



Federal Housing Finance Agency

Constitution Center
400 7th Street, S.W.
Washington, D.C. 20219
Telephone: (202) 649-3800
Facsimile: (202) 649-1071
www.fhfa.gov

FINAL SUSPENSION ORDER

The Federal Housing Finance Agency, as safety and soundness regulator of Fannie Mae, Freddie Mac, and the eleven Federal Home Loan Banks (the “regulated entities”), is issuing this Final Order pursuant to the following legal authorities:

1. Section 1313B of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Safety and Soundness Act) authorizes FHFA to establish standards for the regulated entities regarding prudential management of risks. FHFA is authorized to issue orders requiring the regulated entities to take any action that will best carry out the purposes of that section. *See* 12 U.S.C. 4513b(b)(2)(B)(iii).
2. Section 1319G of the Safety and Soundness Act authorizes FHFA to issue any orders necessary to ensure that the purposes of the Safety and Soundness Act are accomplished. *See* 12 U.S.C. 4526(a).
3. Section 1313 of the Safety and Soundness Act authorizes FHFA to exercise such incidental powers as may be necessary in the supervision and regulation of each regulated entity. *See* 12 U.S.C. 4513(a)(2).

Consistent with these authorities, FHFA has determined that any business relationship between Affiliated Funding Corporation and a regulated entity would present excessive risk to the safety and soundness of the regulated entity.

This determination is based on the following findings:

1. On or about September 19, 2014, the Mortgagee Review Board (“Board”) of HUD advised Affiliated Funding Corporation by letter that the Board had voted to permanently withdraw the company’s HUD/FHA approval pursuant to 24 C.F.R. Part 25. On November 6, 2014, the Board issued a Notice of Administrative Action permanently withdrawing the FHA approval of AFC.
 - a. Failed to notify HUD/FHA that it had closed its business in accordance with HUD/FHA requirements;
 - b. Failed to notify HUD/FHA that its license had been revoked by the State of California Department of Corporations;

- c. Failed to properly analyze liabilities;
- d. Failed to ensure FHA-insured mortgage was not used as an investment;
- e. Failed to resolve concerns related to the appraisal report; and
- f. Failed to credit the unused Upfront Mortgage Insurance Premium to borrowers.

2. As described in the Notice for Administrative Action: Permanent Withdrawal dated September 19, 2014, the conduct underlying this withdrawal of Affiliated Funding Corporation's HUD/FHA approval is in connection with financial transactions.

With this Final Order, FHFA is directing each regulated entity to cease any business relationship with Affiliated Funding Corporation indefinitely, beginning on July 19, 2017. This suspension extends to any individual, company, partnership or other group that FHFA determines to be an affiliate of Affiliated Funding Corporation.

This Final Order is a final action of the Federal Housing Finance Agency.



Alfred M. Pollard
Suspending Official

5-19-17
Date: