

Section B. System Code and Error Exhibits

Overview

In This Section This section contains the topics listed in the table below.

Topic	Topic Name	See Page
1	Exhibit 1: Home Mortgage ADP Codes	12-B-2
2	Exhibit 2: Program Identification Codes	12-B-8
3	Exhibit 3: FHA Common System Errors and Documentation Problems	12-B-12
4	Exhibit 4: PETR Deficiency Codes	12-B-15

1. Exhibit 1: Home Mortgage ADP Codes

Change Date March 1, 2011

4155.2 12.B.1.a ADP Codes The table below lists the Automated Data Processing (ADP) codes commonly used in processing FHA-insured home mortgages, presented according to the Section of the National Housing Act under which the loans are insured.

Notes:

- The column entitled “ADP Code If Pursuant to 223(e)” refers to the code for mortgages insured pursuant to Section 223(e), which are all obligations of the Special Risk Insurance (SRI) Fund.
- The column entitled “ADP Code for HUD” refers to the code for FHA-processed cases.

Section of the Act	Description	ADP Code for DE	ADP Code for VA-CRV	ADP Code If Pursuant to 223(e)	ADP Code for HUD
203(b)	Basic Home Mortgage Insurance	703	503	303	203
	ARM	729	529	---	229
	Fannie Mae (FNMA) Direct Financing	---	550	---	250
	HHL	759	---	---	259
	Alternate GPM	761	561		261
	HHL/ARM	780	---	---	280
	Site Condominium (ARM)	731	---	---	203
	Site Condominium	734	---	---	203

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1. Exhibit 1: Home Mortgage ADP Codes, Continued

4155.2 12.B.1.a ADP Codes (continued)

Section of the Act	Description	ADP Code for DE	ADP Code for VA-CRV	ADP Code If Pursuant to 223(e)	ADP Code for HUD
203(b)	VA-CRV 223(e) Mortgage	792	---	392	
	IL	783	583	---	283
	IL/ARM	788	588	---	288
	HHL/Interest Buy-Down (IBD)	811	---	---	411
	223(e) ARM	829	---	---	---
	IL (Salamanca, NY)	---	591	---	291
	Refinance of Borrower in Negative Equity Position	821	---	---	---
	Refinance of Borrower in Negative Equity Position (ARM)	822	---	---	---
203(b)/ 283(c)	MIA/Alternate GPM	---	568	---	268
	MIA	774	574	374	274
203(b)/ 283(c) 245(a)	MIA/GPM	776	576	---	276

Continued on next page

1. Exhibit 1: Home Mortgage ADP Codes, Continued

4155.2 12.B.1.a ADP Codes (continued)

Section of the Act	Description	ADP Code for DE	ADP Code for VA-CRV	ADP Code If Pursuant to 223(e)	ADP Code for HUD
203(b)/ 245(a)	GPM/GEM	741	541	341	241
	GPM/IBD	763	563	---	263
	GPM	770	570	---	270
	GPM/IL/GEM	782	582	---	282
	GPM/IL	787	587	---	287
	GPM/HHL	793	---	---	293
203(k)	Rehabilitation Home Mortgage Insurance	702	502	302	202
	Escrow Commitment	707	---	---	207
	ARM	730	530	---	230
	Second Lien	753	553	353	253
	IL	801	---	---	401
	223(e)/DE	802	---	---	---
	Condominium	804	---	---	404
203(k)	HHL/IBD	805	---	---	405
	Energy Efficiency Mortgage (EEM)	807	507	307	---
	HHL	808	---	---	408
	Condominium/IBD	812	---	---	412
	IBD	813	---	---	413
	Condominium/ARM	815	---	---	415
203(k)/ 245(a)	GPM/GEM	754	554	---	254
203(n)	Cooperative – Individual Unit	---	560	360	260
203(n)/ 245(a)	GPM/GEM	---	547	---	247
213	Cooperative – Sales – Type Releases	---	513	313	213
220(d)(3)	Urban Renewal	720	520	320	220
220(h)	Improvements	719	519	---	219

