

U.S. Department of Housing and Urban Development

H O U S I N G

Special Attention of:

Transmittal for Handbook No.:
4330.4 REV-1 CHG-1

All Approved Mortgagees

(ATTN: Servicing Managers)

Issued: April 28, 1995

Directors of Housing

Directors of Single Family Housing Divisions

Supervisory Single Family Loan Specialists

Property Disposition Chiefs, Single Family

1. This Transmits

CHANGE 1 to Handbook 4330.4 REV-1, "FHA Single Family Insurance Claims," dated September 23, 1994.

2. Explanation of Material Transmitted:

This CHANGE transmits a number of nonsubstantive corrections and updatings to the Revision 1 of the Handbook.

- a) On Page 1-7, Paragraph 1-5B is revised to reflect that, in accordance with the Final Rule issued September 30, 1994 (59 FR 49813 ff.) and Mortgagee Letter 95-9, FHA debentures are now issued in book-entry form and in the full amount of the settlement.
- b) On Page 1-10, Paragraph 1-6F.1 is revised to refer mortgagees to Paragraph 2-2A for a full discussion of extensions to the deadline to initiate foreclosure when a bankruptcy stay or State law delays the initiation of foreclosure.
- c) Page 1-19 is reprinted to delete a duplication of a half-page of text from the previous page, and to provide a half-page of text that had been omitted.
- d) Pages 1-25 and 7-6 are revised in accordance with Mortgagee Letter 95-10, which provides the new addresses to which remittances accompanying Supplemental claims are sent.
- e) The spelling of "assigns" is corrected on Pages 2-15 and 3-3.
- f) Explanations of Items 2 and 3 on the claim form are revised to clarify how FHA Case Numbers are to be entered on the claim, whether the claim is submitted on paper or through electronic data interchange (EDI).

- f) Explanations of Items 2 and 3 on the claim form are revised to clarify how FHA Case Numbers are to be entered on the claim, whether the claim is submitted on paper or through electronic data interchange (EDI).
- g) The name of Item 33 of the claim form, Form HUD-27011, has been revised to include "SSN" (Mortgagor's Social Security Number) to conform to existing claims instructions for this item. See replacement Page 1 of the HUD-27011 (Appendix 1). Each reference to the name

HSISI: Distribution: W-3-1,W-2(H) (OGC) (Z),W-3(A) (H) (ZAS) (ZAOO),W-4(H),

R-1,R-2,R-3-1(H) (RC),R-3-2,R-3-3,R-6,R-6-2,R-7

,
R-7-2,R-8

Security Number) to conform to existing claims instructions for this item. See replacement Page 1 of the HUD-27011 (Appendix 1). Each reference to the name of Item 33 has likewise been revised.

3. Filing Instructions: In Handbook 4330.4 REV-1,

Remove:

Pages 1-7 through 1-10,
1-19 and 1-20,
1-25 and 1-26,
2-15 and 2-16,
2-47 and 2-48,
2-57 and 2-58,
3-3 and 3-4,
3-11 and 3-12,
3-19 and 3-20,
4-7 and 4-8,
4-13 and 4-14,
5-13 and 5-14,
6-11 and 6-12,
6-17 and 6-18,
7-5 through 7-8,
8-11 and 8-12,
8-15 and 8-16 (all dated 9/94)
and Pages 1 and 2 of 7 of
Appendix 1 of
Handbook 4330.4 REV-1 dated
September 23, 1994.

Insert:

Pages 1-7, 1-10, 1-19, 1-25,
2-15, 2-48, 2-57, 3-3, 3-12,
3-20, 4-8, 4-14, 5-14, 6-12,
6-18, 7-6, 7-8, 8-11 and 8-16
dated 5/95, and
Pages 1-8, 1-9, 1-20, 1-26,
2-16, 2-47, 2-58, 3-4, 3-11,
3-19, 4-7, 4-13, 5-13, 6-11,
6-17, 7-5, 7-7, 8-12 and 8-15
dated 9/94, and
Page 1 of 7 (dated 5/95) of
Appendix 1 and Page 2 of 7 of
Appendix 1.

Nicolas P. Retsinas,
Assistant Secretary for Housing-
Federal Housing Commissioner

U.S. Department of Housing and Urban Development

H O U S I N G

Special Attention of:

All Approved Mortgagees, Transmittal for Handbook No.: 4330.4
REV-1

(ATTN: Servicing Managers (Single Family))
Directors of Housing Issued: September 23, 1994
Directors, Housing Management Divisions
Field Office Managers/Chiefs
Supervisory Single Family Loan Specialists
Property Disposition Chiefs, Single Family

1. This Transmits Handbook 4330.4, "FHA Single Family Insurance Claims" REV-1.

2.Explanation:

This revision incorporates the regulatory amendments that were published in the Federal Register on October 20, 1992, the Mortgagee letters relating to single family insurance claims that were not incorporated in Handbook 4330.4 dated November 10, 1992, and provides some additional clarifications. It is important that this revision be transmitted to your "Single Family Servicing Managers" since it contains a major update.

The following identifies significant changes for your attention:

(1) In Chapter 1:

a.In Paragraph 1-2A the items to be added to Form HUD-27011 (dated 12/84) have been deleted because Form HUD-27011 was reprinted on 5/93 incorporating the changes. If the 12/84 form is used, the additions should be made.

b.An additional paragraph on claim accuracy was added as paragraph 1-2E.

c.Additional instructions have been added to paragraph 1-2C requiring a copy of a transmittal form when courier mail is utilized.

d.Information relating to the Payment Advice Letter was added to paragraph 1-3.

e.Information relating to the interactive voice response capability was added to paragraph 1-4.

f.The time within which foreclosure must be initiated was reduced from one year after the date of default to nine months after the date of default in paragraph 1-6F as required in the October 20, 1992 regulatory amendment. A similar change was made in other paragraphs wherever it appears.

g.Revised procedures relating to claiming Attorney fees contained in Mortgage Letter 94-24 have been added to

paragraph 1-10.

h.The new regulatory provisions relating to reimbursement on reconveyance of property and the payment of insurance benefits on reapplication after reconveyance were added to paragraph 1-14.

(2) In Chapter 2:

a.The new regulatory requirement for initiation of mortgage foreclosure on vacant or abandoned property was added to paragraph 2-2A. Additional instructions relating to foreclosure initiation and prohibition of foreclosure were also added to paragraph 2-2.

b.The new regulatory requirements relating to the time of conveyance of property to HUD was added to paragraph 2-2D.

c.Clarifying language was added to paragraph 2-2D.6 allowing for a mailing date in item 11 for directly conveyed deeds-in-lieu.

d.Clarifying language was added to paragraph 2-4.

e.Failure to initiate foreclosure on a timely basis where the property is vacant or abandoned was added to the causes for curtailment of interest in paragraph 2-5C.

f.The new regulatory provisions that HUD's decision as to the acceptability of title will be final was added to paragraph 2-6B.

g.The new regulatory provision relating to the correction of defective title was added to paragraph 2-6D.

h.The increased compensation for deeds-in-lieu of foreclosure was added to paragraph 2-7.

i.The new regulatory provision related to the conveyance of damaged property without notice was added to paragraph 2-10.

j.The required certificate of property condition was added as paragraph 2-10D.

k.The new regulatory provision limiting the reimbursement for protection and preservation costs if the property was not timely conveyed was added to paragraph 2-11A.

l.Provisions were added to paragraph 2-13B instructing mortgagees to seek hazard insurance proceeds and the method of reporting proceeds.

m. Instructions contained in Mortgagee Letter 92-21 relating to the bankruptcy of the mortgagor were added to paragraph 2-17.

n. Instructions relating to the "Special Foreclosure Checklist" were added to paragraph 2-20.

(3) In all Chapter 7:
a. Instructions contained in Mortgagee Letter 94-24 regarding supplemental claims have been incorporated.

(4) In all Chapters:
a. An additional instruction was added to Item 22 of the claim form.

b. The regulation citation in Item 25 was changed to comply with the regulatory amendment.

c. Instructions relating to claims for debenture interest were added to Items 409 and 410.

(Asterisks (*) have been placed in the right and left hand margins on each page or pages where a correction or addition has been made).

Filing Instructions:

Remove
Handbook 4330.4
1
dated November 1992
September 1994

Insert
Handbook 4330.4 REV-
dated

for Housing -
Federal Housing Commission

Handbook 4330.4 REV-1

U.S. Department of Housing and Urban Development
Washington, D.C. 20410

Program Participants

and Departmental

Staff

"FHA Single

Assistant Secretary

SEPTEMBER 1994 Family Insurance

Claims"

HSIS: Distribution: W-3-1,W-2(H),W-3(A)(H)(OGC)
EQUAL HOUSING (ZAS),W-4(H),R-1,R-2,R-3,R-3-1,R-3-2,R-3-3,R-6,
OPPORTUNITY R-6-1,R-6-2,R-7,R-7-1,R-8

FOREWORD4330.4

FOREWORD

The Department of Housing and Urban Development (HUD) is authorized by the National Housing Act to insure approved single family housing mortgages made by HUD-approved lending institutions (mortgagees). A valid Mortgage Insurance Certificate executed by HUD shall be conclusive evidence of contract of mortgage insurance, and the validity of any contract so executed shall be incontestable in the hands of an approved mortgagee except for fraud or misrepresentation by such mortgagee.

When it becomes necessary for mortgagees to apply for benefits under this insurance program, HUD attempts to pay all properly filed claims quickly, fairly and accurately. In order to accomplish this, HUD implemented an automated payment system for claiming Federal Housing Administration (FHA) single family mortgage insurance benefits. The system is designed to speed the payment of mortgagee's claims, reduce paperwork burdens, enhance the level of control and improve service.

Mortgagees do not furnish receipts for expenses with their initial application for benefits, but are required to maintain a complete claim file that fully supports their claim. The claim file must contain all receipts, records, accounts and any other documentation necessary to verify the accuracy of the claim and is subject to audit by the Department. HUD has developed quality assurance requirements for mortgagees to follow in the claim preparation and submission process. Mortgagees are expected to comply *with these requirements and use care in preparing their claims for insurance benefits. When submitting claims for benefits, HUD requires that an official of the mortgagee sign the claim certifying that all information and statements contained in the claim are true and correct. Mortgagees must ensure that all staff involved in the preparation of the claim understand the importance of that certification. The claim payment process relies on the accuracy of the claim application; any inaccurate information entered for the purpose of avoiding an interest curtailment or obtaining unauthorized insurance benefits is considered a serious breach of the contract of insurance.*

This Handbook 4330.4 REV-1, FHA Single Family Insurance Claims, incorporates all outstanding single family claim policy listed on pages I through IV and is designed to provide easy-to-use instructions for the submission of FHA single family insurance claims (except for

Home Equity Conversion Mortgages). The handbook provides instructions for the preparation and submission of Form HUD-27011, Single Family *Application for Insurance Benefits, and the actions to be taken (e.g., conveying property or assigning the mortgage to HUD) in order to obtain insurance benefits. It does not purport to describe requirements for the origination or servicing of insured mortgages,* except to the extent that such requirements affect the application for and payment of insurance benefits.

DEFINITIONS.

Unless otherwise noted, the following definitions are applicable throughout this Handbook:

EXPRESSION	DEFINITION
24 CFR	Title 24 Code of Federal Regulations for Housing and Urban Development
CAFMV	Commissioner's Adjusted Fair Market Value
CHUMS	Computerized Homes Underwriting Management System
CWCOT	Claims Without Conveyance of Title
FHA	Federal Housing Administration
FNMA	Federal National Mortgage Association
GNMA	Government National Mortgage Association
HIP	Hazard Insurance Premium
HUD	Department of Housing and Urban Development
Local HUD Office	The HUD Office in which jurisdiction a mortgaged property is located
MIC	Mortgage Insurance Certificate
MIP	Mortgage Insurance Premium
PFS	Pre-Foreclosure Sales Program
S/F	Single Family
Section	Section in the National Housing Act or 24 CFR
Secretary	The Secretary of the Department of Housing and Urban Development
PRIVACY ACT.	

A.Authority. The U.S. Department of Housing and Urban Development

is authorized to solicit the information requested by virtue of Title 12 USC, 1701 and regulations promulgated thereunder at Title 24, Code of Federal Regulations.

B.Purpose. The information requested in this form is to be used by the Department in processing your request for mortgage insurance benefits under the applicable sections of the National Housing Act, as amended.

C.Use. This information will be used to verify claimant's entitlement to benefits and support the request sent to the U.S. Department of the Treasury for issuance of a check. It will not be disclosed or released outside the U.S. Department of HUD without your consent, except as noted and as required by law.

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86-14	Tax Bills on Single Family Properties and Mortgages Assigned to the Department	July 31, 1986
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- 92-20 First Legal Action to Commence Foreclosure -- Texas, June 19,
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- 93-1 Expansion of HUD's Pre-Foreclosure Sale (PFS) January 6, 1993
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- 93-6 Advisory Regarding the Filing of Form HUD-27050A, January 28,
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- 93-34 First Legal Action to Commence Foreclosure October 21, 1993
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- MIAS Fiscal
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- 87-1 Single Family Mortgage Insurance Fiscal October 14, 1986
- 87-8 Single Family Mortgage Insurance Fiscal Instructions June 5,
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CHAPTER 1: GENERAL

1-1 CLAIM TYPES.

All claims for single family mortgage insurance benefits must be submitted on Form HUD-27011, Single Family Application for Insurance Benefits. There are seven types of single family claims:

TYPE #	TYPE
01	Conveyance - The mortgagee obtains the property through foreclosure or by deed-in-lieu after mortgage default and deeds the property to HUD.
02	Assignment - The mortgagee, with HUD approval, assigns a mortgage in default to HUD, and HUD becomes the mortgagee.
03	Automatic Assignment Under Section 221 (g) (4) - Mortgagees may elect to assign certain mortgages to HUD. These mortgages must not be in default on the 20th anniversary and the election to assign must be made before the 21st anniversary. Upon assignment, HUD becomes the mortgagee.
04	Coinsurance - Certain FHA approved mortgages are coinsured. The mortgagee acquires a property after default and sells it rather than conveying or assigning. Any loss on the sale is shared by HUD and the mortgagee on a 90%:10% basis, respectively.
05	Supplemental Claims/Remittances - A supplemental claim is the only tool for mailing adjustments after payment of the initial claim has been made. Such adjustments are subject to strict time limitations and are made only when additional amounts are owed or due.
06	Claims Without Conveyance of Title - The property is sold at foreclosure and is not conveyed to HUD. Currently, this claim type is limited to claims involving deficiency judgments.
07	Pre-foreclosure Sales - Under certain circumstances the Department may provide relief to a mortgagor where the property's fair market value is less than the outstanding indebtedness. The terms of the sale and the minimum sales price are pre-authorized by the Department. If the sale is successful, a foreclosure

is avoided and the mortgagee may file a claim to recover the shortage between the sales proceeds and the total indebtedness.

Chapter 1 of this Handbook relates to procedures which are applicable to all seven types of claims listed above. The remaining chapters relate to specify procedures for each of these claim types.

1-2THE APPLICATION (FORM HUD-27011, SINGLE FAMILY APPLICATION FOR INSURANCE BENEFITS)

A. Form Description. The application form consists of five parts. The parts to be submitted vary depending on the type of claim submission. All claim types will require submission of Parts A and B. The supporting information required for each claim type will vary as will the time frame requirements. The specific requirements for each claim type are provided in detail in a separate chapter for each claim type.

1. Part A, Initial Application. Provides the initial case data. Part A is the first part of the claim prepared and contains information relating to the mortgage, property, property condition, mortgagee, payment history and the foreclosure or assignment process.

2. Part B, Fiscal Data. Contains fiscal data consisting of allowable expenses and accrued interest. It provides summary information relating to receipts and disbursements by the mortgagee which affect the amount of the insurance claim. With the exception of conveyances, Part B is submitted with Part A for all claim submissions. The supporting documents (Parts C, D and E) are all prepared prior to completing Part B.

3. Part C - Support Document. Contains itemized information relating to disbursements for the protection and preservation of the property.

4. Part D - Support Document (Continuation 1). Contains itemized information relating to such items as taxes, hazard insurance premiums, MIP, foreclosure costs, etc.

5. Part E - Support Document (Continuation 2). Contains itemized information relating to closing costs and amounts due from and to the buyer at closing. It is used for coinsurance claims, claims without conveyance of title (CWCOT), Pre-Foreclosure Sales claims (PFS), and for claiming certain (e.g., appraisal and deficiency judgment) costs where appropriate on conveyance claims.

B. Where to Obtain Forms. Form HUD-27011 may be obtained from the local HUD office, or if not available, copies of the forms in Appendix 1 may be used. A computer generated form or facsimile may be used only if it is substantially identical to the HUD form in size and format. Any forms submitted that do not comply with the HUD format or that are illegible or incomplete will be returned.

C.Where to Submit Forms. To ensure good and timely receipt of the claim, submit the claim as follows:

1.The original (not copy) of the HUD-27011 Parts A and/or B with required attachments should be mailed to:

U.S. Department of Housing and Urban Development Office
of Mortgage Insurance Accounting and Servicing Single
Family Mortgage Insurance Claims Branch P. O. Box 23998
Washington, D.C. 20036-3998

* If courier/express mail or registered or certified mail is used, send the claim with required attachments to:

U.S. Department of Housing and Urban Development Single
Family Mortgage Insurance Claims Branch Systems
Management and Control Section, Room 6137
451 Seventh St., S.W.
Washington, D.C. 20410

A completed copy of a transmittal form (Appendix 25) should accompany all Forms HUD-27011 sent by courier/express mail.

NOTE: See Par. 7-8 regarding a supplemental claim with a payment to HUD.*

2.Copies of Parts A and B and the originals of Parts C, D and E, together with required attachments should be sent to the local HUD office having jurisdiction over the mortgaged property. These must be forwarded to the local HUD office on the same date that the original Part A and Part B are sent to Washington requesting payment. Mailing addresses for local HUD offices can be obtained from correspondence received from such office or by consulting local telephone directories. Include the FHA Case Number on all correspondence and documents sent to HUD. Detailed instructions on claim submission requirements are provided in Chapters 2 through 8 of this Handbook.

3.A copy of all parts of the form, schedules and attachments must be retained in the claim file.

D.Who May Submit a Claim Application. A claim may be submitted by either the holder or the servicer of the mortgage. It must be signed by an official of the organization submitting the claim. In either case the settlement check will be made payable to the holder of the mortgage, as listed in Item 12 of the Form HUD-27011.

HUD will not honor requests for claim payment checks to be delivered to any entity other than the holder. The form submitted to HUD Headquarters must bear the original signature.

E.Certification of Claim Accuracy. The mortgagee official signing the Form HUD-27011 is certifying that all information and statements contained in the claim are true and correct. Entering

information that is inaccurate for the purpose of avoiding an interest curtailment or obtaining unauthorized insurance benefits is in direct conflict with the certification that statements and information on the claim are true and correct. HUD will prosecute false claims and statements. Convictions may result in criminal and/or civil penalties. Additionally HUD may refer any cases to the mortgagee review board where evidence is found to indicate intentional misrepresentation on a claim submission.*

1-3 CLAIM PROCESSING.

A.Pre-Screening. Applications are pre-screened prior to processing to determine whether certain essential data are missing or incomplete. If any of the following discrepancies (or similar deficiencies) are found, the unprocessed claim will be returned to the mortgagee:

- Invalid/incomplete case number;
- Signature missing or not an original (copied or stamped signatures are not acceptable);
- Illegible document;
- Missing Part B (except for conveyance claims);
- Missing original MIC;
- Missing original Title Approval Letter;
- Missing title submission certifications (assignments only);
- Missing holding mortgagee number (Part A);
- Missing mortgagor's social security number; or
- Computer generated forms using unacceptable format or form size.

The above data is essential to claim processing. Claim submissions returned because of one or more of the above discrepancies will not be edited for other errors. Therefore, they will be returned a second time if additional errors are detected.

Claims returned for correction will be considered received on the date the final corrected form is received. This will normally result in a loss of interest because the time limitation will be exceeded.

B.Automated Processing. Form HUD-27011, Parts A and B, are processed by computer at HUD Headquarters. If the information provided on the form passes all system edits and control checks, the system will compute and generate payment to the mortgagee. The system edits are designed to permit prompt payment of most claims by accepting costs encountered in routine claims. If unusually high disbursements are reported, the claim payment will

be reduced and the mortgagee may file a supplemental claim for the amount of the claim disallowed, with documentation to support the amount of, and the need for, the higher payment. The advice of payment with the initial claim reimbursement will identify amounts and reasons for a reduced claim payment (See Appendix 2). If other disbursements are unusually high the claim may be returned for additional documentation.

Although a claim may be processed and paid by the computer, HUD may, upon review, require reimbursement of any amounts which are found to be excessive or not supported by appropriate documentation (See Appendix 3), Errors Frequently Made In Preparing Claims).

C.Payment Advice Letter. Within a few days of receipt of payment the mortgagee will receive a letter giving detailed information on the payment of the claim (Appendix 2).

D.Capitalized Accounting. If the mortgagee uses the "capitalization" method of applying mortgage payments or any of the several variations thereof, the Part A must be accompanied by a worksheet showing the allocation of all mortgage payments in accordance with the terms of the mortgage, i.e., to escrow, interest and principal, in that order. The recomputation is necessary for the system to accept the claim and to permit entry of the correct due date of the last complete installment paid (Item 8) and the unpaid loan balance (Item 17).

1-4 CLAIMS ASSISTANCE.

General questions concerning the use of the claim form (HUD-27011) may be addressed to the local HUD office. Specific inquiries to confirm HUD's receipt of claim or to request the status of a claim may be directed to the Single Family Claims Support Service Center at (703) 235-9102.

This service center is equipped with an interactive voice response capability. Basic claim payment data may be obtained by using a touch-tone telephone. Enter the first five digits of the holder or servicer number and the FHA Case Number to find out whether a claim was paid, the amount of the payment, when it was paid, and the mortgagee number of the payee. Up to 15 claims may be researched per call. The option to transfer to an operator for further assistance is also available.

The local HUD Office should be contacted concerning questions regarding title evidence and title approval for specific cases. For conveyances, please direct your questions to the Single Family Property Disposition Branch. For assignments, please direct your questions to the Single Family Loan Management Branch who will coordinate with their Counsel's office depending upon the nature of your question.

1-5 METHOD OF PAYMENT.

HUD has authority to reimburse the mortgagee for the unpaid principal balance of the mortgage and allowable costs and advances in cash or debentures (24 CFR 203.401).

A.Cash Payment. All claims for single family insurance benefits (except those assigned pursuant to Section 221(g)(4)) are settled in cash.

B.Debentures. Effective January 4, 1995, FHA/HUD debentures are issued in book-entry form in the full settlement amount. They are valid and binding obligations of the mortgage insurance fund under which the mortgage was insured and are issued in accordance with the regulations (24 CFR 203.400-411) in settlement of mortgagee's application for insurance benefits.

Principal and interest are fully and unconditionally guaranteed by the United States. Interest is paid semiannually on January 1 and July 1. The Federal Reserve Bank of Philadelphia is the fiscal agent for the Treasury Department, who is HUD's agent, in the issue, transfer, exchange, redemption, payment, purchase, payment of semiannual interest and retirement of debentures.

C.Debenture Interest Payment. When the mortgage insurance claim is paid in cash, the settlement includes the interest the claim would have earned, as of the date such payment is made, if it had been paid in debentures.

D.Debenture Interest Rate (General). Debenture interest rates are established from time to time by the Secretary with the approval of the Secretary of the Treasury. The rates from 1941 to December 31, 1994, are shown in Appendix 4. The rate applicable to a claim is the higher of the rate in effect on (i) the date the mortgage was endorsed for insurance, or (ii) the date of firm commitment, except for Direct Endorsements, Coinsured Loans and Automatic Assignments.

E.Debenture Interest Rate (Direct Endorsement, Coinsurance Programs). For applications involving mortgages originated under the Single Family Direct Endorsement or Coinsurance Programs, the debenture interest rate is the rate in effect as of the date the mortgage was endorsed for insurance. (Appendix 4)

F. Debenture Interest Rate for Automatic Assignments. For Automatic Assignments the rate is the "going Federal rate" at the date of assignment. (Appendix 4)

1-6 EXTENSION OF TIME REQUIREMENTS.

The mortgagee is required to take specific actions or to submit specific documents to HUD within time limits specified in the regulations. The Secretary is authorized to establish time limitations by Sections 211 (12 USC 1715b) and 204(a) (12 USC 1710) of the National Housing Act. The time within which specific actions are to be taken vary with the type of claim and are discussed in detail in the following chapters relating to the respective claim types. Failure to comply with the time requirements may result in a loss of debenture interest. (24 CFR 203.402(k))

If the mortgagee cannot comply with the time requirements for a particular action because of circumstances beyond its control, a request should be submitted to the local HUD office for an extension of time. The request should be made as soon as possible, but before the time limit for that action expires. Time extension requests should be made as follows:

A.Extension Request Format. All extension requests must be submitted on Form HUD-50012, Mortgagee's Request for Extensions of Time (See Appendix 5).

1.Oral requests for extension will not be accepted.

2.Mortgagees may submit their requests via facsimile in emergency situations.

B.Submission of Extension Requests. The request must be submitted to the local HUD field office having jurisdiction over the property.

1.For conveyance claims, (unless directed otherwise by the local office) requests to extend the time limit for conveying title to HUD, submitting title evidence, submitting fiscal data or submission of supplemental claims on conveyances must be submitted to the local HUD office, ATTN: Single Family Property Disposition Branch.

2.All other extension requests must be submitted to the local HUD office, ATTN: Single Family Loan Management Branch.

C.Time Requirements For The Submission Of Extension Requests.

1.Mortgagees must submit all extension requests prior to the expiration of the time limit.

a.In order to ensure timely receipt by the local HUD Office, avoid potential disputes and allow adequate response time, mortgagees should submit their requests as early as possible.

b.Extension requests submitted after expiration of the time limit will be denied. HUD will allow ten days for receipt of requests sent via first class mail through the United States Postal Service and will verify the date submitted by the date of the postmark. The date of submission will also be verified for all courier delivered requests.

c.Internal controls have been established in each of HUD's local Offices to ensure that all extension requests received are properly logged in and responded to in a timely manner. In the event a dispute arises concerning the actual date of the mortgagee's submission or the date of HUD's receipt of an extension request, the dispute will be resolved on a case-by-case basis by the local HUD Office. If the mortgagee can demonstrate to the local HUD Office's satisfaction that

the extension request was submitted timely, the local Office will review the request for extension.

2. Extensions will not be granted retroactively, unless the delay is directly related to the action of the HUD local office.

3. A time requirement is not extended until the extension has been approved in writing by HUD.

a. An extension will not be granted verbally.

b. Failure of the field office to meet a response time limit set by the mortgagee will not be interpreted as an extension approval.

c. HUD's direction to a mortgagee to take action, or HUD's approval of a mortgagee's action, does not extend a time requirement unless HUD extended the expiration date in writing.

