



FHA INFO 2024-46

July 10, 2024

FHA Updates Origination Defect Taxonomy to Include Fraud or Misrepresentation Involving Sponsored Third-Party Originators

Today, the Federal Housing Administration (FHA) published [Mortgagee Letter \(ML\) 2024-14, Fraud or Misrepresentation Involving Sponsored Third-Party Originators](#).

This ML updates FHA's Defect Taxonomy to include fraud or material misrepresentation involving a Third-Party Originator (TPO) as a Tier 1 severity defect. Mortgagees are responsible for the actions of their sponsored TPOs under 24 CFR § 202.8(a)(3) and Handbook 4000.1 Section I.A.5.a.v. FHA is implementing these changes to better align the Defect Taxonomy with these existing requirements and mitigate risk to the Mutual Mortgage Insurance Fund (MMI Fund).

FHA's Defect Taxonomy is its quality assurance framework for all Title II loan reviews. It provides a consistent methodology for identifying defects at the loan level, useful data, feedback through structured categorization of defects, and balance between FHA's risk management and quality assurance business processes.

The provisions of this ML apply to all FHA Title II Single Family mortgage programs and are effective immediately.

This policy update will be incorporated into a future version of FHA's [Single Family Housing Policy Handbook 4000.1](#)

Need Support? Contact the FHA Resource Center.

- Visit our knowledge base to obtain answers to frequently asked questions 24/7 at www.hud.gov/answers.

- E-mail answers@hud.gov. Emails and phone messages will be responded to during normal hours of operation, 8:00 AM to 8:00 PM (Eastern), Monday through Friday on all non-Federal holidays.
- Call 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339.

About FHA INFO

FHA INFO is a publication of the Federal Housing Administration's (FHA), Office of Single Family Housing, U.S. Department of Housing and Urban Development, 451 7th Street, SW, Washington, DC 20410. We safeguard our lists and do not rent, sell, or permit the use of our lists by others, at any time, for any reason.

Visit the [FHA INFO Archives](#) to access FHA INFO messages. For additional information and resources, visit the FHA Single Family Housing main page on HUD.gov

Stay Connected with the Office of Housing and the Federal Housing Administration:



SUBSCRIBER SERVICES:
[Manage Subscriptions](#) | [Help](#)

This email was sent using GovDelivery Communications Cloud on behalf of the Office of Housing and the Federal Housing Administration, U.S. Department of Housing and Urban Development, 451 7th St. SW, Washington, DC 20410