Continued on next page

1. Exhibit 1: Home Mortgage ADP Codes, Continued

4155.2 12.B.1.a ADP Codes (continued)

Section of the Act	Description	ADP Code for DE	ADP Code for VA-CRV	ADP Code If Pursuant to 223(e)	ADP Code for HUD
234(c)	Condominium	734	534	334	234
	ARM	731	531	---	231
	Refinance of Borrower in Negative Equity Position	831	---	---	---
	Refinance of Borrower in Negative Equity Position (ARM)	832	---	---	---
234(c)/ 238(c)/ 245(a)	MIA/GPM	777	577	---	277
234(c)/ 238(c)	MIA/Alternate GPM	---	569	---	269
234(c)/ 245(a)	GPM/GEM	742	542	342	242
	GPM	771	571	---	271
234(c)	Alternate GPM	762	562	---	262
235(r) REV	Homeownership Assistance/Refinance	765	---	---	165
	Refinance of Ten-Year Subsidy Mortgage	746	---	---	146
	Refinance (Special Allocation No. 1)	755	---	---	155
	Refinance (Recap/Special Allocation No. 1)	756	---	---	156
	Refinance (Recap/Other than Special Allocation No. 1)	766	---	---	166
240	Fee Simple Title	740	540	---	240

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1. Exhibit 1: Home Mortgage ADP Codes, Continued

4155.2 12.B.1.a ADP Codes (continued)

Section of the Act	Description	ADP Code for DE	ADP Code for VA-CRV	ADP Code If Pursuant to 223(e)	ADP Code for HUD
255	HECM Assignment/Fixed (HECM Standard)	951	---	---	911
	HECM Assignment/ARM (HECM Standard)	952	---	---	912
	HECM Shared Premium/Fixed	953	---	---	913
	HECM Shared Premium/ARM	954	---	---	914
	HECM Shared Appreciation/Fixed	955	---	---	915
	HECM Shared Appreciation/ARM	956	---	---	916
	HECM Condominium/Fixed (HECM Standard)	957	---	---	917
	HECM Condominium/ARM (HECM Standard)	958	---	---	918
	HECM Assignment/Fixed (HECM Saver)	971	---	---	
	HECM Assignment/ARM (HECM Saver)	972	---	---	
	HECM Condominium/Fixed (HECM Saver)	977	---	---	
	HECM Condominium/ARM (HECM Saver)	978	---	---	

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1. Exhibit 1: Home Mortgage ADP Codes, Continued

4155.2 12.B.1.a ADP Codes (continued)

Section of the Act	Description	ADP Code for DE	ADP Code for VA-CRV	ADP Code If Pursuant to 223(e)	ADP Code for HUD
Other Sections - MIA	All MMI Sections-3% Downpayment Program (3% DPMT)	748	548	348	248
	All GI Section-3% DPMT	749	549	349	249
	Other Sections-MIA	779	579	379	279
	All MMI Sections-IBD excluding 245(a)	796	596	---	296
	All GI Sections-IBD	797	597	---	297
	All SRI Sections-IBD	798	598	398	298

2. Exhibit 2: Program Identification Codes

Change Date December 23, 2010

**4155.2 12.B.2.a
Program
Identification
Codes**

The table below describes the Program Identification Codes used to identify special programs. These codes also apply when insurance is pursuant to Section 223(e), Department of Veterans Affairs Certificates of Reasonable Value (VA-CRV), and Direct Endorsement (DE) cases.

Code	Program	Description
01	Section 203(b) (9)	Housing for the elderly
02	Section 203(h)	Disaster housing
03	Sections 203(i) & 222	Low-cost housing in suburban area (Obsolete)
04	Section 203(i)	Farm homes on 5 or more acres (Obsolete)
05		Reserved for inactive program
06		Reserved for inactive program
07	For all home mortgage transactions pursuant to Section 223(a) involving public housing properties sold by Federal, State, or local governments, or agencies thereof.	Inactive
08	For all home mortgage and home improvement loan transactions involving properties located in redevelopment or urban renewal areas.	---
09	Section 809	<ul style="list-style-type: none"> • Case not guaranteed by the military • Inactive <p><i>Note:</i> Code 00 will be applicable for guaranteed cases.</p>

