§ 200.1525

(24 CFR Ch. II (4–1–12 Edition))

Settlement agreements.

(a) HUD staff, as authorized, may negotiate a settlement agreement with a MAP lender before or after the issuance of a warning letter or referral to the MAP Lender Review Board. Once a matter has been referred to the MAP Lender Review Board, only the Board may approve a settlement agreement.

(b) Settlement agreements may provide for:

(1) Cessation of any violation;
(2) Correction or mitigation of the effects of any violation;
(3) Removal of lender staff from positions involving origination, underwriting, and/or construction loan administration;
(4) Actions to collect sums of money wrongfully or incorrectly paid by the MAP lender to a third party;
(5) Implementation or revision of a quality control plan or other corrective measure acceptable to HUD; and
(6) Modification of the duration or provisions of any administrative sanction deemed to be appropriate by HUD.

(c) A MAP lender’s compliance with a settlement agreement is evidenced by the lender certifying its compliance with the conditions of the agreement, and HUD’s determination that the lender is in compliance with the conditions of the agreement.

(d) Failure by a MAP lender to comply with a settlement agreement may result in a probation, or suspension, or termination of MAP privileges, or referral to the Mortgagee Review Board.

§ 200.1530 Bases for sanctioning a MAP lender.

It is HUD policy that approved MAP lenders are expected to comply at all times with HUD’s underwriting and construction loan administration requirements and not to take any action that presents a risk to HUD’s insurance funds. A MAP lender’s improper underwriting and construction loan administration activities may lead to a warning letter or other sanction from HUD. Examples of such activities include, but are not limited to, the following:

(a) Minor offenses that may be the basis for a warning letter include:

(1) Failure to provide required exhibits or the submission of incomplete or inaccurate exhibits. Although the MAP