

(b) *Mortgagor's liability for repayment.*

(1) The mortgagor shall provide a certification to FHA that the mortgagor has not:

(i) Intentionally defaulted on the mortgagor's existing mortgage(s), or any other substantial debt during the 5-year period ending upon insurance of the H4H program mortgage; or

(ii) Knowingly or willfully and with actual knowledge furnished material information known to be false for the purpose of obtaining the H4H program mortgage; and

(iii) Been convicted under federal or state law for fraud during the 10-year period ending upon the insurance of the H4H program mortgage. This certifi-

cation may be combined with the certification to the mortgagee required under § 257.112(b).

(2) The mortgagor shall provide any other certifications that FHA may otherwise require.

(3) A mortgagor obligated under an H4H program mortgage shall agree in writing, on a form prescribed by HUD, to be liable to pay to HUD any Direct Financial Benefit achieved from the reduction of indebtedness on the existing senior and subordinate mortgages that are being refinanced under the H4H program if he or she makes a false statement or other misrepresentation in the certifications and documentation required for H4H program eligibility, including but not limited to the certifications required under paragraphs (b)(1) and (b)(2) of this section.

(c) *Mortgagee in violation of program requirements.* (1) If the mortgagee holds an H4H program mortgage that it originated and/or underwrote, and FHA finds that the mortgagee violated the representations and warranties required under paragraph (a) of this section, FHA is prohibited from paying FHA insurance benefits to that mortgagee.

(2) If the mortgagee no longer holds the H4H program mortgage that it originated and/or underwrote, FHA will pay an insurance claim to the mortgagee presently holding the H4H program mortgage (if all other requirements of the contract for mortgage insurance are met and the present holder did not participate in the violation of H4H program requirements) and shall seek indemnification from the mortgagee that originated the H4H program mortgage.

(d) *FHA insurance.* A mortgage is eligible for insurance if the mortgagee submits a complete case binder within such time period as HUD prescribes. The binder shall include evidence acceptable to HUD that the mortgage is current.

(e) *Mortgagor failure to make first mortgage payment.* FHA shall not pay a mortgage insurance claim to any mortgagee if the first total monthly mortgage payment is not made within 120 days from the date of closing of the mortgage. The mortgagee shall not, directly or indirectly, make all or a part