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2. Exhibit 2: Program Identification Codes, Continued

4155.2 12.B.2.a Program Identification Codes (continued)

Code	Program	Description
10	Sections 203(b) (2) & 234(c)	Housing for veterans
11	Section 809	<ul style="list-style-type: none"> • Special veteran provision, guaranteed Inactive
12		<ul style="list-style-type: none"> • Special veteran provision, not guaranteed Inactive
13	Sections 220(d)(3)	Special veteran provision
14	Sections 203, 220, & 809	<ul style="list-style-type: none"> • Veteran in urban renewal area • Inactive
15		<ul style="list-style-type: none"> • Veteran in model city area • Inactive
16		<ul style="list-style-type: none"> • Veteran in model city area in urban renewal area • Inactive
17		<ul style="list-style-type: none"> • Veteran in periphery of model city area • Inactive
18		<ul style="list-style-type: none"> • Veteran in periphery of model city area in urban renewal area • Inactive
19	All home mortgage, home improvement, and fee simple title loan transactions	<ul style="list-style-type: none"> • Located in model city area • Inactive
20		<ul style="list-style-type: none"> • Veteran in periphery of model city area in urban renewal area • Inactive
21		<ul style="list-style-type: none"> • Veteran in periphery of model city area • Inactive
22		<ul style="list-style-type: none"> • Veteran in periphery of model city area in urban renewal area • Inactive

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2. Exhibit 2: Program Identification Codes, Continued

4155.2 12.B.2.a Program Identification Codes (continued)

Code	Program	Description
23	Sections 235(i) & 235(i) REV	Family unit in condominium
24		<ul style="list-style-type: none"> • Family unit in condominium in urban renewal area • Inactive
25		<ul style="list-style-type: none"> • Family unit in condominium in model city area • Inactive
26		<ul style="list-style-type: none"> • Family unit in condominium in model city area in urban renewal area • Inactive
27		<ul style="list-style-type: none"> • Family unit in condominium in periphery of model city area • Inactive
28		<ul style="list-style-type: none"> • Family unit in condominium in periphery of model city area in urban renewal area • Inactive
29	Section 235(i) REV	Family unit in a cooperative project
30	Section 234(c)	<ul style="list-style-type: none"> • Resale of a conventionally financed unit – veteran • Inactive
31		<ul style="list-style-type: none"> • Resale of a conventionally financed unit – non-veteran • Inactive
35	Sections 235(i) & 235(i) REV	Cases originated by Department of Agriculture
36	All home mortgage transactions involving construction/perm properties including manufactured homes	
40	All home mortgage sections	Secretary-held sale - substantial rehabilitation
46		Indian claims area

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2. Exhibit 2: Program Identification Codes, Continued

4155.2 12.B.2.a Program Identification Codes (continued)

Code	Program	Description
48	Sections 203(b), 203(b)-ARM, 203(b)/245(a), 203(k), 203(k) – ARM, & 203(k)/245(a)	Indian Reservations <i>Note:</i> Obsolete; Section of the Act ADP Codes now apply.
50	Sections 203(b), 203(k) 203(n), 233, 244, & 245	Solar Energy dwellings for veterans
51	Sections 203(b), 203(k), 203(n), 233, 244, 245, & 809	Solar Energy dwellings for non-veterans
52	All home mortgage sections	IBD provision
53		State-purchase property mortgages - formerly Secretary-held (Inactive)
60		Subject to Section Trust
65	All home mortgage sections except 222 & 235	Shared Equity mortgages
70	Section 245(a)	Obsolete: Section of the Act ADP Codes now apply
77	All home mortgage sections	Manufactured Housing NOT processed as construction-permanent loans
88	Section 8	Section 8 Homeownership Programs
90	Sections 203(b), 203(b)-ARM, 203(b)/245(a) - GPM, & 203(b)/245(a) – GPM/GEM	Operative Builder Firm Commitment
00	All cases not in program codes shown above	---

