

SUPPLEMENTARY INFORMATION: HUD has the authority to address deficiencies in the performance of lenders' loans as provided in the HUD mortgagee approval regulations at 24 CFR 202.3. On May 17, 1999 (64 FR 26769), HUD published a notice on its procedures for terminating origination approval agreements with FHA lenders and placement of FHA lenders on Credit Watch status (an evaluation period). In the May 17, 1999 notice, HUD advised that it would publish in the **Federal Register** a list of mortgagees which have had their Origination Approval Agreements terminated.

Termination of Origination Approval Agreement: Approval of a mortgagee by HUD/FHA to participate in FHA mortgage insurance programs includes an Agreement between HUD and the mortgagee. Under the Agreement, the mortgagee is authorized to originate single-family mortgage loans and submit them to FHA for insurance endorsement. The Agreement may be terminated on the basis of poor performance of FHA-insured mortgage loans originated by the mortgagee. The Termination of a mortgagee's Agreement is separate and apart from any action taken by HUD's Mortgagee Review Board under HUD's regulations at 24 CFR part 25.

Cause: HUD's regulations permit HUD to terminate the Agreement with any mortgagee having a default and claim rate for loans endorsed within the preceding 24 months that exceeds 200 percent of the default and claim rate within the geographic area served by a HUD field office, and also exceeds the

national default and claim rate. For the fifteenth review period, HUD is only terminating the Agreement of mortgagees whose default and claim rate exceeds both the national rate and 250 percent of the field office rate.

Effect: Termination of the Agreement precludes that branch(s) of the mortgagee from originating FHA-insured single family mortgages within the area of the HUD field office(s) listed in this notice. Mortgagees authorized to purchase, hold, or service FHA insured mortgages may continue to do so.

Loans that closed or were approved before the Termination became effective may be submitted for insurance endorsement. Approved loans are (1) those already underwritten and approved by a Direct Endorsement (DE) underwriter employed by an unconditionally approved DE lender and (2) cases covered by a firm commitment issued by HUD. Cases at earlier stages of processing cannot be submitted for insurance by the terminated branch; however, they may be transferred for completion of processing and underwriting to another mortgagee or branch authorized to originate FHA insured mortgages in that area. Mortgagees are obligated to continue to pay existing insurance premiums and meet all other obligations associated with insured mortgages.

A terminated mortgagee may apply for a new Origination Approval Agreement if the mortgagee continues to be an approved mortgagee meeting the requirements of 24 CFR 202.5, 202.6, 202.7, 202.8 or 202.10 and 202.12, if there has been no Origination Approval

Agreement for at least six months, and if the Secretary determines that the underlying causes for termination have been remedied. To enable the Secretary to ascertain whether the underlying causes for termination have been remedied, a mortgagee applying for a new Origination Approval Agreement must obtain an independent review of the terminated office's operations as well as its mortgage production, specifically including the FHA-insured mortgages cited in its termination notice. This independent analysis shall identify the underlying cause for the mortgagee's high default and claim rate. The review must be conducted and issued by an independent Certified Public Accountant (CPA) qualified to perform audits under Government Auditing Standards as set forth by the General Accounting Office. The mortgagee must also submit a written corrective action plan to address each of the issues identified in the CPA's report, along with evidence that the plan has been implemented. The application for a new Agreement should be in the form of a letter, accompanied by the CPA's report and corrective action plan. The request should be sent to the Director, Office of Lender Activities and Program Compliance, 451 Seventh Street, SW., Room B133-P3214, Washington, DC 20410 or by courier to 490 L'Enfant Plaza, East, SW., Suite 3214, Washington, DC 20024.

Action: The following mortgagees have had their Agreements terminated by HUD:

Mortgagee name	Mortgagee branch address	HUD office jurisdictions	Termination effective date	Home ownership centers
American Home Mortgage Company.	951 Eastgate Loop Ste. 1300 Chattanooga, TN 37411.	Knoxville, TN	06/23/2003	Atlanta
American Mortgage Service, Inc	8086 Highway 51 North Millington, TN 38053.	Memphis, TN	06/23/2003	Atlanta
Approved Mortgage Corp	107 N. State Rd. 135, Ste. 301 Greenwood, IN 46142.	Indianapolis, IN	06/23/2003	Atlanta
Capital Mortgage Finance Corp	2200 Defense Highway Ste. 100 Crofton, MD 21114.	Washington, DC	05/19/2003	Philadelphia
Citizens First Mortgage Solutions, Inc.	3145 Tucker Norcross Rd Tucker, GA 30084.	Atlanta, GA	06/23/2003	Atlanta
Countrywide Home Loans, Inc	4700 Hardy St., Ste. #H Hattiesburg, MS 39402.	Jackson, MS	06/23/2003	Atlanta
Crest Mortgage Company	14850 Montfort Dr Ste. 100 Dallas, TX 75254.	Dallas, TX	06/23/2003	Denver
Crest Mortgage Company	14850 Montfort Dr Ste. 100 Dallas, TX 75254.	Fort Worth, TX	06/23/2003	Denver
Decatur Mortgage Company LLC ..	6350 Westhaven Dr Ste. H Indianapolis, IN 46254.	Indianapolis, IN	06/23/2003	Atlanta
Encore Mortgage Service	1010 Laurel Oak Corp Ctr 301 Voorhees, NJ 08043.	Philadelphia, PA	05/19/2003	Philadelphia
First Community Mortgage, Inc	3049 Cleveland Ave Ste. 200 Fort Myers, FL 33901.	Coral Gables, FL	06/23/2003	Atlanta
First Security Mortgage Service	13915 Carrollwood Village Run Tampa, FL 33624.	Tampa, FL	06/23/2003	Atlanta
Golden Empire Mortgage, Inc	10535 Foothill Blvd., Ste. #460 Rancho Cucamonga, CA 91730.	Santa Ana, CA	06/23/2003	Santa Ana