D. Basis For The Extension Request.

1. All extension requests must provide a valid reason to support the need for an extension of time. Mortgagees must clearly define the circumstances and reason(s) for the request. Vague or unclear requests will be denied.

2. Extension requests based on the following reasons will be denied.

a. Investor or holder delay in obtaining required documents.

b. Staffing constraints.

c. Errors of the servicer, holder and/or of any of the previous holders or servicers.

d. Delays caused by the mortgagee's staff, agent or contractor.

e. Failure by the mortgagee's staff, agency or contractor to take appropriate, necessary or required action.

E. Extensions Will Not Be Approved For The Following.

1. Time requirement for the submission of Part A, Form HUD-27011, Single Family Application for Insurance	
Benefits	Part A (any claim type except pre-foreclosure sales claims).
Benefits on	Mortgagees must submit their Claim for Insurance
CFR	the date the deed or assignment is filed for record. (24 203.360, 203.351).

option
record
the
for

2. Time requirement for recordation and submission of automatic assignment claims. The mortgagee must exercise its
under Section 221(g)(4) by filing the assignment for
within one year following the twentieth anniversary of
date the mortgage was endorsed for insurance. The claim
must be submitted on the date the assignment is filed
record. (24 CFR 221.251, 221.255).

Approval
Under The

F. Mortgagees Are Not Required To Request Prior Written
From The Local HUD Office For Extensions Of Time
Following Circumstances.

or
within
60
institute
see

1. Bankruptcy or State law. HUD Regulations (24 CFR 203.355)
provide that if a mortgagee was prohibited by State law
Federal bankruptcy law from instituting foreclosure
nine months from the date of default, the mortgagee has
days from the date such prohibition was lifted to
foreclosure. In addition, in certain circumstances, the
mortgagee may have an extension longer than 60 days:
Paragraph 2-2A for a complete discussion.

The date of the bankruptcy release must be entered in Item
21 Form HUD-27011, Part A and a date 60 days after that date
must be entered in Item 19, in order to receive
this extension.*

NOTE: This instruction is applicable only if the
bankruptcy action, or local law prohibition,
actually prevented the initiation of foreclosure
action within the nine month requirement. If the
bankruptcy did not preclude the institution of
foreclosure within the nine month time frame, do
not enter an extension date in Item 19, unless
approved by the local HUD Office.*

If more than 60 days are needed to initiate
foreclosure, mortgagees must request an extension
from the local HUD Office on Form HUD-50012.

assignment
day

2. Assignment Rejection. (24 CFR 203.355) Local HUD Offices
will provide mortgagees (attached to the final
rejection letter) Form HUD-50012 which will grant a 60

rejection extension from the date of the final assignment

letter under the following circumstances:

expiration a.The mortgagee sent either the HUD #2 or the HUD #3
mortgagee Letter a minimum of twenty days prior to the
of the nine month time limitation, unless the
was prohibited from doing so by State Law (or
bankruptcy); and

* b.The mortgagee had been prevented from initiating
default foreclosure within nine months from the date of
because the local HUD Office was reviewing the
case for Assignment.*

NOTE:If the only reason the mortgagee did not meet the
time limit to institute foreclosure was due to the
mortgagee's failure to begin the assignment
process in a timely manner (issue HUD #2 or HUD #3
letter at least twenty days prior to the
expiration of the time limit), no extension will
be given by the local HUD Office.

3.Time Frames for completion of Foreclosure. (24 CFR 203.356) (Reasonable Diligence).

that At the present time, the Department is not requiring
mortgagees obtain prior written approval to
exceed the state time limits for the completion of foreclosure.

However, an extension of time to complete foreclosure is not
automatic. Supporting documentation such as attorney's
correspondence or copies of court records must be
retained in the Claim Review File. In areas where recording
delays are excessive, mortgagees must document efforts to
follow-up with the recording authority.

Compliance with the foreclosure time limits will be
monitored through the Department's post claims review
process and Headquarters claim processing staff, as
appropriate.

4.Certain Supplemental Claims. (CFR 203.401(c)) Mortgagees
claim. have a six month limitation to submit a supplemental
Supplemental claims submitted after the six month
limitation will not be honored, except under the following

circumstances.

supplemental
adjustment (beyond
automatically be
final
Family Claim
conditions:

a. Hazard Insurance Refund Adjustments. A claim for a hazard insurance refund the six month time limit), will honored up to one year from the date of settlement of the initial Part B, Single Form, HUD-27011, under the following

(1) All hazard insurance costs when known, where included in the initial submission of Form HUD-27011, Part B, or to the extent possible, are claimed, within six months from the date of final settlement of Part B.

(2) The mortgagee diligently followed up with the hazard insurance carrier to confirm any necessary adjustment.

(3) The supplemental claim is submitted within fourteen calendar days from the date of the insurance carrier's notification of an adjustment.

NOTE: The supplemental claim must be received within 24 calendar days from the date of the carrier's notification.

(4) A copy of the carrier's notification is attached to the mortgagee's supplemental claim.

(5) The mortgagee has adequately indicated in the supplemental claim is being filed to recover an adjustment to the hazard insurance premium refund.

If more than one year is needed to make HIP adjustments, mortgagees must request an extension from the local HUD Office on Form HUD-50012. Only hazard insurance adjustments will be honored with this type of approved extension. Mortgagees may not include other types of costs they may have

failed to include in earlier claim submissions.

b. Deficiency Judgment Costs. For cases where a deficiency judgment was pursued, a supplemental claim for the additional costs related to the pursuit of the deficiency judgment may be submitted up to one year from the date of final settlement (of the initial Part B) or up to 3 months after the deficiency judgment, whichever is later, subject to the following conditions.

(1) All such costs when known, were included in the initial submission of Form HUD-27011, Single Family Application for Insurance Benefits, Part B, or, to the extent possible, are claimed within six months from the date of final settlement of the initial Part B.

(2) The mortgagee has adequately indicated in the Mortgagee's Comment section that the supplemental claim is being filed to recover deficiency judgment costs.

NOTE: Mortgagees must request an extension from the local HUD Office on Form HUD-50012 if it will be necessary to request reimbursement for any costs related to the pursuit of a deficiency judgment after the year time limit.

Only deficiency judgment costs will be honored with this type of approved extension. Mortgagees may not include other types of costs they may have failed to include in earlier claim submissions.

Only one supplemental claim should be filed for deficiency judgment costs on any one FHA case. Mortgagees should ensure the deficiency judgment has been resolved and that all deficiency judgment costs are known and claimed at the time the supplemental is filed.

A supplemental claim for deficiency judgment costs should not be submitted until resolution of the deficiency judgment.

c. Overpayments. Mortgagees must promptly remit any amounts overpaid on the claim and must promptly remit any other funds received, within thirty calendar days from the date of receipt. The six month limitation for supplemental claims does not apply to supplemental remittances. Prior written approval is never required to file a supplemental for remittance of funds.

Mortgagees will be monitored as to the promptness of their submission.

* 5.Special Forbearance Agreement. If the mortgagee has entered into a valid special forbearance agreement with the mortgagor, the mortgagee need not request prior written approval from the local HUD office for an extension of the timeframe to initiate foreclosure.

NOTE:The mortgagee must commence foreclosure within 90 days following the date the mortgagor fails to meet the requirements of a special forbearance under 24 CFR 203.614. Exceeding this 90 day timeframe requires prior written approval from the local HUD office.

6.Pre-foreclosure Sales. If initiation of foreclosure is delayed due to a mortgagor being accepted into the pre-foreclosure procedure in accordance with HUD Guidelines, the mortgagee need not request prior written approval from the local HUD office for an extension of the timeframe to initiate foreclosure.

Mortgagees have nine months from the date default to begin the pre-foreclosure sale procedure with a mortgagor (i.e., indicate to the mortgagor in writing that he or she is qualified to pursue buyer under the PFS procedure, and delay the foreclosure sale date). If the PFS procedure commences within the nine-month period, but is not completed within that time frame, mortgagees are not required to request prior written approval from the local HUD Office for an extension. However, commencement of the pre-foreclosure sale procedure near the nine-month deadline should be avoided except in cases where other types of mortgagor relief have been tried and failed (e.g., application for assignment; special forbearance).

NOTE:If the Pre-foreclosure Sale Procedure is unsuccessful, mortgagees have 60 days from the date a mortgagor's bona fide participation in the pre-foreclosure sale procedure ends either to accept a deed-in-lieu of foreclosure or to initiate foreclosure proceedings against that mortgagor, if foreclosure had not been initiated before the date the mortgagor began participating in the PFS procedure, or is legally required to be "re-initiated". This 60-day period is applicable regardless of whether the nine month timeframe has run, so long as the homeowner was participating in the pre-foreclosure sale procedure during the affected period. Exceeding this 60 day timeframe requires prior written approval from the local HUD office.*

Compliance with all portions of Paragraph F will be monitored through the post claims review process and

Headquarters claim processing staff, as appropriate.

G.Special Circumstances Which May Require The Mortgagee To Request An Extension Of Time To Initiate Foreclosure.

1.Drug seizure related cases. Mortgagees will be prohibited from initiating foreclosure in situations where the U. S. Marshall/Department of Justice (DOJ) seized the property in a drug related action. HUD will not become involved if the U. S. Marshall/DOJ chooses to retain mortgaged property. Mortgagees need not request an extension until the property is released by the U. S. Marshall/DOJ and foreclosure action or deed in lieu becomes necessary to acquire the property.

Because of the complexity of these cases, they will be dealt with on a case-by-case basis. For cases where the mortgagee needs an extension of time to initiate foreclosure, a request should be made promptly to the local HUD Office. Please contact the local HUD Office for guidance as to the documentation required to be submitted with your extension request.

2.Soldiers and Sailors Civil Relief Act of 1940. (24 CFR 203.346) The activation of certain reservists (such as to the Persian Gulf in 1990) may require mortgagees to delay the initiation of foreclosure because of the requirements of this Act. If an extension to initiate foreclosure is needed because of the requirements of the Act, an extension request must be made to the local HUD Office. An appropriate extension will be approved based upon the specifics of the individual case. Please contact the local HUD Office for guidance as to the documentation required to be submitted with your extension request.

H.Claim Review File.

* 1.A copy of HUD's written response to each extension request or requests to exceed cost limits must be maintained in the mortgagees' claim review file. In addition, appropriate documentation to support extensions not requiring prior*

written approval as explained in Paragraph F must be a part of the Claim Review File.

* 2.If a subsequent claim review finds that an extension or an approval to exceed cost limits was granted based upon a misrepresentation of the facts, the claim will be considered paid in error.*

1-7 MORTGAGE INSURANCE CERTIFICATE.

In all types of claims for mortgage insurance benefits, the mortgagee is required to attach the original Mortgage Insurance Certificate (MIC) to the original of Part A when it is submitted to HUD Headquarters. Where the original MIC is not available, a duplicate MIC may be obtained from the local HUD office having jurisdiction over the property. (Additional guidance for obtaining a duplicate MIC may be found in HUD Handbook 4000.2, Rev-2, Mortgagees' Handbook,

Application through Insurance dated July 30, 1991.)

A.All requests for a duplicate MIC must be in writing and forwarded to the Chief of Mortgage Credit in the local HUD office. Provide documentation that the case is insured (i.e., a copy of the MIC reproduced from microfilm or other source), accompanied by a copy of the mortgage note and a self addressed, stamped envelope. (This will help assure that the duplicate MIC is returned to the requesting lender rather than the originator.)

B.Old Section 221 Mortgages. Mortgage Insurance Certificates were not issued for some old Section 221 mortgages. For these mortgages, the mortgagee should submit a certification that the mortgage is fully insured, that the insurance has not been terminated and that no MIC was issued because it was an old Section 221 mortgage. The certification must fully identify the mortgage. Include a copy of the note showing the endorsement date.

1-8 MORTGAGOR'S SOCIAL SECURITY NUMBER.

All claims must have the mortgagor's social security number entered in Item 33 of Part A, Form HUD-27011. Any claim submitted without the number will be returned for correction and debenture interest will be curtailed if the corrected claim is not received within the prescribed time. If a co-mortgagor's social security number is available, it should also be entered. If there are additional mortgagors or additional space is required, the "Mortgagee's Comments" space may be used for this purpose.

If the application for a firm commitment was signed before August 15, 1986 the claim may be accepted without a social security number if:

- the mortgagee has made the annual requests for the mortgagor's social security number that are required by the Internal Revenue Service (IRS) but the mortgagor has failed to provide the requested number;

- the mortgagee has made an exhaustive search of all available records and cannot find the mortgagor's social security number in addition to attempting direct contact with the mortgagor; and

- the defaulting mortgagor is either deceased or cannot be located to provide the missing number.

Under these circumstances, the following certification, signed by an authorized official of the mortgagee, must be attached to the claim or entered in the "Mortgagee's Comments" section of the application.

"I certify that no social security number is available for FHA Case Number _____, upon which this claim is based. I further certify that I or representatives of my company have searched for all available records and made all annual requests for the mortgagor's social security number that are required by the IRS."

The following remark, "See attached" must be entered in Item 33 in

lieu of the social security number.

1-9 MORTGAGE DEFAULT.

A mortgage is in default if the mortgagor fails to make any payment, or to perform any other obligation under the mortgage, and such failure continues for a period of 30 days. The date of a monetary default is 30 days after the first failure to make a monthly payment which subsequent payments are insufficient to cover when applied to the overdue monthly payments in the order in which they became due. Therefore, the date of default is either:

A. Two months from the due date of the last fully paid installment.

Example:

Due date of first installment	04/01/93
Due date of last fully paid installment	07/01/93
Date of first uncorrected payment failure	08/01/93
Date of default	09/01/93

B. One month from the due date of the first installment if no payments are made

Example:

Due date of first installment	04/01/93
Date of first uncorrected payment failure	04/01/93
Date of default	05/01/93

If appropriate origination practices are followed, a situation involving no payments should only occur in very unusual circumstances.

Although subsequent payments may be sufficient to advance the date of default when applied to overdue monthly payments, if the time requirement to initiate foreclosure or record a deed-in-lieu has been missed, such payments will not change the mortgagee's failure to comply with the time requirement unless the payments are sufficient to cure the default.

1-10 ATTORNEY'S FEES.

A. Allowable Fees. HUD will reimburse the mortgagee for reasonable and customary fees paid to attorneys and trustees in connection with the foreclosure of a mortgage or other acquisition of title, the assignment of a mortgage to HUD and with securing possession of the property. For routine legal actions, HUD reimburses mortgagees for attorney's fees based on the FNMA Schedule of Standard Attorney's and Trustee's Fees. Formerly, mortgagees were generally instructed to enter the amount actually paid to the attorney, regardless of whether the fee exceeded the FNMA fee or whether the amounts were reasonable, and the initial claim payment was limited to the allowable amount. Mortgagees must now follow the instructions below regarding what may be claimed for attorney's fees (for all claims filed on or after June 25, 1994, except that the 75% reimbursement rule discussed below applies

only to foreclosures referred to an attorney on or after June 25, 1994). Generally, mortgagees may enter no more than the FNMA fee for a routine legal action and may enter only reasonable payments will not change the mortgagee's failure to comply with the time requirement unless the payments are sufficient to cure the default.

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FNMA revises its fee schedules from time to time; therefore the mortgagee should use care in ensuring the applicable schedule is being used. HUD reserves the right to revise amounts which it considers reasonable and customary at any time.

Mortgagees are expected to maintain adequate documentation in the claim review files to support all attorney's fees. This will be subject to verification during the post claim review. If a mortgagee's claim is more than the amounts allowed by the following instructions, it will be considered a monetary finding, and the mortgagee will be billed for the statistically calculated overpayment for all claims within the review period.

As before, if the mortgagee believes it is entitled to more than the amount HUD actually reimbursed in the initial claim payment, the mortgagee may file a supplemental claim for attorney's fees. However, mortgagees may file only one supplemental claim, so any claim for additional attorney's fees must be included in that one supplemental claim. In addition, supplemental claims for attorney's fees should no longer be sent to the Home Mortgage Division, Room 9258, as had been previously directed. The claims should now be sent to the appropriate address indicated in Par. 1-2.C. (See Chapter 7 for Supplemental Claim Instructions.)

HUD will not reimburse a mortgagee for overhead items such as postage, telephone, duplicating, etc. Attorney or trustee overhead costs should be included in the attorney's fee.

Reimbursement for attorney's fees may be claimed by entering the amount of the fee in the following Items in Part D of Form HUD-27011:

Item 305 - Mortgagees may enter in Item 305 an amount up to the maximum FNMA fee for routine evictions, and reasonable attorney's fees for contested evictions.

Item 306 - Mortgagees may enter in Item 306:

a maximum of the FNMA fee for attorney's fees incurred in any completed routine foreclosure and reasonable and customary fees for a contested foreclosure.

a maximum of 75% of the FNMA fee incurred for a routine foreclosure that was not completed because:

- the mortgagor filed a bankruptcy petition.
- a deed-in-lieu of foreclosure was accepted after the foreclosure was initiated.
- HUD directed the mortgagee to terminate foreclosure in order to permit assignment consideration, provided the foreclosure was properly initiated. (See HUD Handbook 4330.1, REV-4, paragraph 8-7(F)).
- the mortgagor was accepted into the Pre-foreclosure Sale program or procedure.

a maximum of the FNMA fee for attorney' fees incurred for specific legal services such as "proceedings subsequent" for a Torrens title in Minnesota.

a maximum of the FNMA fee for attorney's fees incurred for a deed-in-lieu of foreclosure.

reasonable attorney's fees incurred in preparing assignment of a mortgage to HUD.

Item 307 - Mortgagees shall not enter attorney's fees in Item 307.

Item 310 - Mortgagees may enter in Item 310 an amount up to the FNMA fee for attorney's fees actually incurred for each bankruptcy and reasonable and customary attorney's fees incurred when the bankruptcy was not routine. Mortgagees may not claim attorney's fees for defending "cramdowns" in bankruptcy. *

B.Full and Two-Thirds Reimbursement. Allowable fees related to assignment, and eviction or other possessory actions, are reimbursable in full, but only two-thirds of fees paid in connection with acquiring title to the property and its conveyance to the Secretary are reimbursable. Bankruptcy proceedings are related to the foreclosure action and are limited to two-thirds reimbursement except in assignment claims.

In order to properly allocate attorney's fees between full and two-thirds reimbursement, and permit review and payment, it may be necessary to separate attorney's fees into six categories:

1.Fees Related to Acquisition of Title. These fees relate to the foreclosure action or deed-in-lieu of foreclosure and are shown in Item 306. They are subject to two-thirds reimbursement. Costs paid by the attorney and reimbursed by the mortgagee are shown in Item 307. If the attorney bills the mortgagee for unallowable costs, they should not be listed in either item.

2.Fees Related to Eviction or Gaining Possession. A separate fee is permitted only in jurisdictions where court procedures do not enable the foreclosing party to obtain possession as a part of the foreclosure action and a separate proceeding must be brought. Eviction fees and costs should be shown in Item 305. The fee for eviction should not be shown in Item 306 nor should costs be shown in Item 307 because eviction fees and costs are fully reimbursable (up to amounts approved by HUD) and not limited to two-thirds as in foreclosure costs.

3.Fees Related to Bankruptcy Proceedings. Fees related to bankruptcy should be separately stated and shown in Item 310. These fees are considered costs of acquisition and subject to two-thirds reimbursement.

4.Fees Related to the Assignment of the Mortgage to the Secretary. Fees related to assignment are reimbursable in full and shown in Item 306.

5.Fees for Special Services. Extra costs or fees incurred as a result of a defect in the mortgage transaction or a defect in title which existed at, or prior to, the time the mortgage was filed for record are not reimbursable, unless the mortgage was sold by the Secretary or executed in connection with the sale of the property by the Secretary.

6.Fees Related to Deficiency Judgments. Fees related to deficiency judgments are reimbursable in full and shown in Item 410. The fee for a judicial foreclosure when the mortgage would otherwise be foreclosed by power of sale is considered related to the deficiency judgment.

C.Salaried Employees. Compensation paid to an attorney or trustee who is a salaried employee will not be reimbursed. The salary is an obligation of the mortgagee unrelated to the foreclosure, therefore, it is not a foreclosure cost "actually paid" by the mortgagee (24 CFR 203.402(f)).

1-11 DEFICIENCY JUDGMENTS.

A.Pursuit of Judgment. Mortgagees are authorized to seek deficiency judgments against mortgagors but costs associated with such actions are reimbursable only if HUD requested or required the action or approved the mortgagee's request to pursue a

judgment. The mortgagee must use the "Claims Without Conveyance of Title (CWCOT)" procedure described in Chapter 6 in obtaining a Commissioner's Adjusted Fair Market Value and in bidding at the foreclosure sale. If the mortgagee is the successful bidder and conveys title to the property to HUD, the claim for insurance benefits must be filed as a conveyance claim (Chapter 2). If the mortgagee retains the title or if a third party is the successful bidder, the claim for insurance benefits must be filed as a Claim Without Conveyance of Title (Chapter 6).

B.HUD Request. Generally, deficiency judgments will be sought against mortgagors who retain significant assets or income after foreclosure and can be expected to pay all or part of a deficiency judgment within a reasonable time.

C.Collection. If a deficiency judgment is obtained, it must be assigned to HUD within 30 days. The mortgagee shall not engage in any collection activity.

D.Fees and Costs. Fees and costs are reimbursable only when HUD requested or required the deficiency judgment action or when HUD has approved the mortgagee's request to pursue the judgment. If the costs of seeking a deficiency judgment are reimbursable, they are 100 percent reimbursable. They should be entered in Item 410 of Part E and must be described in detail.

Allowable costs and fees are as follows:

- 1.Attorney fees which relate only to the deficiency judgment.
- 2.Additional filing or recording fees which relate only to the deficiency judgment.
- 3.Costs related to a judicial foreclosure if local law requires a judicial foreclosure in order to obtain a deficiency judgment and the foreclosure would otherwise be by power of sale.

The time limit for filing a supplemental claim will be extended, if necessary, for reimbursement of the cost of seeking a
* deficiency judgment (See paragraphs 1-6F.4b and 7-5).
*

1-12 CLAIM FILE AND RETENTION OF RECORDS.

A.Claim File Maintenance. A claim file with complete records must be maintained by the mortgagee on all cases for which a claim for insurance benefits has been filed. Insurance claims are paid through an automated payment system with control exercised primarily on an exception basis. Since mortgagees are not required to furnish receipts for reimbursable expenses with their claims, the integrity of the system is dependent on mortgagee compliance with claim processing requirements. Claim reviews are conducted by HUD after payment to verify the accuracy of claim submissions, and if inaccurate or
* inappropriate claims are found, repayment is required. If a question arises regarding the support of an amount reimbursed on

an insurance claim, the burden of proof is on the mortgagee to show the amount is valid and reimbursable. Amounts charged to the mortgagee by any third party (over and above allowable fees) and claimed for reimbursement are subject to the same documentation requirements the mortgagee is expected to meet if the mortgagee expended the funds directly.*

The mortgagee must be able to show support for all information entered on the application for insurance benefits. Claim files must be maintained for a period of three years after the date of the last check received by the mortgagee in payment of a claim. If the last notification from HUD was a billing then all records must be maintained for a period of three years after resolution of such billing. If the mortgagee is notified within the three year period that its claims will be reviewed by HUD or its agent, all claim files must be maintained until completion and final settlement of the review. Claim files must be made available for review within 24 hours of HUD's request. Mortgagees must be able to retrieve claim files using the FHA case numbers. If mortgagees wish to file according to their own internal numbering system, they must maintain a cross reference with the FHA case number. If a supplemental claim is filed, its resolution becomes the last action for the purpose of establishing the three year retention period. Documents may be stored on microfilm, provided a legible hard copy can be produced within 24 hours of request.

The following records must be retained:

1. Copy of Parts A through E of Form HUD-27011.
2. All records, loan payment history, documents, papers and
* accounts relating to the mortgage transaction including
all
collection and foreclosure notes relating to each FHA case
maintained in the system database.*
3. Copies of the conditional commitment for insurance (if applicable), the firm commitment (if applicable), the mortgage insurance certificate (face and reverse), the mortgage, and the mortgage note.
- * 4. The credit worksheet signed by the mortgagee's
approved
underwriter (if applicable).*
5. Copy of Deed or assignment with date of recordation.
6. A copy of transmittal letter, if deed or assignment is sent to recording authority.
7. HUD letters of approval or disapproval with respect to assignments, extensions, protection and preservation expenses and damaged properties.
8. Foreclosure initiation document.
9. Bankruptcy supporting documentation.

10.Title Approval letter.

11.Title Submission Certification (for assignments only).

12.Receipts supporting all disbursements for which reimbursement is claimed. (Canceled checks are not considered receipts.)

13.Inspection reports (initial, occupied and vacant).

14.Any photographs needed to support protection and preservation expenses.

15.Copy of buydown and rental agreements.

16.Payment advice letters.

17.Copy of the Hazard Insurance Policy and Flood Insurance Policy (if applicable).

18.Any additional information or data required by HUD regulation, handbook, or mortgagee letter.

This is not intended to be an all-inclusive list. Mortgagees must ensure the claim file contains documentation for all information entered on the claim form.

B.Missing Claim Files. Claim files must be maintained for a period of three years after final claim payment. If a claim file is missing and cannot be produced for review, the Department may consider all amounts for expenses and interest to have been paid in error. HUD may charge a fee for the review of claim files that are not provided to HUD when requested.

1-13 NEGATIVE CLAIM AMOUNT.

A. Original Claim. If the Net Claim Amount in Part B (Item 137) of the original claim is a negative amount, do not send HUD a check. HUD will calculate the claim making the necessary adjustments for * the costs of foreclosure and will bill the mortgagee for the amount due. The date of HUD's billing letter is the date used for the 3-year documentation-retention requirement. *

B.Supplemental Claim. If the Net Claim Amount in Part B of a Supplemental Claim is a negative amount, follow the instructions in Paragraph 7-8.

1-14 REASSIGNMENT AND RECONVEYANCE.

A.Reassignment and Reconveyance. (24 CFR 203.364) If the mortgagee conveys a property or assigns a mortgage to HUD which is ineligible for insurance benefits or otherwise fails to comply with the regulations, the mortgagee must promptly correct the defect or HUD will reconvey the property or reassign the mortgage to the mortgagee. If this occurs the mortgagee must reimburse HUD for all expenses incurred in connection with the acquisition, reconveyance or reassignment. If

reimbursement is not made promptly after

* notice, HUD will collect the debt by administrative offset. The reimbursement must include the amount of the insurance settlement, interest on such amount from the date the insurance benefits were paid to the date of refund at an interest rate set in conformity with the Treasury Fiscal Requirements Manual, all expenses incurred in connection with the acquisition and reconveyance and HUD's cost of holding the property, accruing on a daily basis, from the date the deed was filed for record to the date of reconveyance. The holding costs shall be based on HUD's estimate of the taxes, maintenance and operating expenses of the property and administrative expenses.

