

Notice of Material Event

Situation	Description	Reference
Change in Partnership or Principal Owners	The Mortgagee must submit a Notice of Material Event to FHA if it experiences a change in partnership or Principal Owners. This includes the addition or removal of partners or Principal Owners.	4000.1: FHA Single Family Housing Policy Handbook. I. A. 7. d.
Liquid Assets or Net Worth Deficiency	If at any time a Mortgagee's adjusted net worth or liquidity falls below the required minimum, the Mortgagee must submit a Notice of Material Event to FHA within 30 business days of the deficiency. The Mortgagee must submit a Corrective Action Plan that outlines the steps taken to mitigate the deficiency and includes relevant information, such as contributions and efforts made to obtain additional capital.	4000.1: FHA Single Family Housing Policy Handbook. I. A. 7. g.
Fidelity Bond	The Mortgagee must submit a Notice of Material Event to FHA of any significant change(s) to its fidelity bond coverage. If a Mortgagee loses its fidelity bond coverage it must obtain a new policy within 30 Days.	4000.1: FHA Single Family Housing Policy Handbook. I. A. 7. i.
Errors and Omissions Insurance	The Mortgagee must submit a Notice of Material Event to FHA of any significant change(s) to its errors and omissions insurance. If a Mortgagee loses its errors and omissions insurance it must obtain a new policy within 30 Days.	4000.1: FHA Single Family Housing Policy Handbook. I. A. 7. j.
Principal Activity Change of Nonsupervised Mortgagee	If a Nonsupervised Mortgagee's activities change such that it no longer meets the principal activity requirement, the Mortgagee must submit a Notice of Material Event to FHA and submit a Corrective Action Plan detailing the steps it will take to meet the principal activity requirement to maintain its	4000.1: FHA Single Family Housing Policy Handbook. I. A. 7. k.
Supervision Change	If there is a change to a Supervised Mortgagee's supervising or regulatory agency, the Mortgagee must submit a Notice of Material Event to FHA and provide documentation of the change and the effective date.	4000.1: FHA Single Family Housing Policy Handbook. I. A. 7. n.

Situation	Description	Reference
Business Form	The Mortgagee must submit a Notice of Material Event to FHA if it reincorporates; changes its charter; changes the state where it is incorporated, organized or chartered; or completes any other equivalent business change.	4000.1: FHA Single Family Housing Policy Handbook. I. A. 7. o.
Change Not Resulting in New Federal Taxpayer Identification Number	If the Mortgagee does not receive a new federal TIN as a result of a business change, then the Mortgagee must submit the following documents to FHA: * a Notice of Material Event in the form of a letter signed by a Corporate Officer containing the following provisions: * providing a complete description of the business change; * confirming that there has been no change in the federal TIN or depositor insurance (in the case of a Supervised Mortgagee); * stipulating that the institution will continue to comply with all FHA approval and eligibility requirements; and * stipulating that the newly chartered Entity will continue to be responsible for the assets and liabilities of the former Entity, including any problems found subsequently by HUD in the origination or servicing of any Mortgages originated or serviced by the Entity prior to the business change; and * a copy of the Business Formation Documents.	4000.1: FHA Single Family Housing Policy Handbook. I. A. 7. o. ii.

Situation	Description	Reference
Bankruptcy - Business	<p>A Mortgagee that files a Chapter 7 bankruptcy petition must submit a Notice of Material Event to FHA.</p> <p>A Mortgagee that files a bankruptcy petition under any other chapter of the United States Bankruptcy Code must submit a Notice of Material Event to FHA and submit with its notice, and quarterly thereafter, an internally prepared balance sheet and a statement of adjusted net worth for as long as the bankruptcy petition is active.</p> <p>The Mortgagee must submit a Notice of Material Event to FHA of each change of status in the bankruptcy. FHA reserves the right to require the Mortgagee to submit additional information upon request in order to determine if the Mortgagee is eligible to maintain its FHA approval.</p>	4000.1: FHA Single Family Housing Policy Handbook. I. A. 7. p. i.
Bankruptcy - Personal	<p>The Mortgagee must submit a Notice of Material Event to FHA if any Corporate Officer or Principal Owner commences voluntary or involuntary bankruptcy. A current credit report for that Corporate Officer or Principal Owner must be submitted with the Notice of Material Event. FHA must be notified of each change of status in the bankruptcy proceedings.</p>	4000.1: FHA Single Family Housing Policy Handbook. I. A. 7. p. ii.
Lending License(s)	<p>The Mortgagee must submit a Notice of Material Event to FHA of any changes to its license(s). In the event of a lending license surrender or revocation, the Mortgagee must notify FHA which license(s) has been surrendered and provide an explanation of each action.</p>	4000.1: FHA Single Family Housing Policy Handbook. I. A. 7. q.
Cease Operations	<p>The Mortgagee must submit a Notice of Material Event to FHA if it ceases operations. If the Mortgagee ceases operations, it must also submit a Change Request for voluntary withdrawal of FHA approval.</p>	4000.1: FHA Single Family Housing Policy Handbook. I. A. 7. t.

Situation	Description	Reference
<p>Unresolved Findings or Sanctions</p>	<p>A Mortgagee must submit a Notice of Material Event to FHA and provide relevant documentation if it or any officer, partner, director, principal, manager, supervisor, loan processor, loan underwriter, or loan originator employed or retained by the Mortgagee is subject to any sanctions or Unresolved Findings contained in a lawsuit or report produced in connection with an investigation, audit, or review conducted by HUD (including those conducted by the HUD OIG), another federal, state, or local governmental agency, or by any other regulatory or oversight Entity with jurisdiction over the matter.</p> <p>A Mortgagee must submit a Notice of Material Event to FHA of a change of status in any Unresolved Finding or sanction previously reported.</p>	<p>4000.1: FHA Single Family Housing Policy Handbook. I. A. 7. u.</p>

How to File a Notice of Material Event

Situation	Description	Reference
Submitting a New Notice of Material Event in LEAP	<p>* To submit a Notice of Material Event, click "Notice of Material Event," and the click "Submit New Notice of Material Event" from the Institution drop-down on the Menu Bar.</p> <p>-This opens the Notice of Material Event screen.</p> <p>* Select a Notice of Material Event Type. The screen will then display additional instructions, including any information and/or documents that must be provided. You must also indicate the Event Date and include Additional Comments that will clarify the Notice of Material Event.</p> <p>-To add any relevant attachments, select the file from where it is saved.</p> <p>* Once all required fields are completed, click "Submit."</p> <p>- Once submitted, the Notice of Material Event List screen is opened, displaying the details of the submitted Notice of Material Event.</p>	LEAP User Manual - 5.6