September 6, 2011

Mortgagee Letter 2011-33

To: ALL APPROVED MORTGAGEES

Subject Mortgage Record Changes and Data Reconciliation

Purpose of this Mortgagee Letter
This Mortgagee Letter announces that FHA approved Holders and Servicers are subject to sanctions for failure to report Mortgage Record Changes (MRC) for mortgage sales, transfers and terminations of mortgage insurance. Mortgagees who fail to comply may be subject to referral to the Mortgagee Review Board (MRB) for administrative actions including but not limited to civil money penalties.

Information Collection Requirements
Paperwork reduction information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB Control Number 2502-0595. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB Control Number.

Relevant Authority
24 CFR § 30.35; § 203.318; § 203.319; § 203.320; § 203.321; § 203.431; § 203.432; § 203.433; § 203.502; § 206.101; § 206.133; § 206.201; HUD Handbook 4330.1 Rev. 5; Mortgagee Letter 2003-17; Mortgagee Letter 2005-42. The requirements outlined in HUD Handbook 4300.1 Rev. 5, Mortgagee Letters 2003-17, and 2005-42 which pertain to reporting sales, transfers and terminations of FHA insured mortgages to FHA remain the same, as well as the requirement for mortgagees to reconcile their portfolios.

Data Integrity and Portfolio Reconciliation
Mortgagees have the responsibility to ensure that all accounts in their respective portfolios are properly identified. Corrective action must be taken by the mortgagee when HUD’s records do not match their records. HUD will not pay a claim for which the holder and/or servicer name and lender ID on the submitted claim do not agree with the information in HUD’s systems. Mortgagees filing such claims may be subject to sanctions for filing false claims.

Sale of Insured Mortgages
Pursuant to 24 CFR § 203.431, mortgagees are required to notify HUD when an insured mortgage is sold by one FHA approved mortgagee to another.
Failure to Comply

Pursuant to 24 CFR § 30.35(a)(9)(iii)(iv), and (v), (10) and (12), the Mortgagee Review Board may impose administrative actions or civil money penalties to those mortgagees that it discovers consistently fail to timely and accurately report Mortgage Record Changes.

Questions

For assistance with portfolio reconciliations, refer to the resources and contact information provided at the following link:


If you have further questions concerning this Mortgagee Letter, please call HUD’s National Servicing Center at 1-877-622-8525. The National Servicing Center can also be contacted via email at: sfdatarequests@hud.gov

Persons with hearing or speech impairments may access the aforementioned number via TTY by calling the Federal Information Relay Service at (800) 877-8339.

Signature

Carole J. Galante

Acting Assistant Secretary for Housing-Federal Housing Commissioner