



OFFICE OF INSPECTOR GENERAL
U. S. Department of Housing and Urban Development

TRANSMITTAL

SPECIAL ATTENTION OF:

HUD – FHA Approved Mortgagees

Handbook No.: 2000.04, REV-2, CHG-22

Chapter No.: 7

Issued: June 2021

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1. This transmits chapter 7, change 22, to Handbook 2000.04, REV-2, Consolidated Audit Guide for Audits of HUD Programs, HUD – FHA Approved Mortgagees Audit Guidance.
 2. **Summary:** The chapter updates terminology and reflects changes in references.
 3. **Significant Changes:**
 - a. Changes throughout the chapter update policy references to HUD Handbook 4000.1 FHA Single Family Policy Handbook as the consolidated source for all FHA policy.
 - b. Change to section 7-5.A.2.e, Implementation, to clarify the independence of quality control staff.
 - c. Change to section 7-5.A.3.b, Suggested Audit Procedures, to clarify definition of policies and procedures.
 - d. Change to section 7-5.A.3.f, Suggested Audit Procedures, clarify independence of quality control staff.
 - e. Change to section 7-5.A.3.m, Suggested Audit Procedures, to update terminology.
 - f. Changes to section 7-5.F.1.j – 7-5.F.1.l, Compliance Requirements, under Lender Annual Recertification, Adjusted Net Worth, Liquidity, and Licensing, to clarify the definition of certain unacceptable assets.
 4. **Filing Instructions:** The issuance of this change updates chapter 7 in its entirety.
 5. **Effective Date:** The changes to the chapter are effective for institutions with fiscal years beginning after December 31, 2020.

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Inspector General