*

B. Reapplication. Upon reassignment or reconveyance the application for insurance benefits shall be considered as canceled without prejudice to the right of the mortgagee to reapply for insurance at a subsequent date. Reapplication, however, does not extend the time periods for the performance of any required action. The claim will be considered received at the time of reapplication. This will result in a loss of interest in most cases because the time limitation will not be met.

*

*

For mortgages insured under firm commitments issued on or after November 19, 1992 or under direct endorsement processing where the credit worksheet was signed by the mortgagee's approved underwriter on or after November 19, 1992, if the mortgagee reapplies for insurance benefits the mortgagee will not be reimbursed for any expenses incurred in connection with the property after it has been reconveyed by the Secretary or paid any debenture interest accruing after the date of the initial conveyance or after the date conveyance was required by 24 CFR 203.359 of the regulations (see paragraph 2-2.D) whichever is earlier and there will be deducted from the insurance benefits any reduction in the Secretary's estimate of the value of the property occurring from the time of reconveyance to the time of reapplication (24 CFR 203.363).

*

C. Damage or Defective Title. On discovery of damage to the property or defective title, the field office will notify the mortgagee to repair the damage within 90 days or correct the defective title within 30 days in order to avoid reassignment or reconveyance. One 30 day extension may be granted by the field office if requested within the 90 or 30 day time frame.

*

If the damage or defect reduces the value of the property by a measurable amount but does not prevent its sale, HUD may agree to accept the property and reduce the insurance benefits in an amount which will compensate the mortgage insurance fund for any anticipated loss.

For mortgages insured under a firm commitment issued on or after November 19, 1992, or under Direct Endorsement processing where

the credit worksheet was signed by the mortgagee's approved underwriter on or after November 19, 1992 if the title to a property conveyed to the Secretary is not good and marketable, the mortgagee will be required to correct the defect within 60 days after receiving notice from the Secretary or within such further time as the Secretary may approve in writing. In this case, the mortgagee may retain the insurance benefits already paid, but it will not be reimbursed for any costs involved in correcting the title (24 CFR 203.402(f)) (See paragraph 2-6D).

For specific requirements relating to the condition of the property at the time of conveyance, see paragraph 2-10.*

* D.Uninsured Mortgages. If the mortgagee submits a claim on a mortgage which was not insured by HUD, the property will be* reconveyed or the mortgage will be reassigned and the mortgagee will be required to reimburse HUD as above. If the property has been sold, HUD will remit to the mortgagee the property's sales price less the expenses of sale and expenses incurred while the property was in HUD's inventory (taxes, utilities, repairs, management fees, etc.).

1-15 QUALITY ASSURANCE.

HUD Regulation 24 CFR 202.12(j) requires approved mortgagees to have a written Quality Control Plan for loan origination and servicing. HUD has established minimum requirements which must be met for a Quality Control Plan to be acceptable to HUD. Mortgagees' policies, procedures and practices with respect to origination and servicing have a direct impact on the number of claims filed, the amount of loss to the government, and quality and accuracy of claim submissions. Following are some of the determinations relating to claims which mortgagees must make in order to meet HUD's minimum requirements. A complete listing of HUD's Quality Control Plan minimum requirements can be found in Handbook 4060.1, Mortgagee Approval Handbook.

Mortgagees must determine that:

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GENERAL

A. Insurance claims are properly calculated and claim amounts are fully supported.

B. A thorough review of the claim application has been accomplished to verify that supporting documentation exists for all information entered on the claim form.

C. A thorough review is accomplished when filing a supplemental claims to ensure that no other adjustments are needed.

D.Deeds-in-lieu are pursued where appropriate and deficiency judgments are taken where required.

E.Property inspections are performed when the mortgagor fails to make a mortgage payment and no contact is possible within 45 days of the due date, or if the mortgage is in foreclosure and the property is vacant (see 2-11B for more detailed inspection requirements).

F.HUD-FHA monthly reporting requirements under the Single Family Default Monitoring System are complied with.

G.Foreclosure proceedings are initiated and completed on a timely basis and in accordance with HUD-FHA requirements.

H.Sufficient controls exist to assure that preparation of insurance claims are complete, accurate and timely, in order to minimize any loss to HUD.

1-16 REVIEW OF CLAIMS.

The automated system for the payment of insurance benefits relies on the accuracy of the information provided by the mortgagee on the claim form. Therefore all information entered on the claim form must be supported by documentation in the claim file.

In order to verify the accuracy and appropriateness of amounts claimed, HUD or its agent may conduct a review of the claim file at any time within three years after the claim is paid. The mortgagee who files the claim as the Servicing Mortgagee is responsible for the completeness and accuracy of the claim submission. It is the responsibility of the Servicing Mortgagee to remit any overpayments identified on claim payments made by HUD. Statistical sampling may be used to select claims for review and determine the amount due HUD for overpayments. Denial of access to a file will be grounds for withdrawal of the mortgagee's approved lender status, debarment by the Secretary, or immediate suspension of all claim payments to the mortgagee.

Mortgagees must promptly reimburse HUD for any amount overpaid because of incorrect, unsupported or inappropriate information provided by the mortgagee.

A.Frequency of Reviews. The Department may review any claim file at any time during the required claim file retention period. See paragraph 1-12.

B.Notification to Mortgagee. The Department will notify mortgagees by letter prior to the commencement of a claims review. Upon request by the Department, the mortgagee will make available for review, hard copy claim files for any paid claim within 24 hours of such a request.

C.Evaluation of Results. The result of a claims review will be evaluated prior to the issuance of a report. Any discrepancies resulting from inaccuracies, omissions, unsupported claim

information will be identified and provided to the mortgagee in the initial report.

D.Reporting Process. After completion of the reviews, the Department will issue the initial report identifying the errors found, the mortgagee's potential liability, and whether or not the mortgagee is in compliance with Department guidelines.

E.Billing. The mortgagee's potential liability will be identified in the initial report. Mortgagees will have 45 days from the date of the report to provide any additional documentation that could affect the review results. If no additional documentation is provided within 45 days, the report will be considered final and the potential liability identified will become the amount owed.

If additional information is provided, it will be reviewed and adjustments to the potential amount owed will be made. Once the final amount is determined, the mortgagee will be billed and required to pay within 14 days. If payment is not received within 30 days, interest will accrue from the date billed on the amount owed. If payment is not received within 90 days, a penalty plus administrative costs will be assessed.

F.Administrative Offset. If reimbursement is not made promptly after the final amount is determined HUD may collect the debt by administrative offset or other means.

CHAPTER 2: CONVEYED HOME PROPERTIES

2-1 GENERAL.

A. The procedures set forth in this chapter are applicable to claims involving:

1. The conveyance of a property to HUD.
2. Conveyance of properties formerly subject to coinsured mortgages which have become fully insured (when 60 payments are made). (See Chapter 5 for instructions for Coinsurance claims.)
3. Cases where the Claims Without Conveyance of Title procedures were followed but the mortgagee was the successful bidder at the foreclosure sale for an amount not in excess of the Commissioner's Adjusted Fair market value and has elected to convey the property to HUD. (See Chapter 6 for CWCOT instructions).

B. In order to receive mortgage insurance benefits, the mortgagee must convey the property to HUD unless:

1. The mortgagee assigned the mortgage to HUD pursuant to the assignment program (24 CFR 203.650) or the assignment option (24 CFR 221.255).
2. The loan is actively co-insured (less than 60 payments were made) (24 CFR 204.251(k)).
3. The property was sold by the mortgagor with HUD authority under the Pre-foreclosure Sales Program.
4. HUD has requested or required the mortgagee to use Claims Without Conveyance of Title procedures (24 CFR 203.368).
5. The mortgagee assigned the mortgage to HUD pursuant to Section 248 of the National Housing Act (Indian land), Section 247 of the National Housing Act (Hawaiian homelands) or Section 203g of the National Housing Act (Allegheny Reservation of the Seneca Nation of Indians).

* C. The authority for the payment of mortgage insurance claims and the conditions of eligibility for mortgage insurance benefits on conveyance of home mortgage properties are contained in Section

2-2 TIME REQUIREMENTS.

The mortgagee must comply with the following time requirements when submitting a claim involving conveyance of a property (24 CFR 203.355). Failure to comply will result in curtailment of debenture interest to the date action should have been taken or to the date to which it was extended by HUD (24 CFR 203.402(k)).

* A. Institution of Foreclosure.

1. Default. (24 CFR 203.355(a)) Institute foreclosure (or obtain and record a deed-in-lieu of foreclosure) to acquire the mortgaged property within nine months from the date of default. (One year if the date of default was prior to December 1, 1992)

*

Note: Although subsequent payments may be sufficient to advance the date of default when applied to overdue monthly payments, if the time requirement to initiate foreclosure or record a deed-in-lieu has been missed such payments will not change the mortgagee's failure to comply with the time requirement unless the payments are sufficient to cure the default.

* 2. Vacancy. (24 CFR 203.355(b))
(a) If the mortgage is in default and the property has been determined to be vacant or abandoned (for vacancies on or after August 1, 1993) foreclosure must be instituted (or a deed-in-lieu of foreclosure must be obtained and recorded) by the earlier of:

- (1) nine months after the date of default; or
- (2) 120 days after the date the property became vacant, was discovered vacant, or should have been discovered vacant.

(b) Generally a mortgagee will discover that a property is vacant when it is inspected pursuant to 24 CFR 203.377 (see paragraph 2-11 B). If the mortgagee failed to inspect the property within the specified time period, or failed to discover the vacancy, the vacancy date will be considered to be the last date on which the mortgagee should have performed the inspection under the regulation.

(c) If the property became vacant prior to an inspection and the mortgagee has knowledge of such vacancy, then the date the property became vacant will be considered the vacancy date. A mortgagee may acquire knowledge of vacancy by complaints of an unkempt and apparent vacant condition of the premises, condemnation or other notices requesting that the mortgagee secure the property, notice of utility disconnection or billings from the local jurisdiction

for debris removal, snow removal or lawn cuttings resulting from local code violations.

(d) If the mortgage on a vacant property is not in monetary default there is no requirement that the mortgagee initiate foreclosure. However, if the mortgage later goes into monetary default, the 120 day time requirement begins on the date of default, not the date of vacancy.

(e) If the property has more than one unit (e.g., 2, 3 or 4 units) the time period begins when all units have become, or should have been discovered to be, vacant or abandoned.

(f) Foreclosure on vacant or abandoned property should not be delayed because of the notice requirements of 24 CFR 203.650 and 203.651 (the Assignment Program) or due to pre-foreclosure sales under 24 CFR 203.606. *

* 3. Foreclosure Initiation Date. HUD considers *

foreclosure instituted when the mortgagee takes the first public action required by law such as filing a complaint or petition, recording a notice of default, or publication of a notice of sale. Merely posting notice on the property is not sufficient. The action must be established as a public record through a filing, recording, or a publication in a newspaper of general circulation as required by law. See Appendix 6 for a state by state listing of the first public actions considered by HUD to be required to commence (initiate) foreclosure.

* 4. Foreclosure Prohibition. If the mortgagee is unable *

to initiate foreclosure or obtain and record a deed-in-lieu within the required time because:

(a) state or local law prevents or delays action;

(b) bankruptcy has been instituted; or,

(c) HUD notified the mortgagee to delay initiation pending a determination of assignment acceptability; then up to 60 calendar days after the release of these actions to initiate foreclosure is allowed. A request for an extension of time to institute foreclosure is not required under these conditions, provided foreclosure is instituted within 60 days from the date of release of such actions or does not exceed nine *

months from the date of default. An additional extension may be allowed if the mortgagee must send the letters under the assignment program or send notices required by State law after the mortgage is released from bankruptcy stay (See paragraph 2-17A). The date of release must be entered in Item 21 Form HUD 27011 and the expiration date of the extension must be entered in Item 19.

*

* NOTE: This time requirement is also applicable if
foreclosure has been initiated
and
interrupted by a bankruptcy, and
state law
requires a new foreclosure to be initiated. *

* 5. Assignment Letter. Prior to the institution of
foreclosure, mortgagees are required to send certain *
notification letters to the mortgagor (see Handbook
4330.1 for specific requirements) which provide the
mortgagor with an opportunity to cure the default or
request HUD to accept an assignment of the mortgage if
the mortgagee has not made such a recommendation.
Mortgagees are expected to meet these notification
requirements within the nine month time frame. HUD #2
or #3 letter should be issued at least 20 days prior to
the expiration of the nine months limit or the limit
will not be extended.

* 6. Combined Extensions. Additional extensions for both
assignment letters and State law notices will not be
permitted unless State law prohibits taking the two
actions simultaneously. See paragraph 2-17 A.

7.Special Forbearance. The mortgagee must commence
foreclosure within 90 days following the date the
mortgagor fails to meet the requirements of a special
forbearance under 24 CFR 203.614. See paragraph 1-6.

8.Pre-foreclosure Sales. If the pre-foreclosure sale is
unsuccessful, mortgagees have 60 days from the date a
mortgagor's bona fide participation in the
pre-foreclosure sale procedure ends either to accept a
deed-in-lieu or initiate foreclosure. See paragraph

B.Notice of Foreclosure. (24 CFR 203.356) Provide written notice
to HUD that foreclosure has been instituted. The notice must be
furnished within 30 calendar days of the institution of
foreclosure. This requirement is satisfied only by submission of
a complete and correct HUD Form 92068A, the monthly Single Family
Default Monitoring System (SFDMS) report.

C. Prosecuting Foreclosure. (24 CFR 203.356) Regulation 203.356
requires the mortgagee to "exercise reasonable diligence in

* prosecuting the foreclosure proceedings to completion and in
acquiring title to and possession of the property". Differences
in state procedures and redemption periods will affect the *
length of time required to complete foreclosure, therefore, the
required time will depend on the location of the mortgaged
property.

1.HUD will consider the mortgagee to have exercised
"reasonable diligence" when the time frames shown in
Appendix 7 are met in routine completed uncontested

foreclosures. These time frames may be revised from time to time by mortgagee letter as local circumstances may require.

2.The time frames are measured from the initiation to the completion of foreclosure. Initiation of foreclosure is the first public action required by law, such as filing a complaint or petition, recording a notice of default, or publication of a notice of sale. Completion of foreclosure is the date on which the Sheriff's, Trustee's, etc. deed or certificate of title is recorded. The deed is generally executed after the expiration of the redemption period and before eviction of the occupant. Therefore, the time frame includes redemption but not eviction.

* NOTE: Where state law allows, mortgagees are encouraged to take available actions to reduce the redemption period on vacant or abandoned property. If the expense to reduce the redemption period will exceed \$250, local HUD office approval should be requested.

*

3.Debenture interest will not be curtailed if the time frame is exceeded for reasons beyond the control of the mortgagee or the mortgagee's agent. Examples of such circumstances are: bankruptcy petition filed after foreclosure initiation; contested foreclosures; overcrowded court calendars; delays in obtaining service of process, etc. A valid cause for exceeding the time frame may arise where the title is conveyed directly to HUD (see paragraph 2-8). HUD recognizes that prior approval to exceed this time frame would be burdensome or unfeasible for both mortgagee and field office and therefore it will not be required.

* NOTE: If bankruptcy interrupts the completion of foreclosure and a new foreclosure is not required after the lifting of the bankruptcy stay, and some action is required by the court to recommence the foreclosure, the mortgagee is expected to take such action to recommence the foreclosure within 60 days of the bankruptcy stay being lifted. Reasons (beyond the mortgagees control) for exceeding the 60 days must be

adequately documented.

*

4. When the time frame is missed for reasons within the mortgagee's control, mortgagees must enter a date in Item 31 on the claim form to curtail interest.

5. If the mortgagee is of the opinion that there is justification for exceeding the time frame, a brief note of the cause of delay should be entered in the Mortgagee's Comment section of Part A and supporting documentation must be placed in the claim file.

The cause of delay and the documentation will be examined for justification at the time of the post claims review. If not justified, the mortgagee will be required to refund to HUD any overpaid debenture interest.

6. Supporting documentation such as attorney's correspondence or copies of court records must be retained in the claim review file. It would be impossible to attempt to identify all types of documentation which HUD would consider acceptable. However, there are several examples where the claim review file must contain specific documentation other than the attorney's correspondence. Several obvious examples are as follows: where the mortgagee identifies the pursuit of a deficiency judgment at HUD's request as the cause of the delay, the claim review file must contain a copy of HUD's request; and for bankruptcy delays maintain copies of the bankruptcy court's notifications.

D. Conveyance to HUD. (24 CFR 203.359) After acquiring good and marketable title to and possession of the property the mortgagee shall transfer the property to the Commissioner.

* 1. For mortgages insured under a firm commitment issued prior to November 19, 1992, or under Direct Endorsement processing where the credit worksheet was signed by the mortgagee's approved underwriter prior to November 19, 1992:

(a) within 30 days after acquiring possession of the property by foreclosure or other means; or

(b) within such further time as may be necessary to complete the title examination and perfect the title.

2. For mortgages insured under a firm commitment issued on or after November 19, 1992, or under Direct Endorsement processing where the credit worksheet was signed by the mortgagee's approved underwriter on or after November 19, 1992, within 30 days of the later of:

(a) filing for record the foreclosure deed;

(b) recording date of a deed-in-lieu of foreclosure;

(c)acquiring possession of the property;

(d)expiration of the redemption period; or

(e) such further time as HUD may approve in writing. *

3.This time may be extended with written HUD Field Office approval, if it becomes necessary to correct a title defect or some other legitimate event delays conveyance.

4. The mortgagee must certify that the property contains no personal property at the time of conveyance (unless the secretary has agreed to accept occupied conveyance) so the mortgagee must act promptly to assure that all personal property has been removed within 30 days after
* acquiring title and possession. For mortgages insured under

a firm commitment issued on or after November 19, 1992, or under Direct Endorsement processing where the credit worksheet was signed by the mortgagee's approved underwriter on or after November 19, 1992, the mortgagee will not be reimbursed for the cost of protecting, operating, preserving or inspecting the property or removing debris from the property incurred after the deadline for conveyance of the property. (24 CFR 203.402(g)(2))
*

5.In some areas the foreclosure deed may convey title directly to the Secretary instead of the mortgagee. This practice is encouraged by HUD because it avoids payment of additional transfer taxes by the insurance fund. (See paragraph 2-8 for claim procedures in direct conveyance cases.) In such direct conveyance cases the property must be transferred to HUD within 30 days after the reasonable diligence time frame for completion of foreclosure and acquisition of title and possession specified in paragraph 2-2 C above.*

6. HUD will accept the date the deed (to the Secretary) is mailed to the recording authority (not to the attorney) as the date the deed is filed for record. If the mortgagee elects to use the mailing date that date will be
* considered as the filing date for all claim purposes.
In
the event a deed-in-lieu of foreclosure is directly conveyed to HUD, the mortgagee may use the mailing date for both items 10 and 11 on the claim.
*

E. Submit Claim to HUD Headquarters. (24 CFR 203.360) Submit the original Part A of Form HUD-27011 to the Department of Housing and Urban Development on the date the deed to the Secretary is filed for record (or the date the deed is mailed to the recording authority). The original of the Mortgage Insurance Certificate (MIC) must accompany Part A of form HUD-27011 to be considered a complete Part A submission. Part A and the MIC

must be mailed on the date the deed to the Secretary is filed for record (or the date the deed is mailed to the recording * authority) and must be received in Headquarters within 10 days of the date the deed is filed. Failure to meet these submission requirements will result in an interest curtailment. *

F.Submit Claim to Field Office. (24 CFR 203.360) Submit a copy of Part A of Form HUD-27011 to the local HUD office on the date the deed to the Secretary is filed for record. The copy must be accompanied by all required attachments.

* Note: This guidance is intended to ensure that both HUD Headquarters and the HUD field office are notified of the conveyance at the same time. Field office receipt of the HUD Form 27011 verifies that the property is received into HUD's inventory. Failure to timely submit the Part A may result in an interest curtailment or other administration sanctions.

*

G.Submit Title Evidence. (24 CFR 203.365) As soon as possible, but no later than 45 calendar days after the deed is filed for record, send to the local HUD office a copy of the mortgage and the original title evidence reflecting ownership vested in the Secretary. This must be received by the local HUD office within 55 calendar days after the deed is filed for record.

H.Submit Fiscal Data to HUD Headquarters. (24 CFR 203.365) Submit the original Part B of Form HUD-27011 to HUD Headquarters accompanied by the original title approval letter. This part of the form must be mailed within 45 days of the date the deed is filed for record, or received in HUD Headquarters within 15 calendar days after the date of the title approval letter, whichever is later.

I.Submit Fiscal Data to Field Office. (24 CFR 203.365) Submit a copy of Part B of Form HUD-27011 and the original of Parts C, D and E to the local HUD office on the date the original Part B is submitted to HUD Headquarters.

2-3 EXTENSION OF TIME REQUIREMENTS.

If the mortgagee cannot comply with the above time requirements for a particular action because of circumstances beyond its control, it should submit a request for an extension of time on Form HUD-50012 to the local HUD office. (See paragraph 1-6).

2-4 CLAIM PAYMENT.

A.Initial Payment. Upon receipt of an acceptable Part A and required attachments, HUD will promptly pay the unpaid principal balance plus debenture interest. Before debenture interest is calculated, the unpaid principal balance will be reduced by the greater of any damage or insurance recovery reported in Item 27. The automated system will determine the amount of debenture interest earned on the balance from the date of default to the

date of the initial settlement or to the date of interest curtailment.

B.Final Payment. Upon receipt of an acceptable Part B and required attachments, HUD will promptly pay the mortgagee's expenses and allowances, plus debenture interest. The mortgagee computes the interest for each item in Parts C and D, from the date of disbursement (or default if later) to the date the claim is prepared or curtailed. HUD will compute any additional interest earned after that date.

C.Payment Advice Letter. Within a few days of receipt of payment, the mortgagee will receive a letter giving detailed information on the payment of the claim. The letter is generated by the system. A copy of the letter must be retained in the audit file.

2-5 DEBENTURE INTEREST COMPUTATION.

A.By HUD. HUD will compute the debenture interest on the unpaid principal balance from the date of default to the date of settlement of Part A and on expenditures from the date of the submission of Part B to the date of settlement of Part B, provided all time requirements have been met. If the mortgagee fails

to meet a time requirement, HUD will compute debenture interest only to the date the action should have been taken or to the date to which the time was extended by HUD.

B.By the Mortgagee. The mortgagee will compute the debenture interest due on each disbursement itemized in Parts C and D from the date of disbursement (or default if later) to the date Part B is prepared or to the curtailment date, whichever is earlier.

C.Curtailment of Interest. (24 CFR 203.402 (k)) HUD regulations require the mortgagee to take certain actions within specified time periods. If these time requirements are not met, debenture interest allowance will be curtailed. The only exception is when an extension of time has been approved by HUD in writing. This means that if a required action is not taken within the time allowed, interest will be computed only to the date that action should have been taken or to which it was extended.

If the mortgagee fails to perform several actions within the specified time periods, interest will be curtailed to the applicable date of the earliest failure.

For example, if the mortgagee fails to institute foreclosure within nine months of default and fails to submit the title evidence within 45 days after the deed to the Secretary is filed for record and neither time frame was extended by HUD, debenture interest on the unpaid principal balance and on all expenditures is computed only to the date on which foreclosure should have been initiated.

* In most circumstances, HUD's automated system can measure the time between two dates entered on the form, determine if time requirements have been met and calculate the date to which

debenture interest should be paid. However, there are four circumstances where it is necessary for the mortgagee to calculate the curtailment date because HUD's system is unable to do so when mortgagees fail to take an action within the specified time period or an approved extension. In one of the following four circumstances, the mortgagee must determine the date on which an action should have been taken (curtailment date) and enter this date in Item 31 of Part A.

*

* 1. Failure to initiate foreclosure within nine month of default

and subsequent payments advance the default date. (24 CFR 203.355(a)) When a loan is in default, and more than nine months have elapsed before foreclosure is initiated with no intervening circumstances such as a bankruptcy or an approved HUD extension of time, the time requirement to initiate foreclosure is considered to have been missed, regardless of whether subsequent payments advance the default date.

2. Failure to initiate foreclosure on a timely basis where the property is vacant or abandoned. (24 CFR 203.355(b)) When a loan is in default and the property is vacant or becomes vacant and more than 120 days have elapsed from default or vacancy (whichever is later) before foreclosure is initiated with no intervening circumstances such as a bankruptcy or an approved HUD extension of time, the time

requirement to initiate foreclosure has been missed. *

* 3. Failure to Give Notice of Foreclosure. (24 CFR 203.356)

Within 30 calendar days of institution of foreclosure, written notice must be provided to HUD. This requirement * is satisfied only by submission of a complete and correct HUD Form 92068A, the monthly Single Family Default Monitoring System (SFDMS) report. HUD will not accept any other method of reporting as meeting this requirement. Mortgagees are considered to be in compliance with this requirement when the institution of foreclosure (status B) in a given month is reported on that month's end SFDMS report 92068-A (the next required SFDMS report), or that of the next following month.

4. Failure to Exercise Reasonable Diligence. (24 CFR 203.356) When the reasonable diligence time frame is exceeded without a valid reason. (See Appendix 7 for state by state listing of time frames.)

* The date in Item 31 should never be equal to or later than the date in Item 9. *

The date on which an action should have been taken (curtailment date) should be entered in Items 204 Part C and 304 Part D and 404 Part E. Item 104 Part B will show the actual date Part B was prepared and not the curtailment date.

D.Expenditures Prior to the Date of Default. It is possible that expenditures or advances will be made by mortgagees prior to the date of default. The regulations do not permit the payment of debenture interest on expenses prior to the date of default (24 CFR 203.410(a)). If an expenditure or advancement is made prior to the date of default, debenture interest is computed from default date. When completing Parts, C, D and E of Form HUD-27011, the mortgagee should enter the date of default in the "Date Paid" column if the expense was paid prior to default. In addition, place the actual date paid in parenthesis following the description.

E.Interest Computations. Enter in Item 204 and Item 304 the date to which interest is calculated. Only when no time requirement or approved extension has been missed will this be the same date as entered in Item 104, Part B. If one or more time requirements have been missed enter the earliest date on which a required action should have been taken (the curtailment date). See Appendix 10. When a curtailment date is entered in Item 204 Part C and 304 Part D, enter an asterisk in Item 104 after the date on which Part B is prepared and submitted to HUD and indicate on the form the reason for the curtailment.

The amount of interest to be claimed for an expenditure is to be calculated as follows:

- 1.Multiply the daily interest rate factor by the amount paid.

- 2.Multiply this result by the number of days from the date paid (or default date, if later) for each line Item to the earlier of: (i) date in Item 104 (submission date for Part B), or (ii) the date of the earliest time requirement missed. (Item 204 and 304)

Daily Interest Rate Factor tables are provided in Appendix 8 to assist in converting the debenture interest rates to factors. In addition, Julian date calendars are provided in Appendix 9 to assist in determining the number of days from the date the expenditure was paid (or default date, if later) to the date the claim was prepared, Item 104 (or the curtailment date if earlier).

