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CHAPTER 1. ORGANIZATION AND FUNCTIONS

- 1-1 Authority. The Mortgagee Review Board is established by statute under the HUD Reform Act of 1989 (12 USC 1708). The regulations governing the Board's activities are in 24 CFR Part 25.
- 1-2 Purpose. The Board is the sole organization within HUD that is authorized to take administrative action against HUD-FHA approved mortgagees and Title I lenders that violate HUD-FHA requirements, or the non-discrimination requirements of the Equal Credit Opportunity Act, The Fair Housing Act, or Executive Order 11063.
- A. The Board is authorized to impose civil money penalties on mortgagees and Title I lenders that violate the Department's requirements under the provisions of 24 CFR Part 30.
  - B. The Board may approve the initiation of a suspension or debarment action against a mortgagee under the provisions of 24 CFR Part 24.
- 1-3 Composition. The Board consists of the following voting members or their designees:
- A. Assistant Secretary for Housing-Federal Housing Commissioner, Chairperson
  - B. General Counsel
  - C. President, Government National Mortgage Association
  - D. Chief, Financial Officer of HUD
  - E. Assistant Secretary for Administration
  - F. Assistant Secretary for Fair Housing and Equal Opportunity (in cases involving violations of the Department's nondiscrimination requirements)

The Inspector General and the Director, Office of Lender Activities and Land Sales Registration, or their designees, serve as non-voting advisors to the Board.

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- 1-4 Functions, Duties and Powers. The Board exercises the authority

of the Secretary in taking administrative action against mortgagees and Title I lenders. The Board is also authorized to impose civil money penalties on mortgagees and lenders that violate the Department's requirements:

- A. Impartially reviews documentation when any report, audit, monitoring review, investigation or other information before the Board discloses that a basis for administrative action against a mortgagee or Title I lender exists.
- B. Determines if administrative sanctions and/or the imposition of civil money penalties is warranted.
- C. Imposes appropriate administrative sanctions to protect the interest of HUD-FHA and the public. Imposes civil money penalties for knowing and material violations of HUD-FHA requirements.

In determining what administrative sanction is appropriate, the Board considers among other factors:

- 1) The seriousness and the extent of the violations
- 2) The degree of fault on the part of the mortgagee or Title I lender
- 3) Any mitigating factors

In determining the amount of a civil money penalty to be imposed the Board considers among other factors:

- 1) The gravity of the offense
- 2) Any history of prior offenses
- 3) The program participant's ability to pay the penalty
- 4) Injury to the public because of the violation
- 5) Any benefits received by the program participant
- 6) Potential benefit to other persons
- 7) Deterrence of future violations
- 8) The degree of the mortgagee's or Title I lender's culpability.