

SECTION 17000 – AUDIT PROCEDURES

.01 INTRODUCTION

AHFC will conduct quality reviews to ensure compliance with servicing AHFC loans. The scope of the review will consist of functions AHFC's Servicing Department has delegated to the Servicer and other areas as determined by AHFC. The quality review will be conducted in the Servicers' office or may be in the form of a desk review. The Servicer will be given 10 business days to provide the requested documentation on a desk review. In some cases, a combination of a Lender visit and desk review may be performed. The Servicer will be notified in writing 10 business days prior to a desk review. If an on-site review is being conducted, the Servicer will be notified of the date, time and space required to complete the review. The Servicer will be provided a list of the files selected for the review. If a desk review is being conducted, additional time for compiling the requested documentation may be allowed.

.02 QUALITY REVIEW FOLLOW-UP

A summary of the observations will be prepared and, when necessary, a recommendation will be provided to the Servicer with corrective actions. If there are observations that are significant and require a remedy, the Servicer will be allowed 10 business days to correct. If a Servicer's performance shows repeated observations, an AHFC audit may be required.

.03 AUDITS

AHFC's Internal Audit Department may schedule an audit of the Servicer in addition to Quality Reviews. The Servicer will be notified in writing prior to the audit and advised of the date, time, and space required to complete the audit.