The following three examples are provided to illustrate how debenture interest must be calculated on reimbursable expenses. In the first example, all time requirements were met; in the second example, the requirement to institute foreclosure within nine months of default was missed; and in the third example, the property was not conveyed to HUD within 30 days of possession and marketable title. In all of the examples a debenture interest rate of 8.5 percent is used with a daily interest rate factor of .0002328767. Alternatively, the annual interest rate may be divided by 365. (For a leap year, divide by 366.)

Example 1: All Time Requirements Met.

In this example, all time requirements have been met. The default date was January 1, 1993. Interest on expenditures is

calculated from the date of each expenditure (or default date if later) to the date the Part B claim form was prepared. See the Julian Date Calendar (Appendix 9) to calculate the number of days. The following expenditures were Itemized on Parts C and D and included in the amounts claimed on Part B of Form HUD-27011 (Items 110 and 111) submitted June 15, 1994.

December 10, 1992 \$100 paid for Hazard Insurance
Premium (Escrow
has been fully
depleted)

May 22, 1994 \$25 paid for lawn moving

June 9, 1994 \$156 paid for debris removal

Amount of
Interest to

Amount Paid	Daily Interest Rate Factor	Days Covered	be claimed on Part C
\$100	x .0002328767 x 531	(1/01/93 - 6/15/94)	= 12.37
25	x .0002328767 x 24	(5/22/94 - 6/15/94)	= .14
156	x .0002328767 x 6	(6/09/94 - 6/15/94)	= .22

In this example, the mortgagee is entitled to interest on the expenses from the date they were paid (or default date if later) up to the date the claim is settled. The mortgagee calculates the interest up to the date the claim form was prepared and submitted, and HUD calculates the interest up the settlement date.

Example 2: Mortgagee Failed to Institute Foreclosure Within Nine Months from the Date of Default.

In Example 2, the mortgagee failed to initiate foreclosure within nine months of the date of default and no extension was requested or granted. As a result, interest does not accrue on any part of the claim beyond the date foreclosure should have been instituted.

Interest must be calculated from the date of the expenditure to the date by which foreclosure should have been instituted. The date of default was January 1, 1993, however foreclosure was not instituted until March 15, 1994. In order for the mortgagee to have met the time requirement, foreclosure should have been instituted by October 1, 1993. Interest on reimbursable expenses may only be claimed and paid to October 1, 1993.

The following expenditures were Itemized on Part C and included in Part B (Item 110), Form HUD-27011, submitted June 15, 1994. Since these expenditures were incurred after October 1, 1993, interest is not payable on these amounts.

May 22, 1994 \$ 25 paid for lawn mowing

June 9, 1994

\$156 paid for debris removal

Amount Paid	Daily Interest Rate Factor	Days Covered	Interest
\$ 25	x .0002328767 x 0	(5/22/94 - 1/1/93)	= 0.00
156	x .0002328767 x 0	(6/09/94 - 1/1/93)	= 0.00

In this case the mortgagee must asterisk the date in Item 104 (June 15, 1994*) and place a notation on the form as follows:

*Failure to institute foreclosure within nine months of the date of default (January 1, 1993). Interest calculated to October 1, 1993.

Example 3: Mortgagee Failed to Convey the Property to HUD Within 30 Days of Possession and Marketable Title.

In Example 3, the mortgagee met the time requirements to institute and to complete foreclosure, but did not convey the property to HUD within 30 days of possession and marketable title.

In this example, the mortgagee had possession of and marketable title to the property on July 2, 1993. The time limit to convey ended August 1, 1993. However, the property was not conveyed, and Part A of the claim was not filed until August 15, 1993. Therefore, interest is calculated from the date of the expenditure (date paid) to the date the time allowed for conveyance expired (August 1). The following expenditures were Itemized on Part C and included in the amount claimed in Item 110 of Part B, Form HUD-27011 submitted September 15, 1993.

July 22, 1993

\$ 25 paid for lawn mowing

August 9, 1993

\$156 paid for debris removal

Amount Paid	Daily Interest Rate Factor	Days Covered	Interest
\$ 25	x .0002328767 x 10	(7/22/93 - 8/1/93)	= .06
156	x .0002328767 x 0	(8/09/93 - 8/1/93)	= .00

In this case the mortgagee should asterisk the date in Item 104 (September 15, 1993*) and place a notation on the form as follows:

*Failure to convey within 30 days of the date in Item 9 (July 2, 1993). Interest calculated to August 1, 1993 (Item 9 plus 30 days).

In addition to these examples, a table is attached (App. 10 - Conveyances: Earliest Time Requirement Missed), which may be used to help determine the appropriate beginning and ending dates for the calculation of debenture interest. Mortgagees should review their

copy of Part A and the Advice of Payment letter (if available) in determining whether a time frame was missed.

2-6 TITLE REQUIREMENTS.

A. Date of Acquisition of Title. The date of acquisition of title is the date the deed or other document conveying title to the mortgagee is filed for record. The deed may be the Sheriff's, Trustee's, etc. deed or certificate of title, or a deed-in-lieu of foreclosure. This date is entered in Item 9, Part A, unless the mortgagee does not yet have possession of the property. If title does not pass through the mortgagee, as in a direct conveyance, the date to be entered in Item 9 is the date the deed to the Secretary is filed for record (same date as Item 10).

B. Acceptable Title. Title conveyed to the Secretary must be good and marketable, and clear of all encumbrances except easements and restrictions of record which have been approved by HUD. The title evidence must show that according to the public records there are no outstanding prior liens, including any past due and unpaid ground rents, general taxes or special assessments.

HUD's decision will be final as to the acceptability of title and title evidence. Notwithstanding a defect in title, HUD may, at its option, accept defective title if the mortgagee agrees to a reduction in benefits.

Deeds shall be recorded in the name of the "Secretary of Housing and Urban Development, his successors and assigns" with the address of the local field office and "Attention: Single Family Property Disposition Branch". The purpose of this instruction is to assure that taxing authorities will send tax bills to the local office for payment rather than HUD Headquarters.

C. Types of Title Evidence. Submit one of the following types of title evidence of recorded title to the Secretary:

1. Fee or owner's title policy. A fee or owner's policy of title insurance, a guaranty or guarantee of title, or a certificate of title, issued by a title company, duly authorized by law and qualified by experience to issue such instruments. If an owner's policy of title insurance is forwarded, it shall show title in the name of the Secretary and insure to the benefit of his/her successors in office.

2. Mortgagee policy of title insurance. A mortgagee's policy of title insurance supplemented by an Abstract and an Attorney's Certificate of Title covering the period subsequent to the date of the mortgage. The terms of the policy shall be such that the liability of the title company will continue in favor of the Secretary after title is conveyed to him/her (24 CFR 203.385(b)).

3. Abstract and legal opinion. An abstract of title prepared

by an abstract company or individual engaged in the business of preparing abstracts of title and accompanied by the legal opinion as to the quality of such title signed by an attorney-at-law experienced in examination of titles. The Attorney's Certificate of Title, Form HUD-2319 (see Appendix 11) should be used for this purpose.

4.A Torrens or similar title certificate.

5.Title Standard of U.S. or State government. Evidence of title conforming to the standards of a supervising branch of the government of the United States or of any state or territory thereof.

D.Title Approval. The original title evidence must be sent to the local HUD office no later than 45 days after the date the deed was filed for record, together with a copy of Part A of Form HUD-27011, a copy of the mortgage instrument containing a complete legal description of the property and a copy of the recorded deed.

The field office will review the title evidence for approval or * denial. If the title evidence has been approved, HUD will forward to the mortgagee a title approval letter which must * be submitted to HUD Headquarters with Part B of Form HUD-27011 within 45 days after the date the deed was filed for record or received at HUD Headquarters with Part B of Form HUD-27011 within 15 days after the date of the approval letter, whichever is later.

If the title or title evidence is faulty or incomplete, it will be returned to the mortgagee for correction or completion. The title evidence will not be considered as having been submitted until it is returned with the required corrections. Fees or costs incurred as a result of a defect in the mortgage transaction or a defect in title are not reimbursable unless the mortgage was sold by the Secretary or executed in connection with the sale of the property by the Secretary (24 CFR 203.366(b)).

If the corrections are not made within a reasonable time, the local office may reconvey the property to the mortgagee by quit-claim deed. If this occurs HUD will cancel the claim for insurance benefits and will require prompt reimbursement to HUD for the amount of the insurance settlement and any expenses incurred by HUD during the period of its ownership. These expenses will include but are not limited to HUD's expenditures for taxes, maintenance of the property and administrative expenses related to the preservation of the property. When the objection to the title has been corrected, the mortgagee may then resubmit the claim (See paragraph 1-14).

* For mortgages insured under a firm commitment issued on or after November 19, 1992, or under Direct Endorsement processing where the credit worksheet was signed by the mortgagee's approved

underwriter on or after November 19, 1992 if the title to a property conveyed to the Secretary is not good and marketable, the mortgagee will be required to correct the defect within 60 days after receiving notice from the Secretary or within such further time as the Secretary may approve in writing (24 CFR 203.366(b)). In this case, the mortgagee may retain the insurance benefits already paid, but it will not be reimbursed for any costs involved in correcting the title (CFR 203.402(f)).

1.If a title defect is not corrected within 60 days after receiving notice (or within an approved extension of time), the mortgagee will be required to reimburse the Secretary for holding costs and interest on the paid insurance benefits at a rate set in conformity with the Treasury Fiscal Requirements Manual from the date of the notice to the date the defect is corrected or to the date the Secretary reconveys the property.

2.If the defect is not corrected within a reasonable time, the Secretary will reconvey the property and the mortgagee will be required to reimburse the Secretary as provided in 24 CFR 203.363 and 24 CFR 203.364. The Department will determine on a case by case basis as to what will constitute "reasonable time" for purposes of correcting title defects.

3.The contract of mortgage insurance (Subpart B of 24 CFR Part 203) stipulates that the mortgagee, not HUD, must bear the cost of correcting title defects and property expenses pending correction, because HUD did not participate in obtaining or maintaining the mortgage lien nor in acquiring title to the property. (HUD accepts responsibility only where the Secretary had sold the mortgage or the property with the senior adverse interest that causes the title defect (24 CFR 203.390).)

E.Amount of Title Insurance. When a title policy is submitted as evidence of good and marketable title, the amount of title insurance coverage must be equal to the unpaid principal balance of the mortgage.

Exception:

If the mortgagee uses the Claims Without Conveyance of Title procedure and has a copy of "Form HUD-91022, Mortgage Notice of Foreclosure Sale" available, the amount of title insurance coverage should be the amount of the Commissioner's Fair Market Value entered in line 5 of Part B, Form HUD-91022. (Note: Do not use the Adjusted Fair Market Value in line 7.) (See Appendix 12.)

2-7 DEEDS-IN-LIEU OF FORECLOSURE.

A.General. (24 CFR 203.357) When the mortgage is in default, the mortgagee should consider accepting a voluntary conveyance to avoid foreclosure and are encouraged by HUD to do so in all appropriate cases. HUD approval is required prior to accepting a deed in lieu when the mortgagor owns more than one property

subject to FHA insurance or if the mortgagor is a corporation. Deeds must not be accepted from mortgagors when HUD has requested the mortgagee to pursue a deficiency judgment or where it is clear to the mortgagee that acceptance of a deed is simply a matter of convenience from a mortgagor clearly able to make the mortgage payments.

B. Form of Conveyance. The conveyance may be either (i) directly from the mortgagor to HUD, or (ii) from the mortgagor to the mortgagee and then from the mortgagee to HUD. Under either method HUD must receive good and marketable title.

*

C. Compensation. (24 CFR 203.402(p)) The mortgagee may pay the mortgagor up to \$500 consideration for execution of the deed unless the property is conveyed occupied or the mortgage was co-insured under 24 CFR Part 204. The amount paid to the mortgagor may be included as an acquisition cost in Item 305.

*

2-8 DIRECT CONVEYANCE. (24 CFR 203.358)

A. When To Use Direct Conveyance. Where State law permits mortgagees should have the property deeded directly to HUD, without taking title in its own name first, in order to save time and avoid double payment of transfer taxes in states where:

1. the property is vacant; or

2. the eviction process takes place simultaneously as a part of the foreclosure action; or

3. the eviction action can be processed before the deed is recorded and there is no delay; or

4. HUD has agreed to accept the property occupied pursuant to the occupied conveyance regulation (24 CFR 203.679).

B. When Not To Use Direct Conveyance. Direct conveyance should not be used when it will result in HUD having recorded title to properties that are occupied without its prior approval. This violates HUD regulations and causes serious problems. It becomes uncertain as to who (the lender or HUD) should be paying taxes, liens, assessments, utilities, etc.; local HUD offices are unable to fully market properties although the property has been officially deeded to HUD; lenders are routinely incurring expenses after the date the deed is filed for record; and HUD is unable to properly monitor mortgagee compliance with respect to conveyance of damaged properties. Mortgagees may not file their claim until such properties are vacant.

C. Claim Form Adjustments.

1. If the property is vacant at the time the direct conveyance deed is executed, one month may be added to the foreclosure (reasonable diligence) time frame.

*

2. If the property is occupied and an eviction action is

necessary to obtain possession, if the eviction action was initiated in a timely manner, the time frame will be extended until possession is obtained and an additional month may be added to the foreclosure (reasonable diligence) time frame. The cause for the delay must be explained in the Mortgagee's Comment section of Part A.

*

2-9 OCCUPANCY AND POSSESSION OF PROPERTY.

A.Occupancy. The property may not be occupied at the time of conveyance unless HUD agrees to accept it occupied as provided in 24 CFR 203.670 through 203.681. Under these regulations the mortgagee is required to notify the mortgagor of the potential acquisition by HUD. The mortgagee must provide such notice (with a copy to HUD) at least 60 days but not more than 90 days before the date on which it reasonably expects to acquire title to the property. See HUD Handbook 4330.1.

The mortgagee shall be allowed to convey the property occupied if HUD agreed to accept the property occupied or if HUD notified the mortgagee that it was considering a request for continued occupancy and no subsequent notification from HUD has been received within 90 days after the mortgagee's notice referred to in subparagraph A above (24 CFR 203.670(c)).

B.Possession. HUD considers the property to be in the possession of the mortgagee (for insurance claim purposes) when the property was first discovered to be vacant by the mortgagee or its agent, or would have been discovered if the mortgagee was making regularly scheduled inspections. The date of possession is not dependent on securing the property, changing the locks, etc.

C.Keys. Keys for the property must be forwarded to the local HUD office as soon as they are obtained, preferably at the time a copy of Part A is submitted. Include the FHA case number and property address with each set of keys. Do not send keys to HUD Headquarters, and do not delay submission of the copy of Part A to the HUD local office.

2-10 CONDITION OF PROPERTY AT CONVEYANCE.

A.Repairs by Mortgagee. (24 CFR 203.379 and 203.380)

1.Before conveying the property to HUD, the mortgagee must repair at its own cost:

- a. any damage caused by fire, flood, earthquake, tornado, hurricane, (or boiler explosion (24 CFR 234.270(a)) in the case of condominium); and,

*

- b. any damage caused by the mortgagee's failure to take reasonable action to inspect, protect and preserve a vacant or abandoned property if the mortgage was insured on or after January 1, 1977. "Reasonable action includes the commencement of foreclosure of a defaulted mortgage on vacant or abandoned property

within the time required by paragraph 2-2A.

*

*

2. After repairs have been completed and the mortgagee is satisfied that they are adequate, the mortgagee may (at its option) ask for assurance that the repairs are acceptable to HUD so that a later claim for mortgage insurance benefits will not be surcharged because of the damage. The following procedure applies to such requests:

- a. Contact the Loan Management Branch of the local HUD Field Office having jurisdiction over the property when the repairs have been completed to the mortgagee's satisfaction. That office will arrange for assignment of a member of the Fee Inspection Panel and the mortgagee will be notified of the assignment.

- b. The mortgagee assumes full responsibility for payment of the inspection fee, which may not be passed on to the mortgagor or included in a later claim for insurance benefits.

- c. Send the inspection's completed report on Form HUD-92051, (Appendix 27) to the HUD Field Office having jurisdiction over the property, where it is counter-signed before the original is returned to the mortgagee. The inspection report of the fee inspector should attest that he is a duly qualified member of the Field Office Panel.

- d. Retain a copy of the signed report in the mortgagee's files.

NOTE: If the report documents that the repairs are satisfactory, it represents HUD's assurance that the claim will not be surcharged for the damage.

*

3. The mortgagee is not required to repair damage resulting from causes other than those itemized above unless the repairs are requested in writing by HUD, or the repairs are necessary to protect and preserve the property until its conveyance to HUD and the local HUD office has approved any expenditures over and above the jurisdictional limit for preservation and protection.

4. If repairs for which the mortgagee is not responsible are made at HUD's request, or if the repairs are necessary to protect and preserve the property until conveyance to HUD, the cost should be entered on Part C (Disbursements for Protection and Preservation) in accordance with HUD regional protection and preservation costs limits.

5. HUD will not reimburse the mortgagee for repairs to or maintenance of property occupied by the mortgagor.

B.Unrepaired Conveyance. (24 CFR 203.379(a))

1.If the prior approval of HUD is obtained, property damaged by the causes itemized in paragraph A-1 may be conveyed in an unrepaired condition and there will be deducted from the insurance benefits, HUD's estimate of the cost to repair the damage or any insurance recovery received by the mortgagee, whichever is greater. The deduction will be limited to the amount of insurance recovery if the property has been damaged by fire and the mortgagee certifies that the conditions of 24 CFR 203.379 (a) (2) relating to cancellation or reduction of insurance coverage are met. The mortgagee should request from the local HUD office their estimate of the cost of repairing the damage, and permission to convey the property without repairs. HUD's estimate must be entered in Item 27, Part A. Item 24 must be marked "yes".

2.If the property is conveyed damaged by causes other than those itemized in paragraph A-1, Item 24 must be marked "No" and the mortgagee must:

a.identify such damage in the Mortgagee's Comment Section of Form HUD-27011, Part A;

b.provide to the local HUD office copies of all documentation necessary to verify that the mortgagee met its requirement to take reasonable action to inspect, protect and preserve the property. All documents must identify the specific property by FHA case number. All documentation must also be maintained in the audit file; and

c.in the event a property is conveyed damaged, but is not identified as such on the claim form, HUD will not make any further reimbursement until the local HUD office has made an evaluation of the mortgagee's responsibility.

* C. Unrepaired Conveyance Without Notice.

HUD is deferring implementation of the notification requirement identified in the new paragraph 24 CFR 203.379(b) and (c).

The new requirement would only affect those mortgages insured under a Firm Commitment issued on or after November 19, 1992, or under Direct Endorsement processing where the credit worksheet was signed by the mortgagee's approved underwriter on or after November 19, 1992.

HUD will issue implementing procedures for the new requirement of 24 CFR 203.379(b) and (c) in the future. Until that time, mortgagees shall continue to follow the requirements of Chapter 2-10B with regard to Unrepaired Conveyance.

*

* D. Certificate of Property Condition. (24 CFR 203.380)

1.The mortgagee shall either:

(a)Certify that as of the date of the filing of the deed for record, or assignment of the mortgage to HUD, the property was:

(1) Undamaged by fire, flood, earthquake, hurricane, or tornado; and

(2) As to mortgages insured or for which commitments to insure were issued on or after January 2, 1977, undamaged due to failure of the mortgagee to take action as required by 24 CFR 203.377, and

(3) As to mortgages insured under firm commitments issued on or after November 19, 1992, or under Direct Endorsement processing where the credit worksheet was signed by the mortgagee's approved underwriter on or after November 19, 1992, undamaged while the property was in the possession of the mortgagee; or

(b)Attach to its claim a copy of HUD's authorization to convey the property in a damaged condition.

2.In the absence of evidence to the contrary the mortgagee's certificate or description of the damage shall be accepted by HUD as establishing the condition of the property as of the date of the filing of the deed or assignment of the mortgage.

*

NOTE:The certification is accomplished through the accurate completion of Form HUD-27011.

2-11 PROTECTION AND PRESERVATION OF PROPERTIES.

A vacant property must be protected and preserved while it is in the possession of the mortgagee so that it will not be damaged at the time of conveyance. A prudent mortgagee will protect and preserve a vacant property to avoid potential damage to the property and surcharges to its claim. HUD will reimburse the mortgagee for required preservation and protection costs within regionally or locally established limits when these expenditures are adequately documented. Protection and preservation work should not delay conveyance. The mortgagee should also determine whether the property is vacant and whether protective action is necessary. HUD will reimburse the mortgagee for appropriate periodic inspections for this purpose.

A. Mortgagee Responsibility. For mortgages insured on or after January 1, 1977, mortgagees will be held responsible for any
* damage to a vacant mortgaged property resulting from the mortgagee's failure to take reasonable protection and preservation action. "Reasonable action" includes the commencement of foreclosure within 120 days after the mortgagee discovers or should have discovered that the property was vacant or abandoned (see paragraph 2-2A).

For mortgages insured under a firm commitment issued on or after November 19, 1992, or under Direct Endorsement processing where the credit worksheet was signed by the mortgagee's approved underwriter on or after November 19, 1992 the mortgagee will not be reimbursed for the costs of protecting, operating or preserving the property or removing debris from the property after the time the property should have been conveyed to HUD (24 CFR 203.402(g)) (see paragraph 2-2 D).

*

Failure to inspect, protect and preserve the property will be considered mortgagee neglect. If the property is damaged because of mortgagee neglect, the mortgagee must repair the damage at its own cost or obtain permission from HUD to convey the property damaged.

If permission is given to convey a property in a damaged condition, the greater of any insurance recovery or HUD's estimate of the cost of repairs shall be deducted from the mortgage insurance benefits. Where the claim is to be adjusted for damages, Item 24 of Part A, Form HUD-27011, should be marked "Yes" and Items 25, 26 and 27 must be completed (24 CFR 203.379(a)(1)).

Mortgagees must provide the local HUD offices any documentation, including copies of all inspection reports, which they feel will verify that appropriate action was taken to preserve and protect the mortgaged property from the time of vacancy to conveyance.

This documentation must accompany the copy of Part A, Form HUD-27011, which is sent to the local HUD office. Ensure that all such documentation includes the FHA case number, is securely fastened to the claim form, and is legible. Without adequate documentation to support the mortgagee's position, local HUD offices shall deem such damage as being due to the mortgagee's failure to take appropriate action to preserve and protect the mortgaged property. HUD reserves the right to deduct from the mortgage insurance claim the greater of the hazard insurance benefits or HUD's estimate to repair the property.

B.Inspections. (24 CFR 203.377)

1.Inspections are identified as initial, occupancy and vacant.

a.Initial. When the mortgage is in default and a payment is not received within 45 days of the due date and efforts to reach the mortgagor or occupant have been unsuccessful, the mortgagee must inspect the mortgaged property to determine if it has become vacant or abandoned. The initial inspection must be made within 60 days of the due date.

b.Occupancy. If the mortgage remains in default and the inspector cannot verify that the property is vacant, the mortgagee must perform at least one follow-up to

determine whether the property remains occupied. This follow-up must be documented whether it was by letter, telephone or means other than on-site inspection. When the mortgagee is unable to determine the occupancy status by telephone or correspondence, an inspection and adequate follow-up must be made within 30 days of the last inspection or follow-up.

This inspection serves three purposes: first, it promptly appraises the mortgagee when it has acquired possession because the property is vacant; second, it appraises the mortgagee when it is time to take reasonable protection and preservation action; and third, it permits more timely foreclosure of an abandoned property.

During bankruptcy actions and assignment processing, mortgagees should be able to verify the status of the property without performing an on-site inspection. (Occupancy information during bankruptcy can usually be obtained by contacting either the bankruptcy trustee or the filing attorney.) Reimbursement in a mortgage insurance claim normally will not be made for occupancy inspections if the mortgagor has filed bankruptcy until the bankruptcy is released, discharged or the property is formally abandoned by the bankruptcy trustee.

Mortgagees may communicate with the HUD office and/or counseling agency to determine the mortgagor's status while a case is being processed for assignment. For this reason there should be few cases where an occupancy inspection is warranted and reimbursable during assignment processing.

c.Vacant. When the mortgage is in default and the mortgagee has established that the mortgaged property is vacant, mortgagees shall inspect the mortgaged property every 25 to 35 days.

Generally, reimbursement will be limited to one inspection for each thirty day cycle. This inspection should not be earlier than 25 days after the last inspection or later than 35 days after the last inspection. Only where a local HUD office has identified a need to inspect more frequently, and has made this a requirement, will reimbursement be allowed for those additional inspections.

2.For all inspections, mortgagees shall document the general condition of the property as well as any actions which would be required to adequately protect and preserve the property. Many of the inspection forms currently used by the industry meet or exceed HUD requirements. The purchase or use of a specific form will not be required.

However, at a minimum, the following Items must be documented on each inspection report. Of course, where the

property is occupied, some of the Items listed would be identified as not applicable (n/a).

- a. Date of the inspection.
- b. Identity of the inspector.
- c. Is the property occupied?
- d. Is the house locked or secured?
- e. Is the grass mowed and/or shrubs trimmed?
- f. Is there any apparent damage?
- g. Is any exterior glass broken?
- h. Are there any apparent roof leaks?
- i. Does the house contain personal property and/or debris?
- j. Are any doors or windows boarded?
- k. Is the house winterized?
- l. Are there any repairs necessary to adequately preserve and protect the property?
- m. Are appliances present and operable?

For purposes of reimbursement, proper documentation must be maintained by the mortgagee on the performance of inspections and follow-up activities. HUD defines proper documentation as evidence of payment and copies of all completed inspection forms with any accompanying follow-up documentation for occupancy inspections. This documentation shall be available for verification and shall be maintained in each claim file.

C. Debris Removal.

1. Debris and personal property must be removed before the property is conveyed to HUD unless otherwise directed by the local HUD office, but this should not delay conveyance. The regulations require conveyance within 30 days after acquisition of possession. This should be ample time to remove debris and personal property. Any debris removed per local code is also subject to the established limits on debris removal. Costs for removal of debris and personal property are considered protection and preservation expenses, unless removal of the personal property is required by the sheriff as a part of the eviction proceedings. Cost of Debris removal is considered a protection and preservation cost with the following exceptions:

- a. if the debris is removed by local law enforcement or

crews under the control of local law enforcement where the mortgagee has no control over the removal, the cost of removal is considered an eviction cost;

* Costs may be claimed within the parameter of the Regional Protection and Preservation guidelines (i.e. amount per cubic yard, etc.) but hours of labor should not be claimed in addition to allowable debris cost limits, as labor is included in determining these amounts.*

b.if the items removed can not be distinguished from personal property and taken to storage, the cost of removal are considered an eviction cost; and

c.if the items are required by the sheriff to be placed on or near the street during the eviction, with no distinction between debris and personal property, the cost of removal is considered an eviction cost.

If personal property is removed as a part of normal eviction proceedings, enter the cost in Item 305 of Part D.

2.Broom sweeping is considered a part of interior debris removal and should not be listed as a separate cost.

3.Dump fees should not be listed as a separate cost. Regional guidelines for costs per cubic yard or per ton will include dump fees.

4.Exterior cleaning, which may include debris, normally has to be conducted only once. Inspections will determine if re-cleaning is necessary. Permission is necessary to exceed the published limit.

5.Appliances which appear to be in operable condition should not be removed from the property. The presence and condition of the appliance should be documented in the inspection report.

6.If the debris includes hazardous waste, local health and environmental agencies should be consulted regarding proper disposition.

7.If it is necessary to exceed the published cost limits for debris removal the mortgagee must submit bids obtained pursuant to Regional instructions and request field office approval. The request should indicate the purpose of the bid, the type of debris to be removed and the amount of protection and preservation expenditures made to date. The bidder's name, address and telephone number must appear on the bid.

Mortgagees will not be reimbursed for the cost of obtaining bids. HUD Field Offices will provide, on request, a list of vendors who will provide free estimates. The mortgagee's field service

company may obtain bids and may be a bidder.

Regional guidelines will instruct mortgagees to obtain one bid or two bids. If two bids are required they must be independent competitive bids and must be submitted to HUD separately. The local HUD

Office may also obtain one or more bids from its vendor list.

The local HUD Office will take one of the following actions after receiving the bids:

a. Notify the mortgagee to accept one of the bids submitted.

b. Notify the mortgagee of the name and bid amount of a bid the local HUD Office received.

In this event the mortgagee may:

(1) Contract directly with HUD's bid source at the stated bid amount, or

(2) Contract with its source at the amount stated by HUD's bid source.

c. Notify the mortgagee to convey the property without removing the debris.

D. Cost Limits.

1. Limits on the amount HUD will reimburse mortgagees for specific items which are considered as protection and preservation (P&P) actions will be published by HUD regional offices. To the extent feasible, these limits will be established on a regional basis but some local variations may be necessary. However, local office variations are published in the Regional P&P Schedule. Appendix 13 provides a listing of HUD's ten regional offices. Any Regional P&P Schedule which have not been received should be immediately requested directly from the respective office.

2. Generally, mortgagees may expend up to the maximum amount specified in the applicable Regional P&P Schedule for protection and preservation work for a one unit single family property without HUD's prior approval, provided individual expense limits have not been exceeded. The costs of required inspections and authorized boarding will not be included in the maximum amount.

3. Expenses above the allowable published cost limits or the total maximum property amount per property must have prior written approval of the local HUD office where the property is located. Appendix 14 provides a sample format which may be used in requesting approval to exceed a cost limit. All requests must contain justification to support them. If the total cost entered in Item 110 exceeds the maximum amount specified in the

Regional P&P Schedule a copy of Part C (and a copy of the local HUD office approval to exceed limits, if applicable) must be attached to the Part B submitted to HUD Headquarters.

4. In order to control costs, mortgagees are encouraged to seek competitive bids for the required work. Requests to exceed regional debris removal limits must be supported by cost estimates.

If a written response has not been received from the local HUD office within 10 days, mortgagees must follow up until a written response is received. In emergency situations, mortgagees may fax their requests to the local HUD office and confirm receipt of these requests verbally. The local HUD offices will respond to your emergency requests via facsimile, if requested. Mortgagees are responsible to confirm receipt and legibility of all requests sent via facsimile.

Failure to receive a response from the local office does not constitute an extension of time or approval of the request (see paragraph 1-6).

A copy of the local HUD office approval and a copy of Part C must be attached to the Part B submitted to HUD Headquarters:

a. For all cases where the total for Item 110, Schedule B, exceeds the Regional maximum property amount.

b. For all cases where the local HUD office issued an approval to exceed a published cost limit (individual or maximum property amount).

Copies of both the mortgagee's request and HUD's response must be retained in the Claim File.

5. Although a claim payment may include reimbursement for more than the Regional cost limit for property protection and preservation expenses, the Department will require reimbursement for any amounts not supported by appropriate documentation. It is not necessary to submit receipts for disbursements with the initial submission of Form HUD-27011. However, receipts must be available upon request from the Department and these receipts from vendors must itemize the service provided in sufficient detail to allow a review for compliance with the limits published by the HUD regional office. Charges must be made and itemized in accordance with the standards of measurement as set forth in the regional limits.

6. The purpose of protection and preservation action is to protect the property from vandalism and the elements until it is conveyed to HUD. Expenditures made after conveyance, (unless the work was performed before conveyance) or for repairs which do not protect and preserve the property

before conveyance are not reimbursable unless requested by the local HUD office in writing. The amount of such reimbursement must also be approved by the local HUD office.

*

7. For mortgages insured under a firm commitment issued on or after November 19, 1992 or under Direct Endorsement processing when the credit worksheet was signed by the mortgagees approved underwriter on or after November 19, 1992, the mortgagee will not be reimbursed for the cost of protecting, operating, preserving or inspecting the property or removing debris from the property incurred after the deadline to convey the property (24 CFR 203.359). See paragraph 2-2D for more detail on conveyance requirements (24 CFR 203.402(g)).

*

E. Other Protection and Preservation Actions.

1. Boarding. Mortgagees shall not board up vacant properties unless prior approval of the local HUD office is obtained. This approval may be provided on a case by case basis, or prior approval may be provided in the regional guidelines (i.e., city, county, zip code, street, block, etc.). The Regional Protection and Preservation Schedules provide policy on this matter.

Although boarding will be restricted and approved on only a case by case basis, mortgagees shall continue to secure all windows and doors in accordance with regional guidelines.

Properties which suffer severe fire damage must be secured for safety reasons and to prevent unauthorized entry. This requires that all lower floor windows and doors will be secured according to the specifications identified in the appropriate regional P&P guidelines.

The additional costs of securing a severely fire damaged property are not included in the Regional cost limitation for customary protection and preservation expenses. However, mortgagees must request prior written approval from the local HUD office if the costs of the securing will exceed \$450. Local HUD offices have been advised to respond to all requests promptly.

2. Winterizing. Specific regional guidelines provide policy on winterization. If regional guidelines do not state a range of months during which winterizing must be completed, then the intent is that winterizing should be done all year.

3. Photographs. Any additional photographs beyond the allowable photo expenditures in the regional guidelines are the responsibility of the mortgagee (and are not reimbursable), unless specifically allowed (in writing) by a local HUD office on a case by case basis.

4. Grass Cutting/Snow Removal. A mortgagee is required to include grass cutting and/or snow removal in the maximum

limit. As the mortgagee approaches the ceiling, an estimate of the total grass cutting and/or snow removal should be made and a one time request to exceed the maximum limit if needed. This will significantly reduce the number of approvals needed.

5.Signs. A sign no larger than 8 1/2 by 11 inches should be attached to the inside of a window or front door, providing information (including a telephone number) as to who to contact for emergency or other purpose.

6.Request to Exceed Limits/Time Frames. Requests to exceed cost limits are considered separately from requests to exceed time frames. A mortgagee who falls to meet a time frame should expect an interest curtailment unless an extension has been requested and granted on Form HUD-50012. Failure to receive a response from a local HUD office to exceed cost limits does not constitute either an extension to convey title and file Part A, or an extension to submit title evidence and submit fiscal data, Part B. A separate request for each extension of time must be submitted by the mortgagee. All requests for extensions and all responses must be in writing (see paragraph 1-6 and Appendix 13).

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2-12 EVICTION COSTS - 24 CFR 203.402 q. provides for the reimbursement of reasonable costs incurred in evicting occupants and in removing personal property from the properties. It is the mortgagees responsibility to adequately document and support all evictions costs claimed for reimbursement. The following guidelines for eviction costs must be followed in order to establish such costs as reasonable and customary for the purposes of reimbursement on FHA insurance claims.

A.Photographs. If debris is removed as part of the eviction, before and after photographs as required by the Regional Preservation and Protection Guidelines must be maintained in the claim review file. Debris removal is generally not an eviction expense, and will be disallowed as such, unless it can be clearly demonstrated that one of the conditions of Paragraph 2-11 C 1 a, b or c are met.

B.Eviction Crews. Costs of eviction crews actually necessary to accomplish the eviction will be reimbursable provided that those costs are customary and reasonable for the area. If a Sheriff or local law or statute requires a certain number of persons to be present, documentation to verify that requirement must be maintained in the claim review file.

C.Eviction on Unoccupied Property. Evictions should not normally occur on unoccupied properties. However, certain local conditions may require that evictions be performed on unoccupied properties. If possessory action is initiated on an unoccupied property, the mortgagee must sufficiently document in the claim file the reasons why such action is necessary to be eligible for reimbursement of the cost relating to such action. *

2-13 HAZARD INSURANCE.

A. Hazard Insurance Premiums. HUD will reimburse the mortgagee for hazard insurance sufficient to protect the mortgagee's interest up until the date the deed to the Secretary is filed for record (24 CFR 203.402(c)). The reimbursement may not exceed the reasonable rate for the area. A reasonable rate is a rate not in excess of the rate or advisory rate set by the principal State-licensed rating organization for essential property insurance in the voluntary market or the FAIR Plan rate if such coverage is available (24 CFR 203.379(a)). HUD may establish from time to time acceptable reimbursement rates.

All hazard insurance policies on the mortgaged property must be canceled as of the date the deed to the Secretary was filed for record (24 CFR 203.382). Do not delay submission of Form HUD-27011, Part B, pending receipt of premium refunds resulting from the cancellations. Part B must be prepared within the required time limits. If the amount of the actual premium refund is not known at the time the Part B is prepared, calculate an estimate on the "short rate" basis.

To calculate the refund using the "short rate" method, determine the number of days the policy was in effect. This is the period from the effective date of the policy to the earlier of the cancellation date or the date the deed to the Secretary was filed for record. The Julian Date Calendar in Appendix 9 may assist in this determination. The Short Rate Table in Appendix 15 is then used to determine the percentage of the premium utilized. This figure is subtracted from 100 to determine the percentage of premium remaining. The total premium is multiplied by the remaining percentage of premium to determine the estimated amount of the premium refund.

Example: A \$250 insurance policy is effective from 8/10/92 through 8/10/93. The property is conveyed to the Secretary on 9/15/92. The policy was in force for 36 days (from 8/10/92 to 9/15/92). The Short Rate Table shows that 20% of the premium was utilized, therefore 80% of the premium is remaining.

$\$250 \times 80\% = \200 is the estimated hazard insurance refund

Include the estimated refund amount in Item 109, Part B. If the actual premium return differs, you may be entitled to either a refund or be required to remit the difference to HUD. File a supplemental form (see Chapter 7) to claim a refund or remit the difference (\$10 or less should be ignored). Any claimed difference between the calculated estimate and actual return premium must be supported by the insurance carrier's statement of the return premium. A copy of this statement should be retained by the mortgagee in the claim file.

Under the following circumstances, the mortgagee may submit (i) a Part B claim without including an estimated HIP refund; or (ii) a supplemental claim for reimbursement, if a HIP refund was estimated but no refund was received:

1.the mortgagee can demonstrate that the insurer remitted the refund to the mortgagor, or

2.the mortgagee can demonstrate that the insurer has a policy of not remitting refunds to the mortgagee in that jurisdiction.

If the hazard insurance premium is estimated and a refund is due, file a supplemental claim. If an additional remittance is due HUD, file a supplemental remittance (see Chapter 7 of these instructions).

*

B. Hazard Insurance Recovery. (24 CFR 203.379) Mortgagees are expected to seek hazard insurance proceeds for all situations where the property has sustained casualty, theft or vandalism damage, not just for damages sustained in fire, flood, earthquake, tornado, hurricane, boiler explosion or where the mortgagee failed to take proper action to preserve and protect the property (mortgagee neglect). However, the application of insurance proceeds on Form HUD-27011 will differ for those cases where the damage was not fire, flood, earthquake, boiler explosion, tornado or mortgagee neglect.

1.If the property is damaged by fire, flood, earthquake, tornado, hurricane, boiler explosion (condominium units only) or mortgagee neglect, the property may be conveyed damaged only with prior HUD approval (24 CFR 203.379(a)(1)). If such a property is conveyed with HUD approval, the greater of the hazard insurance recovery or HUD's estimate of damage will be entered in Part A, item 27 and will be deducted from the insurance benefits (24 CFR 203.379). If Part A is submitted before the insurance proceeds are received, the mortgagee may have to estimate the recovery. When the proceeds are received, they may be less than the amount estimated. In this event, the mortgagee is entitled to reimbursement of the difference between the amount of proceeds expected and the proceeds received if both are greater than HUD's estimate of damage (24 CFR 203.382(b) and (c)). The adjustment is made on line 119 of Part B. The mortgagee is not entitled to a reimbursement which would reduce the deduction in insurance benefits to less than HUD's estimate of damages.

2.Where the damage was other than fire, flood, earthquake, tornado, hurricane, boiler explosion or mortgagee neglect, the amount of the hazard insurance recovery must be shown on Part B, line 118. Do not report these funds received on Part A, item 27, as it will cause your claim to suspend and delay your payment.

*

2-14 DEMOLITION NOTICES.

Mortgagees must advise the local HUD office having jurisdiction when a demolition notice is received. In some cases, the property could be salvaged with limited repairs. Usually, these repairs would be too

extensive to be considered as "protection and preservation costs" which HUD has authority to reimburse the mortgagee.

A copy of the demolition notice must be sent immediately to the local HUD office to the attention of the Chief Property Officer (CPO). The condition of the property will be evaluated and the mortgagee will be notified whether to allow the demolition or request it to be delayed. The mortgagee will be reimbursed for the cost of compliance with local HUD office instructions. If an extension to meet any time requirement is needed, a request should be submitted pursuant to paragraph 1-6.

2-15 FORECLOSURE AND ACQUISITION COSTS. (24 CFR 203.402(f))

HUD regulations authorize the reimbursement to mortgagees of two-thirds of the foreclosure costs or costs of acquiring a property by other means (including costs of conveying and evidencing title to the Secretary). Such costs must be actually paid by the mortgagee and must be approved by HUD.

A.Allowable Costs. A complete listing of allowable or unallowable costs would not be practical because procedural requirements and terminology vary in different jurisdictions. Generally, HUD will reimburse a mortgagee for:

- 1.Fees which must be paid to public officials such as sheriffs, clerks of court, recorders of deeds or public trustees.

- 2.Costs which are required by law, such as private service of process, required publication, or certified copies of documents.

- 3.Fees and costs which are necessarily incurred and are reasonable and customary in the area such as attorney fees, title search, title policy, auctioneer's fee, trustee fees and required costs related to eviction.

B.Costs Not Reimbursable. HUD will not reimburse a mortgagee for:

- 1.Fees and costs which exceed reasonable and customary fees for the area. If a fee exceeds the customary fee for the area, for adequate reason, such as a contested foreclosure or eviction, the excess may be claimed and appropriate documentation to support the amount claimed must be retained in the claim file (see paragraph 1-10).

- 2.Costs which are not necessarily incurred or are required because of dilatory service, such as courier service or express mail or property inspection by attorneys.

- 3.Costs which are overhead items such as postage, telephone, duplicating, or collection services. The attorney's or trustee's overhead costs should be included in their fee.

- 4.Extra costs incurred in the foreclosure as a result of a defect in the mortgage transaction or the mortgage foreclosure or a defect in title which existed at or prior

to the time the mortgage was filed for record. These costs are reimbursable only if the mortgage was sold by the Secretary or was executed in connection with the sale of the property by the Secretary after August 1, 1969 (24 CFR 203.402(f)).

C.Full and two-third Reimbursement.

1.Full Reimbursement.

a.Costs of eviction or other possessory actions are not considered foreclosure costs and are reimbursable in full within reasonable and customary limits.

b.Costs of eviction crews, furniture storage or relocation expenses are reimbursable only if required under state or local law.

2.Two-Third Reimbursement.

Fees and costs related to foreclosure, conveyance and title evidence are limited to two-thirds reimbursement. HUD will calculate the two-thirds allowance based on the amounts entered on the claim form.

Item 306 -Attorney fee for foreclosure.

Item 307 -All foreclosure, conveyance and title evidence costs other than fees, guardianship and intestacy proceedings (including related attorney fees); Torrens title acquisition costs, and bankruptcy costs other than attorney fees.

Item 310 -Attorney fees related to bankruptcy.

2-16 TAX BILLS. (24 CFR 203.402(a) and (b))

The mortgagee must secure from the taxing authorities all available tax bills prior to conveyance of the property to HUD. Such bills, regardless of due date, must be paid by the mortgagee prior to conveying a property to HUD. In effect, no tax bills available from the taxing authorities should remain unpaid as of the date the deed is filed for record whether the taxes are payable before or after conveyance.

Do not pay tax bills received after the date the deed is filed for record. Send these tax bills to the local HUD office, identified by the FHA case number and the taxing authority identification number.

As indicated in paragraph 2-6, the recorded deed should contain the address of the local HUD office "ATTN: Single Family Property Disposition Branch" to assure that the taxing authority sends tax bills to the appropriate office for payment.

Do not delay submitting an application while awaiting a copy of the tax receipt to attach to the local office copy of the claim form. A

copy of the tax bill, the disbursement document or other type of information which identifies the tax and indicates that it was paid or sent for payment is acceptable.

The mortgagee will not be reimbursed for interest or penalties for late payment of taxes or assessments.

2-17 BANKRUPTCY OF THE MORTGAGOR. (24 CFR 203.355)

The filing of a bankruptcy petition by the mortgagor may prevent or suspend the foreclosure action so that the action may not be initiated or completed within the specified time requirement.

A.Delay of Foreclosure Initiation.

1.If the filing of a bankruptcy petition prevents the initiation of foreclosure within the nine months time requirement, the time limit is extended to 60 days after the release of the bankruptcy stay. The extension will avoid the curtailment of debenture interest. In order to extend the time limit the date of filing the bankruptcy petition must be entered in Item 40, the date of release of the bankruptcy stay must be entered in Item 21 and a date 60 days after the date of release must be entered in Item 19.

* The extension of time begins when the court releases the bankruptcy stay or otherwise makes it possible to foreclose, not when the mortgagee learns of the court's action. Mortgagees and their agents should monitor and follow-up on court proceedings where bankruptcies are delaying the initiation of foreclosure so required actions can be taken within the permitted time frame.*

If the time limit expired before the bankruptcy petition was filed, or if foreclosure was not initiated within 60 days after the release of the bankruptcy stay, debenture interest will be curtailed as of the date the action should have been taken. Under these circumstances an extension date of sixty days should not be entered in Item 19.

* 2. A 60-day extension may not be adequate if the mortgagee must send the letters under the assignment program or send notices required by State law after the mortgage is released from bankruptcy stay.

Mortgagees are authorized an additional extension of time for foreclosure initiation without prior HUD approval to permit compliance with HUD's assignment and State law requirements.

a.HUD Requirements to Send Assignment Letters. If the mortgagee is required by HUD Handbook 4330.1, REV-3, Paragraph 8-7A.1.a to send the HUD assignment letters after the bankruptcy stay has been released, the

mortgagee is authorized a 90-day extension of time to initiate foreclosure (60-day extension as discussed in the first paragraph plus an additional 30 days) in order to allow sufficient time for dispatch and response to the assignment letters. The mortgagee must be very prompt in sending the assignment letters so that there will be sufficient time remaining to initiate foreclosure if appropriate.

b.State Law Requirement to Send a Demand Letter or Similar Notice. If State law requires that a demand letter or similar notice be sent after bankruptcy stay has been released and before foreclosure is instituted, the mortgagee is authorized an additional extension of the minimum length of time for the notice (for example, if State law requires that a demand letter be sent not less than 30 but not more than 90 days before publication of sale, the additional extension will be 30 days).

c.In some states the filing of a bankruptcy petition voids or nullifies the foreclosure action and foreclosure must be reinitiated. If this occurs the date of the reinitiated action, not the date of the nullified action, will be considered the date of foreclosure initiation. The foreclosure action must be reinitiated within sixty days after the release of the bankruptcy stay or within nine months of default.

d.Application for Insurance Benefits. In applying for mortgage insurance benefits where an additional 30-day extension is authorized, the mortgagee should enter in Item 19 of Form HUD-27011 an expiration date which includes both the 60-day bankruptcy extension and the additional extension. The reason for the additional 30-day extension must be given in the Mortgagee comment section of Part A, Form HUD-27011.

e.Bankruptcy Stay Requirement. The mortgagee is authorized an extension for compliance with an assignment or State law requirement in addition to a 60-day bankruptcy extension only if foreclosure could not be initiated within nine months of default because of the bankruptcy action. NOTE: If processing of an assignment request prevents the mortgagee from initiating foreclosure within the nine months time frame, the local HUD Offices will continue to grant a 60-day extension on assignment rejections.

f.Claim Review File. Mortgagees must fully document the claim file to support the use of the additional 30-day extension. This documentation may consist of dated copies of the court's release from the bankruptcy stay; dated copies of each HUD assignment letter sent before and after their bankruptcy; and dated copies of any demand letters or notices sent together with a reference to the applicable State law. These documents

will be examined as part of HUD's claim review to determine their accuracy and the appropriateness of the additional extension.

*

B.Delay of Foreclosure Completion. If the filing of one or more bankruptcy petitions after initiation prevented completion of foreclosure within the specified time frame a brief note of the cause of delay should be entered in the Mortgagee's Comment section of Part A and supporting documentation must be placed in the claim file (See paragraph 2-2).

C.Fees and Costs. After a decision has been made to foreclose, and the mortgage has been referred for foreclosure, certain fees and costs related to bankruptcy of the mortgagor may be considered costs of property acquisition. Therefore, HUD will reimburse the mortgagee two-thirds of such costs (subject to the reasonable and customary limits for the jurisdiction). If there are multiple bankruptcies, the fees and costs for each filing will be included.

2-18 FUNDS HELD BY MORTGAGEE.

A.General. Funds held by the mortgagee are deducted from the insurance benefits, therefore, they should not be sent to HUD. Such funds shall be reported by making the following entries:

Unapplied Section 235 Assistance Payments - Item 123, Part B, Column A.

Funds Held Pursuant to a Buydown Agreement - Item 109, Part B, Column A.

Rental Income - Item 115, Part B, Column A.

Hazard Insurance Recovery - Item 118, Part B, Column A, if not reported on Part A.

Hazard Insurance Recovery - Item 27, Part A, and Item 119, Part B, column A if the entry in Part A is an estimate.

All other funds - Identify the nature and the amount of the funds and enter in Item 109, Part B, Column A.

B.Escrow Funds. Any funds remaining in the escrow account on the date the deed is filed for record must be entered in Item 109, Part B. If there are funds in the escrow account, there should be no entries for escrow advances in Items 305 or 311.

If the escrow account is depleted, escrow expenditures must be entered as advances in Items 305 or 311, as appropriate. They should not be charged to Item 109 so as to create a negative escrow balance.

2-19 RENTAL OF PROPERTIES.

If there is a lengthy redemption period and the mortgagee has

possession of the property during that period, the best protection against damage to the property may be to keep it occupied by tenants. HUD will not reimburse the mortgagee, however, for costs incurred solely in renting the property. These costs must be recovered from rental income. Although rental expenses and rental income will be shown separately on the claim form, rental expenses are allowable only as an offset to rental income. If rental produces a net profit, that profit will serve to reduce the amount of the claim.

2-20 SPECIAL FORBEARANCE.

If a claim for insurance benefits is filed pursuant to a default under a special forbearance agreement entered into between the mortgagee and the mortgagor, the payment will include unpaid mortgage interest. (24 CFR 203.410(a)(3)) The forbearance agreement must be signed by both the mortgagor and the mortgagee, and must meet the conditions of 24 CFR 203.614. A copy of the executed forbearance agreement must be forwarded to HUD Headquarters with Part B of the Form HUD-27011. A copy must also be retained in the claim review file maintained by the mortgagee.

*Any request for mortgage note interest on a claim for insurance benefits which is not fully supported, will not be honored. The "Special Forbearance Checklist" (Appendix 26) was developed as a tool to help mortgagees establish if the case meets the minimum requirements for special forbearance. A signed copy of the checklist must be submitted with the claim and a signed copy must be maintained with the claim review file.

*

A. Eligibility for Mortgage Interest. The mortgagor must have failed to meet the requirements of the agreement for 60 days.

B. Period for Which Mortgage Interest is Paid. Mortgage interest is paid for the period beginning on the due date of the last completely paid installment. To determine this date the total amount of funds received under the agreement are applied according to the terms of the original mortgage, to escrow, principal and interest. If sufficient funds were received to total more than one payment, advance the due date of the last completely paid installment and reduce the unpaid principal balance accordingly. If no payments were made under the mortgage, interest is paid for the period beginning 30 days prior to the date of the first scheduled payment.

Mortgage interest is paid to the earliest of the following dates:

1. the date of institution of foreclosure proceedings,
2. the date of acquisition of title and possession by deed in lieu of foreclosure,
3. the date the property was acquired by the Commissioner under a direct conveyance from the mortgagor,
4. 90 calendar days following the date the mortgagor fails to

meet the requirements of the forbearance agreement, or

5. such other date as the local HUD office may approve in writing prior to expiration of the 90-calendar day period (24 CFR 203.402a).

The claim for this mortgage interest is made on line 121 of Part B of the claim form.

C. Computation Method. To obtain the amount of accrued mortgage interest due, multiply the Daily Interest Rate Factor by the amount of the unpaid principal balance. The Daily Interest Rate Factor is found in the Table in Appendix 8. This result is then multiplied by the number of days from the due date of the last completely paid installment to the date selected above as the "ending date." To assist in determining the number of days refer to the Julian Date Calendars provided in Appendix 9.

EXAMPLE: Assume a \$90,000 mortgage financed at 13 1/4 percent interest rate for 30 years involved a broken special forbearance agreement. Prior to the agreement the regular monthly payment was \$ 1,400, consisting of a principal and interest payment of \$1,013.40 and a monthly escrow payment of \$386.60. The last completely paid installment prior to the agreement was August 1, 1983, at which time the unpaid principal balance was \$82,418.50. On November 14, 1983, a special forbearance agreement was entered in which the mortgagor agreed to pay \$250 on that date and \$250 on the 17th of each following month, but failed to make the payment due August 17, 1984. Since the agreement had been broken for 60 days on October 18, 1984, foreclosure proceedings were instituted on November 10. After considering the payment received during the agreement, which amounted to one complete installment, the due date of the last completely paid installment was advanced to September 1, 1983, at which time the unpaid principal balance was \$82,259. Since one complete escrow payment was also received, the amount of escrow was increased by \$386.60. The mortgage interest is therefore calculated from September 1, 1983, to November 10, 1984, the date foreclosure was instituted.

D. Period for Which Debenture Interest is Paid. (24 CFR 203.410) Debenture interest is paid for the period beginning on one of the following dates and ending on the date of the initial payment or the date of interest curtailment.

1. the date of institution of foreclosure proceedings

2. the date of acquisition of title by the mortgagee or by HUD

HUD will compute the debenture interest at the time of payment of Part B and will adjust the amount of interest paid in the Initial Payment, if necessary.

Since debenture interest is calculated on the Unpaid Principal Balance when Part A is paid, before information about forbearance agreement is available, an adjustment in debenture interest is needed when Part B is processed. Mortgage Note Interest and debenture interest cannot be paid for the same period of time. If Mortgage Note Interest is claimed on Part B because of a

special forbearance agreement, debenture interest already paid for the same period will be subtracted from the final settlement.

E.Extension of Time. (24 CFR 203.355) Although foreclosure may not be initiated or title may not be acquired within nine months of default because of the existence of a forbearance agreement the mortgagee need not request an extension of time. If the insurance claim includes a payment of mortgage interest, debenture interest begins on the date of foreclosure initiation or title acquisition, not the date of default (24 CFR 203.410). Since mortgage interest ceases 90 days after the mortgagor failed to meet the requirements of the agreement and debenture interest does not begin until foreclosure initiation or title acquisition, there will be a period of time when no interest accumulates if the mortgagee fails to initiate foreclosure within the 90 day period.

Should the mortgagee be prohibited from initiating foreclosure within the 90 day period because of bankruptcy or state law, or assignment consideration by the local office the mortgagee should request an extension of the period for which mortgage note interest is to be paid, on form HUD 50012 before the 90 day period expires. The field office will extend the time to 60 days after the expiration of the bankruptcy or state law prohibition.

2-21 SECTION 235 ASSISTANCE PAYMENTS.

A.Unapplied Payments. Unearned Section 235 assistance is to be returned to HUD via the Section 235 billing process. Earned Section 235 assistance payments should be applied to the mortgagor's account in full installments to advance the date of default. Partial payments which remain unapplied must be reported in line 123 of Part B.

B.Overpaid Assistance. If the mortgagee advanced its own funds to repay overpaid Section 235 assistance to HUD and has not recovered the full advance from the mortgagor, the unrecovered advance shall be entered in Column B line 124 of Part B.

2-22 DOCUMENTS TO BE SUBMITTED.

It is very important that all required documentation be forwarded to the appropriate locations in a timely manner. Failure to meet any of the documentation requirements could jeopardize all or part of the claim reimbursement (24 CFR 203.363). The various documentation requirements imposed on the mortgagee are designed to provide critical control and notification functions which enable HUD to expedite the payment of a claim. For example, it is critical that at the time of the initial application, the appropriate documentation is simultaneously mailed to the local HUD office. This provides the local office with timely notice that a property is now in HUD's inventory. If such notice is not provided to the local office at the time of the initial application, the mortgagee may not receive reimbursement for claimed expenses and may be liable for subsequent damage to the property.

Following is a listing of the documents which must be submitted on

conveyance claims, the location they must be sent to, and when they must be sent.

A. On the Date the Deed is Filed for Record. On the date the deed to HUD is filed for record or mailed to the recording authority, all required documents must be sent to HUD Headquarters and the local HUD office as follows:

1. TO HUD HEADQUARTERS

a. The original Part A

b. The original Mortgage Insurance Certificate

c. Worksheet showing reallocation of mortgage payments if capitalized method of accounting is used.

2. TO THE LOCAL HUD OFFICE

a. A copy of Part A

b. A copy of the deed to HUD filed for record

c. A copy of the Mortgage Insurance Certificate

d. Copies of the last tax bills paid to each taxing authority

e. A copy of HUD's letter approving damaged conveyance of the property under 24 CFR 203.379(a), if applicable

f. The mortgagee's certificate that the conditions of 24 CFR 203.379(b), relating to fire damage, have been met, if applicable

g. A copy of documentation that will verify that appropriate action was taken to protect and preserve the property, if applicable

h. Keys to the property, if available

B. Within 45 Days After the Date the Deed was Filed for Record. (24 CFR 203.365) Within 45 days after the date the deed to HUD was filed for record or mailed to the recording authority, all required documents must be sent to the local HUD office as follows:

1. TO THE LOCAL HUD OFFICE

Secretary a. Title evidence reflecting ownership vested in the

b. A copy of the mortgage

c. A copy of Part A

d. A statement relating to title defects if 24 CFR 203.390 applies

* *
* *

2-23 CLAIM PREPARATION - CONVEYANCES.

The claim must be completed as described below using HUD Form 27011, Single Family Application for Insurance Benefits. To avoid delays in payment, the claim must be complete and accurate and contain all information requested. See Par. 1-3 on pre-screening of applications.

A. Instructions for the Completion of HUD Form 27011, Part A, Initial Application. The following Item by Item instructions are to be used when completing HUD Form 27011, Part A, for conveyance claims.

PART A --- INITIAL APPLICATION

INITIAL APPLICATION

Item 1 Claim Type. Place an "X" in the space for Claim Type 01 = Conveyance.

Items 2

and 3 FHA Case Number and Section of Act Code. Enter the FHA Case Number and the appropriate Section of the National Housing Act ADP code. All mortgages endorsed since 1962 use the first style shown below, with three numerals, then a hyphen, then six numerals (or seven including the check digit). Be sure to include the hyphen on the claim, whether the claim is submitted on paper or through electronic data interchange (EDI), even though CHUMS may omit it. The three other acceptable FHA case number formats, for pre-1962 mortgages, are also illustrated below. All models include the Section of the Act (SOA) ADP codes. The formatted case number appears on the MIC or the advanced notice of S/F Annual MIP unless the case is included in CHUMS, as in "5" below.

(1)	X X X - X X X X X X	X X X
	or X X X - X X X X X X X	
	FHA Case No.	SOA ADP Code

(2)	X X - X X X X X X	X
-----	-------------------	---

X X

(3)	X X X X X X - X X	X
-----	-------------------	---

X X

(4)	X X X - X X X X X	X
-----	-------------------	---

X X

	FHA Case No.	SO
--	--------------	----

A ADP Code

CONVEYANCES

4330.4

(5) X X X X X X X X X X X X X X X X X X X
 FHA Case No. SOA ADP

Code

(used in CHUMS)

Item 4 Default Reason Code. Enter the applicable code number from the default reasons listed below. If code 15 is used, explain the reason on the reverse of Part A under "Mortgagee's Comments."

CODE	REASON
01	=Death of a principal mortgagor
02	=Illness of a principal mortgagor
	03 =Illness of mortgagor's
family	
member	
	04 =Death of mortgagor's family
member	
	05 =Marital difficulties
	06 =Curtailment of income
(Reduction of	
income of a borrower)	
	07 =Excessive obligations -
same	
income, including habitual	
nonpayment of debts	
	08 =Abandonment of property
	09 =Distant employment transfer
	10 =Neighborhood problem
	11 =Property problem
	12 =Inability to sell property
	13 =Inability to rent property
	14 =Military service
	15 =Other (explain in Mortgagee
comments)	

Item 5 Endorsement Date. Enter the endorsement date that

appears on the Mortgage Insurance Certificate. If the mortgage was insured before MIC's were issued, enter the endorsement date that appears on the note.

Item 6 Date Form Prepared. Enter the date the HUD form 27011 is completed and submitted to HUD. To avoid debenture interest curtailment, Part A must be submitted on the same day the deed is filed for record, or mailed to the recording authority. See paragraph 2-2.

* Note: Although HUD permits 10 days from this date to receive the HUD Form-27011 before curtailing interest for late submission, you are required to enter in Item 6 the date of the actual submission (mailing) date of the form.*

Item 7 Due Date of First Payment to Principal and Interest. Enter the date the first payment to Principal and Interest is due. Obtain this date from the mortgage note.

Item 8 Due Date of Last Complete Installment Paid. Enter the date the last complete installment paid was due, not the date it was paid. This Item should be taken from the payment ledger. If no payments have been made, enter the date in Item 7 (Due Date of the First Payment to Principal and Interest). Note that the date in this Item will always be the first of the month.

Item 9 Date of Possession and Acquisition of Marketable Title. Enter the later of the date the mortgagee acquired good and marketable title to the property or the date it acquired possession of the property.

The mortgagee acquires the title to the property on the date of the Sheriff's or Trustee's deed or the deed-in-lieu of foreclosure is recorded. If the deed conveys title directly

to HUD, rather than to the mortgagee, the date the deed is recorded will be considered the date the

* mortgagee acquired title, except that any redemption period must have elapsed in order for title to be marketable.

*

The mortgagee acquires possession of the property on the date the property was discovered, or should have been discovered, to be vacant (see paragraph 2-9).

Exception: If the mortgagee requested permission to convey occupied and the request was either

approved or unanswered enter either (i) the date of HUD's approval to convey the property occupied, or (ii) the date on which 90 days have elapsed since the mortgagee notified HUD as provided in 24 CFR 203.671(c) of the occupied conveyance regulations (see paragraph 2-9).

Item 10 Date Deed or Assignment Filed for Record or Date of Closing or Appraisal. Enter the date the deed conveying the property to the Secretary is filed for record. The date the deed is mailed to the recording authority may be entered. Do not enter the date the deed is mailed to an attorney.

Note: Whichever date is entered (recording or mailing) will be used in evaluating all other related time requirements and cannot be altered.

Item 11 Date Foreclosure Proceedings (a) Instituted or (b) Date of Deed In Lieu. Check the appropriate box and enter the date of the first public action taken which was required by law to initiate foreclosure (e.g., filing a complaint or petition, recording a notice of default, or publication of a notice of sale) or the date the deed-in-lieu was recorded, whichever is applicable. If foreclosure was instituted and a deed in lieu was then obtained, check both blocks and enter both dates. If the foreclosure action was nullified under state law by the filing of a bankruptcy petition, enter the date on which the foreclosure action was
* re-instituted. If the deed-in-lieu is directly conveyed to the Secretary, the date the deed is mailed for recording may be used.
*

Item 12 Holding Mortgagee Number (Payee). Enter the complete 10-digit mortgagee number of the holding mortgagee.

Note: This number determines the payee's name and the address to which the insurance benefits check and claim payment data are mailed.

Item 13 Servicing Mortgagee Number. Enter the complete 10-digit mortgagee number of the servicing mortgagee.

Note: This number determines the name and address to which all computer generated letters and claim payment data are mailed. Information will be mailed only to the holding mortgagee if this Item is not completed.

Item 14 Mortgagee Reference Number. Enter the loan number (maximum 15 digits) used by the mortgagee for identifying the case if any. This number will be printed on the benefits check. If the mortgagee is FNMA or GNMA, the FNMA or GNMA loan number must be entered.

Item 15 Original Mortgage Amount. Enter the original mortgage amount. This figure should be taken from the mortgage note. If there has been a recast of the mortgage, make a notation of the recasting on the reverse side of Part A under "Mortgagee's Comments" and make reference to 24 CFR 203.342.

Item 16 Holding Mortgagee EIN. Not Applicable.

Item 17 Unpaid Loan Balance as of Date in Item 8 (Item 11 if coinsurance). Enter the unpaid mortgage balance after crediting the last complete monthly installment paid. This figure is taken from the mortgagee's payment ledger. Partial payments insufficient to complete a full monthly installment are to be reported in Part B, Item 109 as escrow funds.

Item 18 Date of Firm Commitment. Enter the date of the firm commitment. This date should be taken from the firm commitment document, if available. The debenture interest rate is determined by the firm commitment date or the date of endorsement, whichever yields the higher rate. If the case was insured under the Direct Endorsement Program or the commitment date is not available, this Item must be left blank. Direct endorsement mortgages may be identified by the suffix code 700 through 799. Do not enter a date here if this is a Direct Endorsement or a converted co-insurance loan.

Item 19 Expiration Date of Extension to Foreclose/ Assign. If an extension of time is requested by the mortgagee and granted by the local HUD office, enter the expiration date of that extension. The extension must be in writing. See paragraph 1-6.

If bankruptcy is involved or if state or local laws delay action, the mortgagee need not obtain approval to extend the date to begin foreclosure. Enter the date 60 days (see note below) after the date of the release of bankruptcy, unless an additional extension period is approved by the local HUD office. The latest extension date must always be entered. This 60 day extension is applicable only when the bankruptcy precluded initiation of foreclosure within

* the timeframe. See paragraph 2-17.

When an attempt at a Pre-Foreclosure Sale (PFS) is

unsuccessful, the mortgagee has an automatic 60-day extension from the date of the notice of termination from the PFS program to initiate foreclosure.

NOTE: In certain circumstances (terms of demand letter or requirement to send assignment letters) it may be appropriate to enter more than 60 days.

See paragraph 2-17A, 2, a.

*

Item 20 Date of Notice/Extension to Convey. If an extension of time to file the deed for record to HUD is approved by the local HUD office, enter the expiration date of the extension.

Item 21 Date of Release of Bankruptcy. If Applicable. Enter the date the bankruptcy stay or the local law prohibition was released. Note: When there is more than one bankruptcy, and the mortgagee is entitled to a 60 day extension to begin foreclosure, enter the release date which applies to the extension.

* Item 22 Is Property Vacant? Yes or No - Check one to indicate the occupancy status as of the date in Item 9.*

Item 23 If Item 22 is "No." Date of Local HUD Office Approval - Enter the date the local HUD office approved the occupied conveyance.

If conveyed property is occupied without HUD approval, as indicated under 24 CFR 203.671(c), enter the 90th calendar day after mortgagee notification to HUD requesting occupied conveyance.

Item 24 Is Property Conveyed Damaged? Yes or No - Check "yes" if the damage falls into the categories listed in paragraphs 2-10 and 2-11.

*

If there is no damage or if there is damage to the property which is not covered by the above sections, check "no." In the latter case, specify on the reverse of Part A under

* "Mortgagee's comments", the type of damage, an explanation of why it does not fall into the categories listed in paragraphs 2-10 and 2-11, and if any immediate repairs are needed. *

* Note: When there is damage to the property and Item 24

is checked "no", the mortgagee must attach to the

Office,
protection

copy of the Part A sent to the Field
copies of documentation relating to all
and preservation work performed on
the property.

*

Item 25 If Item 24 is "Yes," Date of (a) Local HUD Office Approval (pursuant to 203.379(a)(1)) or (b) Certification (pursuant to 203.379(a)(2))
- Enter the date of the HUD approval letter or the mortgagee certification letter, whichever is applicable. Attach a copy of the certification letter to Part A (copy 1) which is sent to the local HUD office.

Item 26 Type of Damage - Check appropriate box. If more than one type of damage, check the type that caused the greatest damage. Do not complete this Item if Item 24 is checked "no."

Item 27 Recovery or Estimate of Damage - A figure must be entered here if Item 24 is "yes" and 25(a) applies. If the local HUD office approved conveyance of the property in a damaged condition, enter the greater of HUD's estimate to repair the damage (obtained from the local HUD office) or the amount of the insurance recovery. If the insurance recovery is not received when this Item is completed, estimate the amount. AN AMOUNT MUST BE ENTERED.

If Item 25(b) applies, enter the amount of the insurance recovery, if any. If insurance recovery has not been received, estimate the amount.

Item 28 Is Mortgagee Successful Bidder? Yes or No - Not applicable.

Item 29 Deficiency Judgment Code. Enter the code number 1, 2, 3 or 4 as appropriate. See below.

Code

1Enter "1" - If HUD authorized you to obtain a deficiency judgment, but you did not acquire one.

2Enter "2" - If you obtained a deficiency judgement, but HUD did not authorize you to do so.

3Enter "3" - If HUD authorized you to obtain a

deficiency judgment and you were successful in obtaining one.

4Enter "4" - If HUD did not authorize a deficiency judgment and you did not obtain one.

Item 30 Authorized Bid Amount. - Enter the amount of the CAFMV, if the local HUD office provided one.

Item 31 Mortgagee Reported Curtailment Date - If the mortgagee failed to comply with a time requirement for any of the following circumstances a) reasonable diligence, b) notice of foreclosure, or c) failure to initiate foreclosure within nine months of default (within one year if default occurred prior to December 1, 1992) and subsequent payments advance the default date, enter the date the action should have been taken. If there was more than one failure, enter the earliest date on which a required action should have been taken.

Item 32 Schedule of Tax Information. Enter complete information on the last amount paid for each type of tax or assessment. If a tax has not been paid because it was not available for payment before conveyance, show the exact title of the tax or assessment to which it is subject. If a tax was not paid because of a Homestead or similar exemption, identify the tax and enter the exemption type in the "Amount Paid" column.

Type of Tax/Tax Year. Enter the exact title of the tax or assessment with installment information, if applicable (e.g., county tax, first half or school district tax, second half) and the year for which the tax assessment was levied.

Collector's Property Identification. Enter the number used by the taxing authority to identify the property.

Amount Paid. Enter the amount paid for each type of tax or assessment (excluding penalties and interest) and attach a copy of the bill to the copy of Part A sent to the local HUD office. If no tax was paid because of a Homestead or similar exemption, enter the exemption type. If the tax was not paid for other reasons, enter "None."

Period Covered, From - To. Enter the dates covered by the tax whether paid or not and without regard for the due date.

Date Paid. Enter the date of actual payment. All tax bills available before

conveyance should be paid regardless of the due date. Tax bills received after the date the deed is filed for record should be sent to the local HUD office, identified by the FHA case number and the taxing authority identification number.

Internal Revenue Service (IRS) Lien. If there is an IRS tax lien, enter the date and the expiration of the lien on the reverse side of Part A under "Mortgagee's Comments."

Item 33 Mortgagor's Name, Social Security Number and Property Address. - Enter the name of the mortgagor in default as it appears on the ledger record. Enter the property address as it appears on the security instrument or the mortgage insurance certificate.

Enter the social security numbers of all mortgagors, if known. At least one social security number is required. See paragraph 1-8 for additional information.

Item 34 Brief Legal Description of Property.
Enter a brief description of the property. This information is found on the mortgage which should agree with the deed to HUD.

Item 35 Name and Address of Mortgagee. Enter the name and address of the mortgagee, including the ZIP code.

Item 36 Name and Address of Mortgagee's Servicer.
Enter the name and address of the mortgagee's servicer, including the ZIP code and the name
and telephone number of a contact person who can answer questions about the claims.

Items 37
and 38

Mortgagee Official Signature, Date and Title, and Servicer Signature, Date and Title. The claim must be signed and dated by an official of the holding mortgagee if the holding mortgagee is

* filing the claim. If a servicer is filing the claim on behalf of the mortgagee, an official of the servicer must sign and date the form. The application must be complete when signed and the actual date signed must be entered by the signing official. The application will be returned if it is not signed or if it contains a stamped or
duplicated signature. *

duplicated signature.

* Note to

signing

official: Please be sure you have read and understand the certifications on the HUD Form-27011 before signing and dating. If your system prints the date in items 37 and 38, check to ensure this is the date you are signing the form. Also check the submission date in item 6 to ensure it does not reflect an earlier date. The date in item 6 should be the same date as item 37 or item 38.

*

Item 39 Amount of Monthly Payment to: (a) FHA insurance, (b) Taxes, (c) Hazard Insurance and (d) Interest and Principal. Not applicable.

Item 40 If Bankruptcy Filed, Enter Date. Enter the date last bankruptcy filing related to the release shown in item 21. If there is more than one bankruptcy, enter the filing and release dates in the mortgagee comments section.

Item 41 If Conveyed/Assigned Damaged, Date Damage Occurred. Enter the date the mortgagee or its agent first became aware of damage to the property. This date should be available in the Inspection Reports. If there are no Inspection Reports because the property was occupied and the date of damage is not known, enter an estimated date and indicate in the Mortgagee Comments section that the date is an estimate.

Item 42 Date HIP Canceled or Refused, if Applicable. Enter the date the fire insurance policy was canceled or refused by the insurer, if the property was damaged by fire and the mortgagee executes a certification pursuant to 24 CFR 203.379(a)(2) (a date will be entered in Item 25b).

Item 43 Number of Living Units. Enter the number of living units in the property.

Item 44 Status of Living Units. Indicate if the property is vacant or occupied for each living unit by checking the appropriate box. If the unit is occupied, enter the occupant's name. If the unit is vacant, enter the date vacated (as best as can be determined) and the date the mortgagee secured the property.

Mortgagee's Comments, if any. Use this area to justify unusual circumstances as well as other information required by the

instructions.

HUD's Comments, if any. HUD USE ONLY.

B. Instructions for the Completion of HUD Form 27011, Part B, Fiscal Data. The following Item-by-Item instructions are to be used when completing HUD Form 27011, Part B, for conveyance claims. Prepare this Part after Parts C, D and E have been completed. The information entered in this Part is transferred from Parts C, D and E.

PART B

FISCAL DATA

Item 100 Mortgagor's Name and Property Address. Enter the mortgagor's name and property address as they appear in Item 33 of Part A.

Items 101
and 102 FHA Case Number and Section of Act Code. Enter the FHA Case Number and Section of the Act Code as they appear in Items 2 and 3 of Part A.

Item 103 Mortgagee's Reference Number. Enter the mortgagee's Reference Number as it appears in Item 14 of Part A.

Item 104 Date Form Prepared. Enter the date Part B is prepared and submitted to HUD (See Paragraph 2-2).

Item 105 Expiration Date to Submit Title Evidence, if Applicable. If an extension of time to submit title evidence or Part B was requested and approved by the local HUD office, enter the date the approval expires.

Item 106 Check if Supplemental. Not applicable.

Item 107 Adjustment to Loan Balance (if different from block 17 on Part A). If the amount of the unpaid principal balance reported in Item 18 on Part A is incorrect, enter the difference between the unpaid principal balance allowed by HUD in the Initial Payment and the amount that should have been paid. The adjustment may be a deduction (Column A) or an addition (Column B). If there is an adjustment, attach copies of the payment ledger or documents supporting the adjustment to the original Part B. If the capitalization method was used, also include a worksheet showing the re-application of payments to principal and interest.

Item 108 Sale/Bid Price or Appraisal Value (for Coinsurance or Nonconveyances). Not applicable.

Item 109 Escrow Balance (as of Date in Block 10, Part A).
 Enter amount remaining in escrow account as of the
 date the deed is filed for record. Also include
 any funds received on account of the mortgage which have not
 been applied to reduce the indebtedness, e.g.,
 partial payments, hazard insurance refunds,
 buydown monies, funds held in escrow for on-site
 repairs (pursuant to Form HUD-92300, Assurance of
 Completion Agreement). DO NOT SEND ESCROW FUNDS
 TO HUD.

oSee Item 123 for instructions on how to adjust
 the
 claim for unapplied Section 235 assistance
 payments.

oPayment of expenses for which funds are escrowed
 shall be charged to the escrow account in full or
 in part until the escrow account balance equals
 zero. Expenses paid from available escrow funds
 are not to be recorded on Part D.

oDO NOT ENTER A NEGATIVE BALANCE. Advances by
 the
 mortgagee for expense payments normally charged to
 the escrow account shall be recorded under Part D,
 Items 305 or 311, as appropriate. When the first
 occurrence of an expense results in a negative
 balance to escrow, enter the negative amount in
 Item 305 or 311, whichever is appropriate.
 Interest on advances shall be computed from the
 date of disbursement to the date the claim is
 mailed. If there were any advances from escrow
 prior to the date of default, interest is
 calculated from the date of default.

oIllustration of Mortgagee Advances:

	Date Due	Date Paid	Interest	Principal	Escrow Adjustment	Escrow Balance
Balance Forward		. . . . .	. . . . .	. . . . .	\$151.60	
1/01/83	2/03/83	\$73.32	\$21.07	\$70.69	222.29	
	8/03/83			198.98-	23.31	
	12/11/83			51.19-	(27.88)/1	

Item 110 Total Disbursements for Protection and
 Preservation from Line 264, Part C. Enter the
 total

1 First amount to be entered on Part D, Item 305 or 311, as
 applicable.
 Interest should only be calculated on \$27.88 not the \$51.19.
 amount of disbursements and debenture interest
 appearing in Part C, Item 264. Note on the
 reverse side of this part any authorization

obtained from the local HUD office for approvals to exceed allowable amounts.

Item 111 Total Disbursements from Item 305, Part D. Enter the total amount paid and debenture interest appearing in Part D, Item 305.

Item 112 Attorney/Trustee Fees Paid From Line 306, Part D. Enter the amount and debenture interest appearing in Part D, Item 306. HUD WILL CALCULATE THE TWO-THIRDS ALLOWANCE FOR BOTH EXPENSES AND INTEREST.

Item 113 Foreclosure, Acquisition, Conveyance and Other Costs from Line 307, Part D. Enter the amount and debenture interest appearing in Part D, Item 307. HUD WILL CALCULATE THE TWO-THIRDS ALLOWANCE FOR BOTH EXPENSES AND INTEREST.

Item 114 Bankruptcy Fee (if applicable) from Line 310, Part D. Enter the amount of bankruptcy fees paid and debenture interest appearing in Part D, Item 310. HUD WILL CALCULATE THE TWO-THIRDS ALLOWANCE FOR BOTH EXPENSES AND INTEREST.

Item 115 Rental Income. Enter any income from the rent of the property between the date foreclosure proceedings were instituted (or property otherwise acquired) and the date the property was conveyed to the Secretary.

Item 116 Rental Expense. Enter rental expenses incurred, if any. If there is no entry in Item 115, make no entry in this Item. This entry cannot exceed the amount shown in Item 115.

Item 117 Total Taxes on Deed from Line 308, Part D. Enter the total amount paid and the debenture interest shown in Item 308, Part D.

Item 118 Recovery or Damage (if not reported on Part A). Use Line 119 if Reported on Part A. If not reported in Item 27 of Part A enter the amount of HUD's estimate of damage, insurance recovery or any other recovery the mortgagee may have received in connection with damage to the property.

Item 119 Estimate or Recovery from Part A. Complete this Item only if the property was damaged at the time of conveyance and an insurance recovery has been received. Its purpose is to adjust the amount entered in Item 27 to reflect the amount of insurance proceeds actually received. However, the adjustment may not result in a deduction from insurance benefits of a total amount less than HUD's estimate of the cost of repairs. See

Paragraph 2-12B.

No entry should be made under the following circumstances:

1. There has been and will be no insurance recovery.

2. The actual insurance recovery is the same as the amount of recovery or HUD's estimate of damage reported in Item 27.

If it is necessary to complete this Item, make the following entries:

1. Estimate of Recovery from Part A.
Enter HUD's estimate of the cost of repairs or the insurance recovery, whichever is greater, reported in Item 27.

2. Total Insurance Recovery. Enter the total amount of insurance proceeds received.

3. Adjusted Amount (plus or minus). Enter the difference between the "Estimate of Recovery" and the "Total Insurance Recovery". If the "Total Insurance Recovery" is greater, enter the difference in Column A; if it is less, enter it in Column B.

Example 1. The Total Insurance Recovery is more than HUD's estimate of repair costs and the mortgagee's estimate of recovery.

Assume Insurance Recovery of \$8,820, HUD's estimate of \$8,650 and an Estimate of Recovery of \$8,500.

	Estimate of Recovery from Part A
\$8,650	
	Total Insurance Recovery
8,820	

A) (\$170)	Adjusted Amount (enter in Column
=====	

Example 2. The Total Insurance Recovery is less than the mortgagee's Estimate of Recovery but more than HUD's estimate of repair costs. Assume Insurance Recovery of \$8,650, HUD's Estimate of

\$8,350, and an Estimate of Recovery of \$8,820.

	Estimate of Recovery from Part A
\$8,820	
Total Insurance Recovery	8,650

B) \$170	Adjusted Amount (enter in Column
=====	

Example 3. The Total Insurance Recovery is less than HUD's Estimate of Repair Costs and the mortgagee's Estimate of Recovery, but the mortgagee's Estimate of Recovery is more than HUD's estimate of repair costs. Assume Insurance Recovery of \$8,350, HUD's Estimate of \$8,650, and an Estimate of Recovery of \$8,820.

	Estimate of Recovery from Part A
\$8,820	
Total Insurance Recovery	8,350

	Adjusted Amount\$470
=====	

The adjusted amount of \$470 cannot be entered in Column B because this would result in a total deduction from insurance benefits of \$8,350 ($\$8,820 - \$470 = \$8,350$) and at least \$8,650 (HUD's estimate) must be deducted. Therefore, the difference between mortgagee's estimate (the amount deducted in Part A) and HUD's estimate ($\$8,820 - \$8,650 = \$170$) should be entered in Column B.

Item 120 Special Assessments (DO NOT USE FOR COINSURANCE) from Line 309, Part D. Enter the total amount paid and debenture interest which appear in Item 309, Part D.

Item 121 Mortgage Note Interest. Mortgage note interest will be included in the insurance benefits if a mortgagor fails to meet the requirements of a special forbearance agreement and the failure continues for at least 60 calendar days. See Paragraph 2-19.

From. Enter the date of the last completely paid installment after all funds received under the agreement are applied according to the terms of the mortgage (Item 8, part A). If no mortgage payments were made, enter a date 30 days prior to the due date of the first scheduled payment (Item 7, Part A).

To. Enter the earliest of the following dates:

1.the date of institution of foreclosure proceedings;

2.the date of acquisition of title and possession by deed-in-lieu of foreclosure;

3.the date the property was acquired by the Commissioner under a direct conveyance from the mortgagor;

4.90 calendar days following the date the mortgagor fails to meet the requirement of the forbearance agreement; or

5.such other date as the local HUD office may approve in writing prior to expiration of the 90 calendar day period (24 CFR 203.402a).

Rate. Enter the mortgage interest rate as it appears on the mortgage note.

Compute the amount of mortgage interest due as instructed in Paragraph 2-20 and enter in Column C.

Item 122 Mortgage Insurance Premiums. Enter total from Item 311, Part D.

Item 123 Unapplied Section 235 Assistance Payments. Enter unapplied assistance payments in Column A, if applicable. See paragraph 2-21.

Item 124 Overpaid Section 235 Assistance Payment. Enter the amount of any funds advanced by the mortgagee to repay to HUD assistance to which the mortgagor was not entitled and which was not recovered from the mortgagor, unless the overpayment was the result of error on the part of the mortgagee. Amount is to be entered in Column B. Do not calculate debenture interest for Column C.

Items 125 thru 128 Not applicable. Any amounts appearing on these lines will be disallowed.

Item 129 Additional Closing Costs at Settlement. Enter the Total from Line 408 Part E. Do not calculate debenture interest on this amount.

Item 130 Appraisal Fee. Enter total from line 409, part E, if applicable. Interest may be entered in Column

C.

Item 131 Deficiency Judgment Costs/Fees. Enter the total from Line 410, Part E, if applicable. Interest may be entered in Column C.

Item 132 Reserved.

Item 133 Contact: Holding Mortgagee, Name and Telephone Number; or Contact: Servicing Mortgagee, Name and Telephone Number. Enter the name and telephone number of a person in the holding or servicing mortgagee's office who can answer questions concerning the information reported on this claim form. Include the Holding Mortgagee number which you entered in Item 12 of Part A.

Items 134
thru 136 Enter the totals of Columns A - Deductions; B - Additions; and C - Interest.

Item 137 Net Claim Amount (Columns B - A + C). The amount HUD actually pays will differ from what the mortgagee enters here because of possible interest curtailments, disallowed expenses, HUD's calculation of two-thirds allowances on attorney/trustee fees, foreclosure costs and bankruptcy fees, and additional debenture interest calculated by HUD to the date of claim settlement.

Items 138
and 139 Mortgagee's Official Signature, Date and Title (signature not necessary if signed by a servicer) or Servicer Signature, Date, and Title. See instructions for Part A, Items 37 and 38.

C. Instructions for the Completion of HUD Form 27011, Part C, Support Document. The following Item-by-Item instructions are to be used when completing Form HUD-27011, Part C, for conveyance claims. Expenditures may be entered on Part C as they occur, however, debenture interest calculations should not be made until the date of claim submission because interest allowance will be computed from the date of expenditure to the date Part B is filed unless interest is curtailed.

No expenses should be incurred and no work performed on the property after the date the deed is filed for record. This does not preclude reimbursement for expenses incurred or work completed before conveyance but not paid until after conveyance.

If the local HUD office instructs the mortgagee to perform a specific service after the date of conveyance, a notation must be made on the reverse of the form under "Mortgagee's Comments".

Each expense listed for reimbursement must be Itemized and sufficient information must be provided for computation of debenture interest. See Paragraph 1-7.

PART C

SUPPORT DOCUMENT

Item 200 Mortgagor's Name and Property Address. Enter the mortgagor's name and property address as they appear in Item 33 of Part A.

Items 201
and 202 FHA Case Number and Section of Act Code. Enter the FHA case number and Section of the Act Code as they appear in Items 2 and 3 of Part A.

Item 203 Mortgagee's Reference Number. Enter the mortgagee's reference number as it appears in Item 14 of Part A.

Item 204 Date. Enter the date entered in Part B in Item 104 if all actions taken by the mortgagee are within the time requirements or the automatic extensions specified in Paragraph 2-2 or within the extended time requirements (See Paragraph 1-6). If the mortgagee failed to comply with a time requirement (including actions reported in Part A) or its approved extension, enter the date the action should have been taken. Debenture interest will be computed to this date. If there was more than one failure, enter the earliest date on which a required action should have been taken (See paragraph 2-5C).

Item 205 Debenture Interest Rate. Using the Debenture Interest Rate Table provided in Appendix 4 of these instructions, determine the rate at the date of firm commitment and the rate at the date of endorsement, then enter the higher rate. In Direct Endorsement cases, enter the rate in effect on the date of endorsement. The debenture interest rate can also be found on the Part A advice of payment.

Items 206
through
261 Disbursements for Protection and Preservation. Enter all inspection, protection and preservation expenses for which the mortgagee is not responsible. This includes debris removal, replacing broken glass, protecting plumbing and other operating systems against damage by freezing, care of lawns and shrubs, repair of leaking roof, etc. Describe the service performed, the date it was completed and the date paid. See paragraph 2-11 for the nature of reimbursable expenditures and cost limits. Enter expenses paid to board up the property if the field office gave prior approval.

Enter the date of each inspection and indicate whether it is an Initial, Occupancy or Vacancy inspection. See paragraphs 2-10 and 2-11. A copy of an inspection report must be maintained by the mortgagee for each inspection Itemized.

oDate Paid. A separate entry must be made for each payment. Enter the date the check was disbursed. If an expenditure or advancement was made prior to the date of default, enter the date of default and enter the actual date paid in parentheses following the description (See Paragraph 2-5C).

oDate Work Completed - If date is not available on the invoice, obtain this date from vendor or contractor. This is not necessarily the date of billing, but the actual date the work was completed.

oDescription of Service Performed - Enter a description of the Items or types of repairs and services performed, i.e., inspections. Additional space is provided on reverse of form.

oAmount Paid - Actual payment amounts are to be entered. This information will be transferred to Part B, Fiscal Data.

oDebenture Interest - To obtain the amount of interest due on an expenditure, multiply the daily interest rate factor by the amount paid. Multiply this result by the number of days from the date paid for each line Item to the date in Item 204. Daily Interest Rate Factor tables are provided in Appendix 8 of these instructions to assist in converting the debenture interest rates. In addition, Julian date calendars are provided in Appendix 9 to assist in determining the number of days from the date the expenditure was paid to the date of submission of the claim or the curtailment date.

Note: If the claim includes mortgage interest under a special forbearance plan (Item 121), debenture interest is computed from the date of institution of foreclosure or acquisition of title by a deed-in-lieu, or from the date of expenditure, whichever is later.

Item 262 Subtotals. If reverse side of form is used to list protection and preservation costs, add amount paid and debenture interest columns.

Item 263 Subtotals Brought Forward. If reverse side of form is used, bring subtotals appearing in Item 262 to this line.

Item 264 Totals. Total the "amount paid" and "debenture interest" columns. Enter the totals on Part B, Item 110, Column C when completing Part B, Fiscal Data.

Items 265 and 266 Contact: Holding Mortgagee, Name and Telephone Number; or Contact: Servicing Mortgagee, Name and Telephone Number. Enter the name and telephone number of a person in the holding or servicing mortgagee's office who can answer questions concerning the information reported on this claim form. Include the Holding Mortgagee number which you entered in Item 12 of Part A.

Items 267 and 268 Mortgagee Official Signature, Date and Title (not necessary if signed by servicer) or Servicer Signature, Date and Title. A signature must appear in at least one of these blocks, however, it is acceptable if both the mortgagee and the servicer wish to sign this form.

Mortgagee's Comments, if any - Use this area to justify extremely large expenditures, as well as other information required by these instructions.

HUD's Comments, if any - HUD USE ONLY.

D. Instructions for the Completion of HUD Form 27011, Part D, Support Document (Continuation 1). Expenditures may be entered on Part D as they occur, however, debenture interest calculations should not be made until the date of claim submission because interest allowance will be computed from the date of expenditure to the date Part B is filed unless interest is curtailed.

oDate Paid - A separate entry must be made for each payment. Enter the date the check was disbursed. If an expenditure or advancement was made prior to the date of default, enter the date of default and enter the actual date paid in parentheses following the description (See Paragraph 2-5C).

oDescription of Service Performed - Enter a description of the Items or types of services performed. Additional space is provided on reverse of form.

oAmount Paid - Actual payment amounts are to be entered.

This information will be transferred to Part B, Fiscal data.

oDebenture Interest - To obtain the amount of interest due on an expenditure, multiply the daily interest rate factor by the amount paid. Multiply this result by the number of days from the date paid for each line Item to the date in Item 304. Daily Interest Rate Factor tables are provided in Appendix 8 of these instructions to assist in converting the debenture interest rates. In addition, Julian date calendars are provided in Appendix 9 to assist in determining the number of days from the date the expenditure was paid to the date of submission of the claim or the curtailment date.

Note: If the claim includes mortgage interest under a special forbearance plan (Item 121), debenture interest is computed from the date of institution of foreclosure or acquisition of title by a deed-in-lieu, or from the date of expenditure, whichever is later.

oTotal the "amount paid" and "debenture interest" columns.

PART D

SUPPORT DOCUMENT (CONTINUATION 1)

Items 300

and 301 FHA Case Number and Section of Act Code. Enter the FHA case number and Section of the Act Code as they appear in Items 2 and 3 of Part A.

Item 302

Mortgagee's Reference Number. Enter the mortgagee's reference number as it appears in Item 14 of Part A.

Item 303

Debenture Interest Rate. Using the Debenture Interest Rate Table provided in Appendix 4 of these instructions, determine the rate at the date of firm commitment and the rate at the date of endorsement, then enter the higher rate. In Direct Endorsement cases, enter the rate in effect on the date of endorsement. The debenture interest rate can also be found on the Part A advice of payment.

Item 304

Date. Enter the date entered in Part B Item 104 if all actions taken by the mortgagee are within the time requirements or the automatic extensions specified in Paragraph 2-2 or within the extended time requirements (See Paragraph 1-6). If the mortgagee failed to comply with a time requirement (including actions reported in Part A) or its approved extension, enter the date the action should have been taken. Debenture interest will be computed to this date. If there was more than one failure, enter the earliest date on which a

required action should have been taken (See paragraph 2-5C).

Item 305 Disbursements for HIP, Taxes, Ground Rents and Water Rates (which were liens prior to mortgage), Eviction Costs, Payments for Deed-in-Lieu and Other Disbursements Not Shown Elsewhere. (Do not include any penalties for late payment). Itemize all disbursements in these categories. Do not include disbursements which were paid from available escrow funds. No expense should be incurred after the date the deed is filed for record (Item 10), except for costs associated with evictions or where the local HUD office instructs you to take an action. See explanation for escrow account, Part B, Item 109. See paragraph 1-10 for allowable attorney eviction fees.

Item 306 Attorney/Trustee Fee. Itemize the fees paid to attorneys and trustees in connection with foreclosure or acquisition of title and conveyance of the property to the Secretary. Do not enter fees for bankruptcy or eviction in this item. If the fee for acquisition and conveyance is within the amount HUD approved for the area, do not itemize the elements of the fee. If attorney fees exceed those approved by HUD for routine foreclosures see paragraph 1-10. HUD WILL CALCULATE THE TWO-THIRDS ALLOWANCE (24 CFR 203.402).

Item 307 Foreclosure and/or Acquisition Conveyance and Other Costs. Enter all disbursements required to vest title to and possession of the property in the name of the mortgagee, and to convey any evidence of title to the Secretary except taxes paid on deeds included in Item 308 and disbursements shown in Item 306. These costs must be itemized e.g., title policy, resale title binders, title search fees (if separate costs), publication, service of process, etc. If additional space is needed, attach a separate sheet to Part D. HUD WILL CALCULATE THE TWO-THIRDS ALLOWANCE FOR EXPENSES AND INTEREST (24 CFR 203.402).

Item 308 Taxes on Deed. Enter amounts paid for taxes imposed upon any deeds or other instruments by which the property was acquired by the mortgagee and transferred or conveyed to the Secretary. (Note: Deed taxes should not be included in Item 307.)

Item 309 Special Assessments (Do not use for Coinsurance, see part E). For each item in this category, enter the date the lien was attached or would be attached. Do not include any special assessments

which became liens before the mortgage was endorsed for insurance, if not noted in the application for insurance.

Item 310 Bankruptcy. Itemize the bankruptcy fees paid. There must be an entry in Item 40. If the bankruptcy fees exceed those approved by HUD for routine bankruptcies, see paragraph 1-10. HUD WILL CALCULATE THE TWO-THIRDS ALLOWANCE FOR EXPENSES AND INTEREST (24 CFR 203.402).

Item 311 Mortgage Insurance Premiums. Itemize all MIP disbursements, including the period covered. Only include the "advanced" MIP disbursements paid after the due date of the last completely paid installment to the date the deed is filed for record.

E. Instructions for the Completion of HUD Form 27011, Part E Support Document (Continuation 2). The following item by item instructions are to be used when completing HUD Form-27011, Part E for conveyance claims initiated under CWCOT procedure or the Preforeclosure Sale program and for claims involving approved deficiency judgment procedures.

PART E

SUPPORT DOCUMENT (Continuation 2)

Items 400

and 401 FHA Case Number and Section of Act Code. Enter the FHA case number and Section of the Act Code as they appear in Items 2 and 3 of Part A.

Item 402 Mortgagee's Reference Number. Enter the mortgagee's reference number as it appears in Item 14 of Part A.

Item 403 Debenture Interest Rate. Using the Debenture Interest Rate Table provided in Appendix 4 of these instructions, determine the rate at the date of firm commitment and the rate at the date of endorsement, then enter the higher rate.

Item 404 Date. Enter the date entered in Part B in Item 104 if all actions taken by the mortgagee are within the time requirements or the automatic extensions specified in Paragraph 2-2 or within the extended time requirements (See Paragraph 1-6). If the mortgagee failed to comply with a time requirement (including actions reported in Part A) or its approved extension, enter the date the action should have been taken. Debenture interest will be computed to this date. If there was more than one failure, enter the earliest date on which a

required action should have been taken (See paragraph 2-5C).

Items 405
thru 407 Overhead Costs; Amounts Due from Buyer at
Closing;
Amounts Owed to Buyer at Closing. Not applicable.

Item 408 Additional Closing Costs. This item is only used in unsuccessful preforeclosure sale cases. Enter the \$250 administrative fee, if applicable. Do not enter interest for this item.

Item 409 Appraisal Fee. Enter the amount of the appraisal fee and date paid only if you were instructed to obtain an appraisal by the local HUD office while
* complying with the CWCOT procedures.

If debenture interest is payable the amount of interest may be entered in Line 130, Column C of Part B.*

Item 410 Deficiency Judgment Costs/Fees. Enter a figure here only if the local HUD office authorized you to obtain a deficiency judgment. The allowable costs and fees are as follows: (1) cost of reasonable and customary attorney fees which relate only to the obtaining of the deficiency judgment; (2) additional filing or recording fees directly related to the deficiency judgment; (3) if local law required a judicial foreclosure in order to obtain a deficiency judgment, those costs directly related to the judicial foreclosure, provided that judicial foreclosure would not, otherwise, have been necessary. If debenture interest is payable, the amount of interest may be entered in Line 131, Column C of Part B. *

Items 411
and 412 Reserved.

CHAPTER 3: ASSIGNED HOME MORTGAGES

3-1 GENERAL.

A mortgagee shall be entitled to receive insurance benefits upon assignment of a defaulted mortgage to the Secretary if HUD agrees to accept the assignment (Section 230 of the National Housing Act, 12 USC 1715, 24 CFR 203.650 through 203.660, 203.664 and 203.665). HUD will also accept an assignment if the Secretary previously sold the mortgage or the property and the mortgagee is unable to complete foreclosure because of a defect in the mortgage instrument, a defect in the mortgage transaction, or a defect in title which existed prior to the time the mortgage assignment was filed for record (24 CFR 203.390). The procedures in this chapter will be followed for filing both of these types of assignment claims.

3-2 TIME REQUIREMENTS.

The mortgagee must comply with the following time requirements when submitting a claim involving an assigned mortgage which is in default. Failure to comply will result in curtailment of debenture interest to the date the action should have been taken or to the date to which it was extended by HUD (24 CFR 203.404(a)(4)).

- A. File the mortgage assignment for record within 30 calendar days after the date of HUD's written agreement to accept the assignment or within such additional time as HUD may authorize in writing.
- B. Submit the title evidence with attachments to the local HUD office, ATTN: Field Counsel, on the date the mortgage assignment is filed for record.
- C. Submit the originals of Parts A and B, Form HUD-27011, with attachments, including the MIC and title submission certification to HUD Headquarters on the date the mortgage assignment is filed for record. HUD expects to receive these documents in HUD Headquarters within 10 days of the date of assignment when properly mailed. Therefore any claims received after ten calendar days from the date of the assignment will be considered late.
- D. Submit a copy of Parts A and B and the original of Part D, Form

HUD-27011, with attachments, to the local HUD office, ATTN: Single Family Loan Management Branch on the date the mortgage assignment is filed for record.

3-3 EXTENSION OF TIME REQUIREMENTS.

If the mortgagee cannot comply with the time requirement for paragraph A. above because of circumstances beyond its control, it should submit form HUD-50012, Mortgagee's Request for an Extension of Time, to the local HUD office ATTN: Single Family Loan Management Branch to request an extension of time. See paragraph 1-6.

3-4 ASSIGNMENT REQUIREMENTS.

A. The Security Instrument (Mortgage).

1.The security instrument, together with any amendments or modification thereof, shall be assigned to "The Secretary of Housing and Urban Development of Washington, D.C., his/her successors and assigns", with the address of the local field office and "Attention: Single Family Loan Management Branch". (In those jurisdictions where it is necessary to name the person who holds such office, the assignment should be made to the person holding such office "as Secretary of Housing and Urban Development, his/her successors and assigns" at the time of the preparation of the assignment form.)

2.The assignment of the security instrument must be in a form which satisfactorily meets the legal requirements of the jurisdiction where the property is situated, and must be a valid assignment. The assignment must contain the following warranty:

"Without recourse or warranty, except that the undersigned hereby warrants that:

a.No act or omission of the undersigned has impaired the validity and priority of the said security instruments;

b.The security instrument is a good and valid first lien and is prior to all mechanics' and materialmen's liens filed of record regardless of when such liens attach, and prior to all liens, encumbrances, or defects which may arise except such liens or other matters as have been approved by the assignee hereunder;

c.The sum of _____ Dollars [in blank space insert amount of the unpaid principal balance] together with the interest from the _____ day of _____, 19____, at the rate of _____ % per annum, computed as provided in the Note, is actually due and owing under the said Note;

d.The undersigned has a good right to assign the said security and credit instruments."

B.The Credit Instrument (Note). The original credit instrument shall be endorsed to the Secretary of Housing and Urban Development in the following manner:

"All right, title and interest of the undersigned to the within credit instrument is hereby assigned to the Secretary of Housing and Urban Development of Washington, D.C., his/her successors and assigns." (In those jurisdictions where it is necessary to name the person holding such office, the assignment should be made to the person holding such office "as Secretary of Housing and Urban Development, his/her successors and assigns," at the date of the preparation of the assignment form.)

(If the endorsement is dated, it must bear the same date as the date of the execution of the assignment of the security instrument.)

3-5 TITLE EVIDENCE.

HUD will accept an assignment and pay the insurance claim before examining the title evidence to determine whether it complies with Federal requirements. In the event title deficiencies appear after the claim has been paid, the mortgagee will be required to correct the deficiencies or reimburse HUD. (24 CFR 203.363 and 203.366)

A.Submission to Field Office. Title evidence held by the mortgagee must be sent to the local HUD office, ATTN: Field Counsel, on the date the assignment is filed for record. The title evidence must be accompanied by:

- 1.The original security and credit instruments, including endorsement of the Note to HUD.

- 2.A copy of the assignment to HUD that was submitted for recordation. NOTE: The original recorded assignment must be sent to the local HUD office, ATTN: Field Counsel, as soon as it is received from the recording authority.

- 3.Copies of all intervening assignments.

- 4.The mortgagee's original title policy evidencing the loan to be a first lien of record. The title evidence need not be extended to reflect the assignment to HUD.

Note:Certificate of title with master policies or ALTA short form policies are not acceptable forms of title evidence for HUD.

- 5.A copy of Part A.

- 6.If the property is damaged a letter certifying that the conditions of 24 CFR 203.379 (a) (1) or (2) have been met.

- 7.If the mortgage or the property was sold by HUD and 24 CFR 203.390 applies, a statement that describes the defect or

impairment of title.

B.Title Submission Certificate. The mortgagee must execute a Title Submission Certificate in the form shown in Appendix 16 and submit it to HUD Headquarters and the local HUD office with Parts A and B of Form HUD-27011. This certification will inform both offices that the title evidence has been sent to Field Counsel and is awaiting approval.

C.Title Rejection. If Field Counsel rejects the title evidence as submitted the mortgagee must resolve all reported deficiencies. If the deficiencies are not resolved within 30 days the mortgage may be reassigned and the mortgagee will be required to reimburse HUD for all insurance benefits and costs. When the deficiencies have been resolved the mortgagee may resubmit the claim but interest will be computed only to the date an acceptable assignment should have been recorded.

D.Title Approval. After the title evidence has been approved the field office will send the mortgagee a title approval letter which must be retained in the claim records file.

3-6 OCCUPANCY OF PROPERTY.

To be eligible for assignment, the property must be the mortgagor's principal place of residence unless this criterion is waived by HUD. Therefore, the property must be occupied by the mortgagor unless HUD waives the criterion. HUD also makes an exception concerning the occupancy requirement if the mortgage is being assigned pursuant to 24 CFR 203.390.

3-7CONDITION OF PROPERTY AT ASSIGNMENT. (24 CFR 203.379) When a mortgage is assigned to the commissioner, the property shall be undamaged by fire, earthquake, flood, tornado, hurricane or damage caused by the mortgagees failure to take action to protect and preserve a vacant or abandoned property if the mortgage was insured on or after January 1, 1977.

A.Repairs by Mortgagee.

1.Before assigning the mortgage to HUD, the mortgagee must repair such damage at its own cost. (24 CFR 203.379(a))

2.The mortgagee is not required to repair damage resulting from causes other than those itemized above unless the repairs are requested in writing by HUD, or the repairs are necessary to protect and preserve the property until assignment of the mortgage to HUD. The cost of any such repairs should be entered in Part C. If the property is damaged by such other causes, Item 24 must be marked "No" and the nature of the damage and the reason for denial of responsibility must be explained in the Mortgagee's Comments section of Part A.

3.HUD will not reimburse the mortgagee for repairs to or maintenance of property occupied by the mortgagor.

B.Unrepaired Assignment.

If the prior approval of HUD is obtained, property damaged by the causes itemized in paragraph A-1 may be in an unrepaired condition at the time of assignment and there will be deducted from the insurance benefits, HUD's estimate of the cost to repair the damage or any insurance recovery received by the mortgagee, whichever is greater. (24 CFR 203.379(a)(1)) The deduction will be limited to the amount of insurance recovery if the property has been damaged by fire and the mortgagee certifies that the conditions of 24 CFR 203.379(a)(2) relating to cancellation or reduction of insurance coverage are met. The mortgagee should request from the local HUD office their estimate of the cost of repairing the damage, and permission to convey the property without repairs. HUD's estimate must be entered in Item 27, Part A.

3-8 PROTECTION AND PRESERVATION OF PROPERTIES.

When a mortgage is accepted for assignment the property is usually occupied by the mortgagor and not subject to protection and preservation requirements. (24 CFR 203.377) There may be occasions, however, where the property is vacant at the time of, or prior to, assignment of the mortgage.

A vacant property must be protected and preserved while it is in the possession of the mortgagee so that it will not be damaged at the time of assignment. A prudent mortgagee will protect and preserve a vacant property to avoid potential damage to the property and surcharges to their claim. HUD will reimburse the mortgagee for required preservation and protection costs within locally established limits when these expenditures are adequately documented. See Chapter 2 for detailed requirements.

3-9 HAZARD INSURANCE.

Do not cancel the hazard or flood insurance policy. The mortgagee must notify the insurance carrier of the change in mortgagee and must authorize the carrier to amend the loss payable clause substituting as mortgagee "Secretary of Housing and Urban Development his/her successors and assigns IN CARE OF (and insert the address of the local HUD field office)". The amendment should be effective as of the date the mortgage is assigned. A copy of the letter from the mortgagee to each insurance carrier, authorizing the amendment, should be submitted to the local HUD office, Single Family Loan Management Branch with the original insurance policy.

3-10 ASSIGNMENT COSTS.