3. Exhibit 3: FHA Common System Errors and Documentation Problems

Change Date December 23, 2010

4155.2 12.B.3.a The table below describes common FHA system errors, and provides
Common information for their resolution.
System
Problems

When the Problem Error Message is ...	Then ...
Mortgage Amount cannot exceed \$XXXX for a value of \$YYYYY	verify <ul style="list-style-type: none"> • that the question <i>MIP Financed?</i> is correctly answered • that the UFMIP amount is paid in the case • the ADP code • that the <i>previous REO case</i> is correct, and • the mortgage amount and value entries.
Monthly P&I not within acceptable range of \$XXX.XX to \$YYY.YY	verify the <ul style="list-style-type: none"> • mortgage term, and • mortgage amount and interest rate entries.
Mortgage Amount exceeds statutory limit	verify <ul style="list-style-type: none"> • the number of units • the county code • that the question <i>MIP Financed?</i> is correctly answered, and • if it is an Emergency Efficient Mortgage.
Address mismatch (refinance)	<ul style="list-style-type: none"> • verify <ul style="list-style-type: none"> – the address with the one on the payoff statement, and – that the old case number is the borrower's, and • contact the HOC for instructions if the error persists.

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3. Exhibit 3: FHA Common System Errors and Documentation Problems, Continued

4155.2 12.B.3.a Common System Problems (continued)

When the Problem Error Message is ...	Then ...
Borrower cited on CAIVRS Multiple Loans	submit a print-out of a clear CAIVRS screen, if obtained at case number assignment and the borrower is cited later.
Borrower cited on Multiple Loans	<ul style="list-style-type: none"> • research all case numbers cited, and • provide updated status of each case in the binder. <p><i>Note:</i> If the property was sold, provide the HUD-1.</p>

4155.2 12.B.3.b Common Documentation Problems The table below describes common documentation problems and provides information for their resolution.

When the documentation problem message is ...	Then ...
Appraisal and HUD-92900-LT , <i>FHA Loan Underwriting and Transmittal Summary</i> information not entered in FHA Connection	prior to shipment, verify that the information in the system is for the correct case number.
UFMIP and netted MIP incorrectly submitted	verify that the transmission references the correct numbers.
UFMIP and netted MIP submitted late	verify ten (10) days of closing.
Second copy of appraisal not provided loose in binder	ensure that one appraisal is fastened, and one is loose.
Late letter and payment history not provided	this means that the late letter and history are required as of the 60 th day, if not received by the HOC .
Missing ADP codes on appropriate documents and allonges	verify that the case numbers have the appropriate codes included.

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3. Exhibit 3: FHA Common System Errors and Documentation Problems, Continued

4155.2 12.B.3.b Common Documentation Problems (continued)

When the documentation problem message is ...	Then ...
203(k) cases not closed out in system prior to refinance	follow the close-out procedures prescribed by the HOC.
Case number not in binder	verify the case number.
92900a not completed and appropriately signed	review the form for proper signatures.
HUD-1 and HUD-1 Addendum not signed and dated by all parties	review the forms for proper signatures, particularly the seller and settlement agent.

4. PETR Deficiency Codes

Change Date December 23, 2010

4155.2 12.B.4.a When conducting the Post Endorsement Technical Review (PETR), the FHA reviewer assigns one or more technical review reason deficiency codes from the table below to identify the risk element, documentation deficiency or processing error present in the loan.

Code	Category	Deficiency
AU01	Automated Underwriting Systems/ <u>TOTAL</u>	Data integrity deficiencies. File documentation does not support Accept/Approve decision in AUS .
AU02	Automated Underwriting Systems/TOTAL	Documentation does not support credit waivers of AUS.
AU05	Automated Underwriting Systems/TOTAL	AUS invalid or missing.
CH03	Credit History	Mortgage verification missing, mortgage not current, or mortgage history not satisfactory.
CH10	Credit History	Credit report unacceptable source or format.
CH21	Credit History	Concerns related to bankruptcies, judgments, liens and/or foreclosures.
CH40	Credit History	Concerns related to poor credit pattern, major derogatory credit and/or recent material inquiries.
CH41	Credit History	CAIVRS , LDP/GSA authorization and/or delinquent federal debt issued not properly documented or satisfied.
CH42	Credit History	Credit report or non-traditional credit not obtained or illegible.
CL32	Closing	Unallowable, excessive costs/credit to borrower, or other HUD-1 inaccuracies.
CL37	Closing	HUD-1, HUD-1 Addendum (if applicable), and/or Good Faith Estimate (GFE) missing, not the final copy, incomplete or illegible.
DC10	Documentation	Uniform Residential Loan Application (URLA) not properly completed or missing.
DC11	Documentation	Form HUD-92900-A not properly completed or missing.
DC12	Documentation	Quality of imaged documentation insufficient to permit review.
DC13	Documentation	Questionable documentation.

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4. PETR Deficiency Codes, Continued

4155.2 12.B.4.a PETR Deficiency Codes (continued)

Code	Category	Deficiency
DC14	Documentation	Concerns related to electronic documents.
DC15	Documentation	Case binder indexing errors/deficiencies.
EQ01	Eligibility & Qualification	Invalid Social Security number (SSN) or Tax Identification number (TIN).
EQ02	Eligibility & Qualification	Legal residency for non-US citizens not adequately documented.
EQ03	Eligibility & Qualification	Borrower not owner-occupant, property not principal residence, possible investor issues and/or eligibility requirement for principal residence not met (including identity of interest concerns).
EQ04	Eligibility & Qualification	Qualifying ratios exceeded without acceptable compensating factors for manually-approved loans.
EQ05	Eligibility & Qualification	Borrower deleted on streamline refinance loan without credit qualifying.
EQ07	Eligibility & Qualification	Payoff demand missing for refinance transaction.
EQ08	Eligibility & Qualification	Streamline refinance eligibility criteria not met.
FD10	Funds	Unacceptable, unsupported or insufficient source of funds.
FD20	Funds	Concerns related to assets derived from gift(s).
FD30	Funds	Secondary financing: source or terms unacceptable, not documented or inadequately documented.
FD60	Funds	Borrower did not make the required minimum cash investment (downpayment).
FP01	Flipping	Sales contract dated fewer than 91 days from acquisition date by seller.
FP02	Flipping	Requirements for properties sold within 91-180 days not documented.
FP03	Flipping	Waiver requirements not met to permit a property sales contract date less than 91 days with a sales price increase of 20% or greater above the seller's acquisition cost.
HM01	HECM	Borrower not eligible or eligibility not established/documentated.
HM04	HECM	Counseling requirement not satisfied/acceptably documented.
HM05	HECM	Anti-Churning Disclosure and/or supporting calculation missing or inaccurate.

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4. PETR Deficiency Codes, Continued

4155.2 12.B.4.a PETR Deficiency Codes (continued)

Code	Category	Deficiency
HM06	HECM	Loan Agreement missing, incorrect or illegible.
HM07	HECM	Maximum Claim Amount incorrect.
HM08	HECM	Acceptable title insurance commitment not provided/documented.
HM10	HECM	Average Expected Mortgage Interest Rate (Expected Rate) incorrect.
HM11	HECM	Principal limit incorrect.
HM12	HECM	Payment Plant incorrectly calculated and/or disagrees with HUD-1.
HM13	HECM	Excess servicing set-aside.
HM25	HECM	Concerns related to repair set-aside.
HM26	HECM	HECM for Purchase – no third party contributions exist.
IC02	Income	Income improperly calculated or from an unacceptable source.
IC20	Income	Income improperly documented.
IC22	Income	IRS Form 4506 or Form 8821 required, but missing, inaccurate or incomplete.
IC30	Income	Stability of income insufficient and/or unsupported.
LA04	Liabilities	Obligations of borrower(s) (non-purchasing spouses included) omitted, inaccurate, unsupported, undisclosed and/or illegible.
LI01	LI Loans	Lender Insured (LI) data integrity concerns: insured loan data entered in FHA Connection not supported by file documents.
LI02	LI Loans	Documentation and/or compliance errors/concerns for LI case which were not resolved prior to insurance.
MA04	Maximum Mortgage Amount	Mortgage amount incorrect, LTV limit and/or statutory limit exceeded.
MA05	Maximum Mortgage Amount	Secondary Financing: maximum CLTV and/or statutory limit of combined mortgages exceeded.
PG10	Program	Concerns related to Hawaiian Homelands financing transactions.
PG20	Program	Concerns related to 203(k) mortgages.
PG30	Program	Concerns related to construction-to-permanent financing transactions.
PG40	Program	Concerns related to Energy Efficient mortgages.

