**INDEMNIFICATION NOTIFICATION**

Indemnification Number: [XXXXXX]

Review ID: [XXXXX-XXXX-XXXXXX]

Pursuant to Section 256(c) of the National Housing Act, 12 U.S.C. 1715z-21(c) and federal regulations at 24 CFR § 203.255(g), the U.S. Department of Housing and Urban Development (HUD) is authorized to require and demand indemnification from [Institution Name], FHA ID [5-Digit Institution ID], (Mortgagee) for certain mortgages endorsed for Federal Housing Administration (FHA) mortgage insurance under the Lender Insurance Program.

HUD has determined that, for the mortgage(s) identified in Appendix A, Mortgagee knew or should have known of one or more serious and material violations of FHA origination requirements as defined by 24 CFR § 203.255(g)(3).

In accordance with the statutory and regulatory authorities set forth above and Mortgagee's agreements in connection with its participation in the Lender Insurance Program and the specific endorsement for FHA insurance for the mortgage(s) identified in Appendix A, HUD hereby requires and demands indemnification by Mortgagee as follows:

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| 1. | Mortgagee shall indemnify HUD, as provided below, for losses related to any FHA-insured mortgage identified in Appendix A for which a claim was paid within five years from the mortgage's date of endorsement. |
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| 2. | Where, as of the date HUD executes this Indemnification Notification, a HUD/FHA mortgage insurance claim has not yet been submitted to HUD, Mortgagee shall submit no claim for insurance. Nevertheless, for any mortgages Mortgagee is still servicing, Mortgagee shall continue to observe HUD requirements for servicing and payment of mortgage insurance premiums with respect to such mortgages. |
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| 3. | In the event that a mortgage insurance claim on any of the mortgages covered by this Indemnification Notification has already been paid or is paid in the future, Mortgagee shall indemnify HUD by paying HUD the amount of HUD's Investment, as defined below, minus HUD's Recovery (in the case of conveyance or assignment claims), as defined below, plus interest, penalties, and administrative fees as may be permitted by law if Mortgagee does not pay HUD timely. HUD's Investment includes, but is not limited to: the full amount of the insurance claim actually paid, including any loss mitigation claim(s), all taxes and assessments paid or payable by HUD, all maintenance and operating expenses paid or payable by HUD (including costs of rehabilitation and preservation), expenses associated with the servicing and sale of a note, and all sales expenses and any other expenses HUD may incur in connection with its property disposition programs regarding FHA-insured mortgages. HUD's Recovery is the net proceeds HUD receives from the sale of the property or mortgage, plus any discount (such as under the Good Neighbor Next Door program) provided by HUD to the purchaser. If HUD's Recovery exceeds HUD's Investment, HUD will retain this excess. |
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| 4. | In lieu of paragraph 3, in the event that a claim is paid, HUD may, at its option, assign a mortgage listed in this Indemnification Notification to Mortgagee or convey to Mortgagee a property securing such mortgage. In the event of such assignment or conveyance, Mortgagee shall pay HUD the amount of HUD's Investment, as described above. |
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| 5. | Where, after the date that this Indemnification Notification is signed by HUD, any mortgage included in this Indemnification Notification is refinanced into a non-credit-qualifying FHA refinance mortgage, this Indemnification Notification will extend to the new mortgage. |
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| 6. | Any material breach of the terms and conditions of this Indemnification Notification shall constitute independent grounds for imposition of administrative sanctions by the Mortgagee Review Board against Mortgagee pursuant to 24 CFR Part 25. |

Therefore, the U.S. Department of Housing and Urban Development hereby exercises its authority under Section 256(c) of the National Housing Act, 12 U.S.C. 1715z-21(c) and 24 CFR § 203.255(g), and pursuant to the aforementioned agreements by Mortgagee, to require and demand indemnification of any FHA-insured mortgage(s) identified in Appendix A.

**UNITED STATES, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

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| BY: XX-FHA |
| Federal Housing Administration |
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| DATED: FHA-DATE |

**APPENDIX A**

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| FHA Case Number | Date of Endorsement |
| [Case Number] | [Endorsement Date] |