



CRFS 2021 CASE STUDY

HUD CLAIMS AUDIT SERVICES



Setting
the standard
since 2002

CRFS Real World Case Study 2021-03

HUD CLAIMS AUDIT SERVICES

- **Client:** Several mid-sized mortgage servicers
- **Challenge:** During 2021, several CRFS clients received notice from HUD regarding an upcoming claims audit for FHA loans. Since there is typically a lengthy gap between HUD audits, the process surrounding claim package preparation, audit research, and responding to findings is unfamiliar to many HUD mortgage servicers. Our clients were concerned with the technical details around identifying, collecting and delivering the necessary documents as well as providing consistent, valid responses to HUD.
- **Solution:** CRFS conducted kick-off calls with our clients to discuss the coordination of the claim package preparation and delivery process to HUD. As the HUD audit reviews proceeded, with CRFS' support our clients were successful in resolving 60% of the preliminary pre-issuance findings before they ever appeared on HUD's formal Initial Report. Moreover, leveraging our tremendous experience and understanding of HUD guidelines and the HUD Audit process, CRFS was able to contest (pending final resolution) nearly 65% of the findings that ultimately appeared on HUD's Initial Report.
- **Value Add:** CRFS is unique in its ability able to draw on almost 20 years of experience with HUD Audits to optimize the planning and execution phases. The result is consistent levels of success in partnering with our clients to reduce risk, mitigate findings, and reduce financial losses. CRFS frequently receives compliments from HUD audit staff on our claim packages for their consistency and organization, which makes their review process more efficient. We are also able to identify and operationalize finding trends from HUD Audits that give our clients an added level of regulatory and compliance peace-of-mind.