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4. PETR Deficiency Codes, Continued

PETR Deficiency Codes (continued)

Code	Category	Deficiency
RH11	Rehab/ Construction	Inadequate description of improvements/costs.
UW16	Underwriting	Excess cash back on No Cash-Out refinance.
UW20	Underwriting	Purchase contract, Real Estate Certification and/or Amendatory Clause missing, illegible or incorrect.
UW22	Underwriting	Concerns related to short sales and/or short payoffs.
UW23	Underwriting	Concerns related to Help for Homeowners or other loan modification program.
VA01	Valuation	Concerns related to the Neighborhood, Site, and/or Improvements sections of the appraisal report.
VA02	Valuation	Illegal zoning.
VA03	Valuation	Existing construction in Special Flood Hazard Area (A or V Zone) without evidence of flood insurance.
VA04	Valuation	New Construction and/or Manufactured Home in Special Flood Hazard Area (A or V Zone) without LOMA , LOMR , or an elevation certificate with evidence of flood insurance.
VA06	Valuation	Property does not meet Minimum Property Requirements.
VA07	Valuation	Appraisal expired.
VA08	Valuation	Allowable commercial space in mixed-use property exceeded.
VA13	Valuation	Concerns related to Cost Approach of the appraisal report.
VA14	Valuation	Concerns related to Sales Comparison Approach section of the appraisal report.
VA15	Valuation	Concerns related to Income Approach section of the appraisal report.
VA17	Valuation	Concerns related to the Market Conditions Addendum to the appraisal report, including: missing, incomplete, incorrect and/or illegible.
VA18	Valuation	Owner of record not documented.
VA20	Valuation	Sales are not sufficiently comparable to the subject property.
VA22	Valuation	Form HUD-92800.5B substantially incomplete, incorrect or missing.
VA23	Valuation	Repairs not acceptably addressed.
VA24	Valuation	The Wood Destroying Insect Inspection report is missing or incomplete, or inadequate documentation exists to reflect that infestation was acceptably treated.

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4. PETR Deficiency Codes, Continued

4155.2 12.B.4.a PETR Deficiency Codes (continued)

Code	Category	Deficiency
VA25	Valuation	Compliance inspections, certifications, or local government approvals are missing or incomplete.
VA26	Valuation	Form HUD-92051 or its equivalent is substantially incomplete or incorrect.
VA27	Valuation	Form HUD-92300 , <i>Mortgagee Assurance of Completion</i> , is missing, incomplete and/or incorrect.
VA29	Valuation	Manufactured home does not meet eligibility guidelines.
VA30	Valuation	Value not supported.
VA34	Valuation	Newly-constructed or newly-rehabilitated home, does not meet requirements.
VA36	Valuation	Condo project not approved by DELRAP/HRAP .
VA41	Valuation	Concerns related to photos, map and/or sketch missing or illegible.
VA42	Valuation	Concerns related to the subject and contract section of the appraisal report.
VA43	Valuation	Responsibility for MPS repairs not detailed.
VA44	Valuation	Incorrect appraisal form used for property type.
V25A	Valuation	Manufactured home does not meet guidelines.
V26A	Valuation	Condo project, spot condo not approved.
V26B	Valuation	Condo 51% owner-occupancy not met.
V26C	Valuation	Condo – other deficiencies.
V27A	Valuation	Newly-constructed home does not meet requirements.