



TRANSMITTAL

SPECIAL ATTENTION OF:

HUD – FHA Approved Mortgagees

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

Chapter No.: 7

Issued: January 2021

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.E.1.j – 7-5.E.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.

Rae Oliver Davis
Inspector General

cc:

GA	White	8286
GA	Randall	8286
GA	Buck	8286
GA	Chron	8286
GAP	Begola	8180
GAP	Gagon	8180
GAP	Chron	8180

Gagon

Begola

Buck

Randall

White

Office of Inspector General

451 7th Street SW, Room 8256, Washington DC 20410
Phone (202) 708-0430, Fax (202) 401-2505

Visit the Office of Inspector General website at <https://www.hudoig.gov>.