
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.F.1.j – 7-5.F.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