HUD will reimburse mortgagees for such costs and attorney's fees as were properly incurred in connection with the defaulted mortgage and its assignment to HUD.

A.Allowable Costs. A complete listing of allowable or unallowable costs would not be practical because procedural requirements and terminology vary in different jurisdictions. Generally, HUD will reimburse a mortgagee for:

1.Fees which must be paid to public officials such as recorders of deeds or public trustees.

2.Costs which are required by law.

3.Fees and costs which are necessarily incurred and are reasonable and customary in the area such as attorney fees.

B.Costs Not Reimbursable. HUD will not reimburse a mortgagee for:

1.Fees and costs which exceed reasonable and customary fees for the area. If a fee exceeds the customary fee for the area, for adequate reason, the excess may be paid by filing a supplemental claim (see paragraph 1-12).

2.Costs which are not necessarily incurred or are required because of dilatory service, such as courier service or express mail or property inspection by attorneys.

3.Costs which are overhead items such as postage, telephone, duplicating or collection services. The attorney's or trustee's overhead costs should be included in their fee.

4.Costs for Title Policy.

3-11 NOTICE TO MORTGAGOR.

A.On the day the assignment is filed for record notify the mortgagor that HUD is now the mortgagee and HUD will provide payment instructions.

B.If the mortgagee receives payments from the mortgagor after the assignment is filed for record send the funds, with the FHA case number, to HUD through the HUD Lock Box at the following address:

Payment Processing Center P.O. Box 105652 Atlanta, Georgia 30348

3-12 NOTICE TO TAXING AUTHORITY.

The mortgagee must instruct the taxing authority to send tax bills to the local HUD office. Any tax bills received by the mortgagee after the assignment was filed for record must be sent by the mortgagee to the local HUD office.

3-13 CLAIM PAYMENT.

Upon receipt of Parts A and B, Form HUD-27011 and the required attachments, in Headquarters, HUD will pay to the mortgagee the unpaid principal balance of the mortgage and an amount determined by:

A.Adding the Following Items.

1.Any mortgage interest accrued and unpaid at the time of assignment,

- 2.Any advances made under the mortgage and approved by HUD,
- 3.Reimbursement for approved costs and attorney's fees, and
- 4.Debenture interest on the net claims amount (excluding mortgage interest) from the date of assignment to the date of payment unless such interest is curtailed because of the mortgagee's failure to meet the time requirements identified in paragraph 3-2.

B.Deducting the Following Items.

- 1.Any cash retained by the mortgagee, including amounts held or deposited for the account of the mortgagor or to which it is entitled under the mortgage transaction that have not been applied in reduction of principal, and
- 2.Any damage or insurance recovery reported in Item 27.

3-14 DOCUMENTS TO BE SUBMITTED.

It is very important that all required documentation be forwarded to the appropriate locations in a timely manner. Failure to meet any of the documentation requirements could jeopardize all or part of the claim reimbursement. The various documentation requirements imposed on the mortgagee are designed to provide critical control and notification functions which enable HUD to expedite the payment of a claim.

All documents must be sent to HUD Headquarters or the local HUD Office on the date the assignment is filed for record, as follows:

A.TO HUD HEADQUARTERS.

- 1.The original Parts A and B.
- 2.The original Mortgage Insurance Certificate.
- 3.The Title Submission Certificate.
- 4.Worksheet showing reallocation of mortgage payments if capitalized method of accounting is used.
- 5.Copy of the Mortgage Note if the Mortgage is a GPM, ARM or GEM.

B.TO THE LOCAL HUD OFFICE, ATTN: SINGLE FAMILY LOAN MANAGEMENT BRANCH.

- 1.Copies of Parts A and B.
- 2.The original of Part D.
- 3.A copy of the Title Submission Certificate.
- 4.The original of all hazard insurance policies and a copy of the notice to the insurance carrier requesting that HUD be

named beneficiary in the mortgagee clause.

5.Copy of the last tax bill paid.

6.All ledger cards or payment records. If capitalization method is used, attach a worksheet showing allocation of payments per mortgage terms.

7.Section 235 loans. If not provided with the assignment request documents, send the last two recertifications (Forms HUD-93101, HUD-93101A); employment verifications; Form HUD-93115, Notice to Homeowner (where appropriate); and Form HUD-93114, Notice of Suspension, Termination and Reinstatement of Assistance Payments Contract (where appropriate).

8.If the case is subject to Section 235 recapture of assistance payments, provide the total dollar amount of assistance applied to the account through the date of assignment.

9.Copy of buydown agreement, if any, and all documents which relate to the payment amount or application of the payments.

10.Any additional information which HUD may require.

C.TO THE LOCAL HUD OFFICE, ATTN: FIELD COUNSEL.

1.Original mortgage.

2.Original note with endorsement.

3.Copy of assignment to HUD.

4.Copies of all intervening assignments.

5.Mortgagee's original title policy evidencing the loan to be the first lien of record.

6.A copy of Part A.

7.A copy of HUD's letter approving assignment of a damaged property under 24 CFR 203.379(a), if applicable.

8.The mortgagee's certificate that the conditions of 24 CFR 203.379(a)(2), relating to fire damage, have been met, if applicable.

9.A statement relating to title defects if 24 CFR 203.390 applies.

NOTE: See paragraph 1-8 for file documentation requirements.

The following Table (Table 3.1) illustrates the document submission requirements for assignment claims.

ASSIGNMENT CLAIM SUBMISSION REQUIREMENTS

* GRAPHICS MATERIAL IN ORIGINAL DOCUMENT OMITTED
*

3-15 CLAIM PREPARATION - ASSIGNMENTS.

The claim must be completed as described below using HUD Form-27011, Single Family Application for Insurance Benefits. In order to avoid delay in payment, the claim must be complete and accurate and contain all information requested. Note paragraph 1-3 concerning pre-screening of applications.

In many instances, the instructions provided in Chapter 2, Conveyances apply equally in assignment cases. When this occurs the words "Same as Conveyance" appear after the Item title and the conveyance instructions for that item are repeated verbatim for convenience.

Note: Mortgagees do not calculate debenture interest in assignment claims.

A. Instructions for the Completion of HUD Form 27011, Part A, Initial Application. The following item by item instructions are to be used when completing HUD Form 27011, Part A, for assignment claims.

PART A

INITIAL APPLICATION

Item 1 Claim Type. Place an "X" in the space for Claim Type 02 = Assignment.

Items 2 & 3 FHA Case Number and Section of Act Code (Same as Conveyance). Enter the FHA Case Number and the appropriate Section of the National Housing Act ADP code. All mortgages endorsed since 1962 use the first style shown below, with three numerals, then a hyphen, then six numerals (or seven including the check digit). Be sure too include the hyphen on the claim, whether the claim is submitted on paper or through electronic data interchange (EDI), even though CHUMS may omit it. The three other acceptable FHA case number formats, for pre-1962 mortgages, are also illustrated below. All models include the Section of the Act (SOA) ADP codes. The formatted case number appears on the MIC or the advanced notice of S/F Annual MIP unless the case is included in CHUMS, as in "5" below.

(1) X X X - X X X X X X X X X
or X X X - X X X X X X X

ADP Code	FHA Case No.	SOA
X	(2) X X - X X X X X X	X X
Code	FHA Case No.	SOA ADP
X	(3) X X X X X X - X X	X X
Code	FHA Case No.	SOA ADP
X	(4) X X X - X X X X X	X X
Code	FHA Case No.	SOA ADP
	(5) X X X X X X X X X X	X X X
Code	FHA Case No.	SOA ADP
	(used in CHUMS)	

Item 4 Default Reason Code (Same As Conveyance). Enter the applicable code number from the default reasons listed below. If code 15 is used, explain the reason on the reverse of Part A under "Mortgagee's Comments."

CODE	REASON
01	=Death of a principal mortgagor
02	=Illness of a principal mortgagor
03	=Illness of mortgagor's family member
04	=Death, mortgagor's family member
05	=Marital difficulties
06	=Curtailment of income (reduction of income of a borrower)
07	=Excessive obligations - same income, including habitual nonpayment of debts
08	=Abandonment of property
09	=Distant employment transfer
10	=Neighborhood problem

11 =Property problem

12 =Inability to sell property

13 =Inability to rent property

14 =Military service

15 =Other reasons (explain in

Mortgagee's Comments)

Item 5 Endorsement Date (Same as Conveyance). Enter the endorsement date that appears on the Mortgage Insurance Certificate. If the mortgage was insured before MIC's were issued, enter the endorsement date that appears on the note.

Item 6 Date Form Prepared. Enter the date this form is completed and submitted to HUD. To avoid interest curtailment, Parts A and B must be submitted on the day the assignment is filed for record and title evidence is submitted to the local HUD office. See Pars. 3-4.

* Note: Although HUD permits 10 days from this date to receive the HUD-27011 before curtailing interest for late submission, you are required to enter in Item 6 the date of the actual submission/ mailing date of the form.*

Item 7 Due Date of First Payment to Principal and Interest (Same as Conveyance). Enter the date the first payment to Principal and Interest was due. Obtain this date from the mortgage note.

Item 8 Due Date of Last Complete Installment Paid (Same as Conveyance). Enter the date the last complete installment paid was due, not the date it was paid. This item should be taken from the payment ledger. If no payments have been made, enter the date in Item 7 (Due Date of the First Payment to Principal and Interest). Note that the date in this item will always be the first of the month.

Item 9 Date of Possession and Acquisition of Marketable Title. Not applicable.

Item 10 Date Deed or Assignment Filed for Record or Date of Closing or Appraisal. Enter the date the assignment to the Secretary is filed for record. The date the assignment is mailed to the recording authority may be entered. Do not enter the date the assignment is mailed to an attorney.

Whichever date is entered (recording or mailing) will be used in evaluating all other related time requirements and cannot be altered.

Item 11 Date Foreclosure Proceedings (a) Instituted or (b) Date of Deed In Lieu. (Not applicable.)
Exception: enter when foreclosure was properly initiated and Local Office requested withdrawal of the foreclosure action.

Item 12 Holding Mortgagee Number (Payee) (Same as Conveyance). Enter the complete 10-digit mortgagee number of the holding mortgagee.

Note: This number determines the payee's name and the address to which the insurance benefits check and claim payment data are mailed.

Item 13 Servicing Mortgagee Number (Same as Conveyance). Enter the complete 10-digit mortgagee number of the servicing mortgagee.

Note: This number determines the name and address to which all computer generated letters and claim payment data are mailed. Information will be mailed only to the holding mortgagee if this item is not completed.

Item 14 Mortgagee Reference Number (Same as Conveyance). Enter the loan number (maximum 15 digits) used by the mortgagee for identifying the case if any. This number will be printed on the benefits check. If the mortgagee is FNMA or GNMA, the FNMA or GNMA loan number must be entered.

Item 15 Original Mortgage Amount (Same as Conveyance). Enter the original mortgage amount. This figure should be taken from the mortgage note. If there has been a recast of the mortgage, make a notation of the recasting on the reverse side of Part A under "Mortgagee's Comments" and make reference to 24 CFR 203.342.

Item 16 Holding Mortgagee EIN (Same as Conveyance). Not applicable.

Item 17 Unpaid Loan Balance as of Date in Item 8 (Item 11 if coinsurance) (Same as Conveyance). Enter the unpaid mortgage balance after crediting the last complete monthly installment paid. This figure is taken from the mortgagee's payment ledger. Partial payments insufficient to complete a full monthly installment are to be reported in Part B, Item 109 as escrow funds.

Item 18 Date of Firm Commitment (Same as Conveyance).

Enter the date of the firm commitment. This date should be taken from the firm commitment document, if available. The debenture interest rate is determined by the firm commitment date or the date of endorsement, whichever yields the higher rate. If the case was insured under the Direct Endorsement Program or the commitment date is not available, this item must be left blank. Direct endorsement mortgages may be identified by the suffix code 700 through 799. Do not enter a date here if this is a direct endorsement or coinsurance loan.

Item 19 Expiration Date of Extension of Foreclose/Assign. If a request for an extension of time to assign the mortgage is requested by the mortgagee and granted by the local HUD office, enter the expiration date of that extension. The extension must be in writing.

Item 20 Date of Notice/Extension to Convey. Enter the date of the local HUD office approval to assign the mortgage (Assignment Acceptance Letter).

Item 21 Date of Release of Bankruptcy, If Applicable (Same as Conveyance). Enter the date the bankruptcy stay or the local law prohibition was released. Note: When there is more than one bankruptcy, and the mortgagee is entitled to a 60 day extension to begin foreclosure, enter the release date which applies to the extension.

* Item 22 Is Property Vacant? Yes or No - Check one to indicate the occupancy status as of the date in Item 10.*

Item 23 If Item 22 is "No," Date of Local HUD Office Approval - Not applicable.

Item 24 Is Property Conveyed Damaged? Yes or No (Same as Conveyance) - Check "yes" if the damage falls into the categories listed in paragraphs 2-10 and 2-11.*

If there is no damage or if there is damage to the property which is not covered by the above paragraphs, check "no." In the latter case, specify the type of damage and if any immediate repairs are needed on the reverse of Part A under "Mortgagee's comments."

Item 25 If Item 24 is "Yes," Date of (a) Local HUD Office Approval (Pursuant to 203.379(a)(1)) or (b) Certification (pursuant to 203.379(a)(2)) (Same as Conveyance) - Enter the date of the HUD approval letter or the mortgagee certification letter,

whichever is applicable. Attach a copy of the certification letter to Part A (copy 1) which is sent to the local HUD office.

Item 26 Type of Damage (Same as Conveyance) - Check appropriate box. If more than one type of damage, check the type that caused the greatest damage. Do not complete this item if item 24 is checked "no."

Item 27 Recovery or Estimate of Damage - A figure must be entered here if item 24 is "yes" and 25(a) applies. If the local HUD office approved assignment of a mortgage on the property in a damaged condition, enter the greater of HUD's estimate to repair the damage (obtained from the local HUD office) or the amount of the insurance recovery. If the insurance recovery is not received when this item is completed, estimate the amount. AN AMOUNT MUST BE ENTERED.

If item 25(b) applies, enter the amount of the insurance recovery, if any. If insurance recovery has not been received, estimate the amount.

Item 28 Is Mortgagee Successful Bidder? Yes or No - Not applicable.

Item 29 Deficiency Judgment Code. Not applicable.

Item 30 Authorized Bid Amount. - Not applicable.

Item 31 Mortgagee Reported Curtailment Date. Not applicable.

Item 32 Schedule of Tax Information. Enter complete information on the last amount paid for each type of tax or assessment. If a tax has not been paid because it was not available for payment before assignment, show the exact title of the tax or assessment to which it is subject. If a tax was not paid because of a Homestead or similar exception, identify the tax and enter the exception type in the "Amount Paid" column.

Type of Tax/Tax Year. Enter the exact title of the tax or assessment with installment information, if applicable (e.g., county tax, first half or school district tax, second half) and the year for which the tax assessment was levied.

Collector's Property Identification. Enter the number used by the taxing authority to identify the property.

Amount Paid. Enter the amount paid for each type

of tax or assessment (excluding penalties and interest) and attach a copy of the bill to the copy of Part A sent to the local HUD office. If no tax was paid because of an exemption, enter the type of exemption. If the tax was not paid for other reasons, enter "None."

Period Covered, From - To. Enter the dates covered by the tax whether paid or not and without regard for the due date.

Date Paid. Enter the date of actual payment. All tax bills available before assignment should be paid regardless of the due date. Tax bills received after the date the assignment is filed for record should be sent to the local HUD office, identified by the FHA case number and the taxing authority identification number.

Internal Revenue Service (IRS) Lien. If there is an IRS tax lien, enter the date and the expiration of the lien on the reverse side of Part A under "Mortgagee's Comments."

Notice to Local HUD Office. In addition, the local HUD office must be promptly advised of the tax status of the property. After the assignment has been filed for record, the mortgagee shall immediately forward all tax bills received, which are in order for payment and properly identified by the FHA case number, to the local HUD office, ATTN: Single Family Loan Management Branch.

Item 33 Mortgagor's Name, Social Security Number and Property Address (Same as Conveyance). - Enter the name of the mortgagor in default as it appears on the ledger record. Enter the property address as it appears on the security instrument or the MIC.

Enter the social security numbers of all mortgagors, if known. At least one social security number is required. See Par. 1-14 for additional information.

Item 34 Brief Legal Description of Property (Same as Conveyance). Enter a brief description of the property. This information is found on the mortgage which should agree with the deed to HUD.

Item 35 Name and Address of Mortgagee (Same as Conveyance). Enter the name and address of the mortgagee, including the ZIP code.

Item 36 Name and Address of Mortgagee's Servicer

(Same as Conveyance). Enter the name and address of the mortgagee's servicer, including the ZIP code, if applicable. Include the name and telephone number of a contact person who can answer questions about the claims.

Items 37
and 38

Mortgagee Official Signature, Date and Title, and Servicer Signature, Date and Title (Same as Conveyance). The claim must be signed and dated by an official of the holding mortgagee if the holding mortgagee is filing the claim. If a servicer is filing the claim on behalf of the mortgagee, an official of the servicer must sign and date the form. The application must be complete when signed and the actual date signed must be entered by the signing official. The application will be returned if it is not signed or if it contains a stamped or duplicated signature.

Note to
signing
official:

Please be sure you have read and understand the certifications on the HUD Form-27011 before signing and dating. If your system prints the date in items 37 and 38, check to ensure this is the date you are signing the form. Also check the submission date in item 6 to ensure it does not reflect an earlier date. The date in item 6 should be the same date as item 37 or item 38.

*

Item 39 Amount of Monthly Payment to: (a) FHA insurance, (b) Taxes, (c) Hazard Insurance and (d) Interest and Principal. Enter the regular monthly payment.

Item 40 If Bankruptcy Filed, Enter Date. Enter the date of the last bankruptcy action. This is required if Item 21 is completed.

Item 41 If Conveyed/Assigned Damaged, Date Damage Occurred (Same as Conveyance). Enter the date the mortgagee or its agent first became aware of damage to the property. This date should be available in the Inspection Reports. If there are no Inspection Reports because the property was occupied and the date of damage is not known, enter an estimated date and indicate in the Mortgagee Comments section that the date is an estimate.

Item 42 Date HIP Canceled or Refused, if Applicable (Same as Conveyance). Enter the date the fire insurance policy was canceled or refused by the insurer, if

the property was damaged by fire and the mortgagee executes a certification pursuant to 24 CFR 203.379(a)(2) (a date will be entered in Item 42b).

Item 43 Number of Living Units (Same as Conveyance). Enter the number of living units in the property.

Item 44 Status of Living Units (Same as Conveyance). Indicate if the property is vacant or occupied for each living unit by checking the appropriate box. If the unit is occupied, enter the occupant's name. If the unit is vacant, enter the date vacated (as best as can be determined) and the date the mortgagee secured the property.

Mortgagee's Comments, if Any. Use this area to justify unusual circumstances as well as other information required by the instructions.

HUD's Comments, if any. HUD USE ONLY.

B. Instructions for the Completion of HUD Form 27011, Part B, Fiscal Data. The following item-by-item instructions are to be used when completing HUD Form 27011, Part B, for assignment claims. Prepare this Part after Part D has been completed. The information entered in this Part is transferred from Part D. Parts C and E are not applicable to the assignment claim.

Note: Debenture interest is not calculated by mortgagees in assignment claims.

PART B

FISCAL DATA

Item 100 Mortgagor's Name and Property Address (Same as Conveyance). Enter the mortgagor's name and property address as they appear in Item 33 of Part A.

Items 101 and 102 FHA Case Number and Section of Act Code (Same as Conveyance). Enter the FHA Case Number and Section of the Act Code as they appear in Items 2 and 3 of Part A.

Item 103 Mortgagee's Reference Number (Same as Conveyance). Enter the mortgagee's Reference Number as it appears in Item 14 of Part A.

Item 104 Date Form Prepared. Enter the date Parts A and B are prepared and submitted to HUD (See Paragraph 3-4).

Item 105 Expiration Date to Submit Title Evidence, if

Applicable. Not applicable.

Item 106 Check if Supplemental. Not applicable.

Item 107 Adjustment to Loan Balance (if different from block 17 on Part A). Not applicable.

Item 108 Sale/Bid Price or Appraisal Value (for Coinsurance or Nonconveyances) Not applicable.

Item 109 Escrow Balance (as of Date in Block 10, Part A). Enter amount remaining in escrow account as of the date the assignment is filed for record. Also include any funds received on account of the mortgage which have not been applied to reduce the indebtedness, e.g., partial payments, buydown monies, funds held in escrow for on-site repairs (pursuant to Form HUD-92300, Assurance of Completion Agreement). DO NOT SEND ESCROW FUNDS TO HUD.

See Item 123 for unapplied Section 235 assistance payments.

Payment of expenses for which funds are escrowed shall be charged to the escrow account in full or in part until the escrow account balance equals zero. Expenses paid from available escrow funds are not to be recorded on Part D.

DO NOT ENTER A NEGATIVE BALANCE. Advances by the mortgagee for expense payments normally charged to the escrow account shall be recorded under Part D, Items 305 or 311, as appropriate. When the first occurrence of an expense results in a negative balance to escrow, enter the negative amount in Item 305 or 311, whichever is appropriate.

Illustration of Mortgagee Advances:

	Date	Date				
Escrow			Due	Paid	Interest Principal	Escrow
Balance						
	Balance Forward	.....	.....	.....	.....	\$151.60
	1/01/83 2/03/83	\$73.32	\$21.07	\$70.69		222.29
	8/03/83			198.98-		23.31
	12/11/83			51.19-		(27.88)/1

Item 110 Total Disbursements for Protection and Preservation from Line 264, Part C. Not applicable, except for vacant assigned properties.

Item 111 Total Disbursements from line 305, Part D. Enter the total amount appearing in Part D, Item 305.

Item 112 Attorney/Trustee Fees Paid From Line 306, Part D.
Enter the total amount appearing in Part D, Item
306.

Item 113 Foreclosure, Acquisition, Conveyance and Other
Costs from Line 307, Part D. Enter the total
amount appearing in Part D, Item 307.

Item 114 Bankruptcy Fee (if applicable) from Line 310,
Part
D. Enter the amount of bankruptcy fees appearing
in Part D, Item 310.

Item 115 Rental Income. Enter any income from the rental
of the property between the date of default and
the date the assignment was filed for record.

Item 116 Rental Expense (Same as Conveyance). Enter
rental
expenses incurred, if any. If there is no entry
in Item 115, make no entry in this item. This
entry cannot exceed the amount shown in Item 115.

Item 117 Total Taxes on Deed from Line 308, Part D. Not
applicable.

/1First amount to be entered on Part D, Item 305 or 311, as applicable.
Interest should only be calculated on \$27.88, not the \$51.19.

Item 118 Recovery or Damage (if not reported on Part A).
Use Line 119 if Reported on Part A. Not
applicable.

Item 119 Estimate or Recovery from Part A. Not
applicable.

Item 120 Special Assessments (DO NOT USE FOR COINSURANCE)
from Line 309, Part D. Not applicable.

Item 121 Mortgage Note Interest. Unpaid mortgage note
interest to the date the assignment is filed for
record will be included in the insurance benefits.

From. Enter the date of the last completely paid
installment (Item 8, Part A). If no payments were
made, enter a date 30 days prior to the due date
of the first scheduled payment (Item 7, Part A).
If the date of the note is less than 30 days prior
to the due date of the first scheduled payment,
enter the date of the note.

To. Enter the date on which the assignment to
the
Secretary was filed for record (Item 10, Part A).

Rate. Enter the mortgage interest rate as it appears on the mortgage note.

Computation method. To obtain the amount of accrued mortgage interest due, multiply the Daily Interest Rate Factor by the amount of the unpaid principal balance. The Daily Interest Rate Factor is found in the Table in Appendix 8. This result is then multiplied by the number of days from the due date of the last completely paid installment to the date the assignment was filed for record. To assist in determining the number of days refer to the Julian Date Calendars provided in Appendix 9.

Item 122 Mortgage Insurance Premiums (Same as Conveyance). Enter total from Item 311, Part D.

Item 123 Unapplied Section 235 Assistance Payments (Same as Conveyance). Enter unapplied assistance payments in Column A, if applicable.

Item 124 Overpaid Section 235 Assistance Payments (Same as Conveyance). Enter the amount of any funds advanced by the mortgagee to repay to HUD assistance to which the mortgagor was not entitled and which was not recovered from the mortgagor, unless the overpayment was the result of error on the part of the mortgagee. Amount is to be entered in Column B. Do not calculate debenture interest for Column C.

Items 125 thru 132 Not applicable. Any amounts appearing on these lines will be disallowed.

Item 133 Contact: Holding Mortgagee, Name and Telephone Number; or Contact: Servicing Mortgagee, Name and Telephone Number (Same as Conveyance). Enter the name and telephone number of a person in the holding or servicing mortgagee's office who can answer questions concerning the information reported on this claim form. Include the Holding Mortgagee number which you entered in Item 12 of Part A.

Items 134 and 136 Enter the totals of Columns A - Deductions; B - Additions; and C - Interest.

Item 137 Net Claim Amount (Columns B - A + C). The net claim amount calculated by the mortgagee will differ from the actual amount HUD will pay due to possible interest curtailment, disallowed expenses, and additional debenture interest

calculated to the date of claim settlement.

Items 138

and 139 Mortgagee's Official Signature. Date and Title (signature not necessary if signed by a servicer) and Servicer Signature, Date, and Title. Enter a signature in at least one of these blocks.

C. Instructions for the Completion of HUD Form 27011, Part C, Support Document.

Part C is not required when filing an assignment claim (except vacant assigned properties, see instruction in Chapter 2).

D. Instructions for the Completion of HUD Form 27011, Part D, Support Documentation (Continuation 1).

The general instructions for the preparation of Part D in conveyance claims are applicable in assignment claims except that where the general instructions refer to "the date the deed is filed for record" or "date of conveyance", the "date of the assignment is filed for record" will be substituted.

Debenture interest on expenditures is paid from the date of assignment (not from the date of payment expenditure) to the date of claim settlement, therefore debenture interest should not be calculated or entered in Part D.

PART D

SUPPORT DOCUMENT (Continuation 1)

Items 300

and 301 FHA Case Number and Section of Act Code (Same as Conveyance). Enter the FHA case number and Section of the Act Code as they appear in Items 2 and 3 of Part A.

Item 302 Mortgagee's Reference Number (Same as Conveyance).

Enter the mortgagee's reference number as it appears in Item 14 of Part A.

Item 303 Debenture Interest Rate. Not applicable.

Item 304 Date (Same as Conveyance). Enter the date entered in Part B, Item 104 if all actions taken by the mortgagee are within the time requirements or the automatic extensions specified in Paragraph 2-13 or within the extended time requirements (See Paragraph 1-3). If the mortgagee failed to comply with a time requirement (including actions reported in Part A) or its approved extension, enter the date the action should have been taken. Debenture interest will be computed to this date. If there was more than one failure, enter the earliest date on which a

required action should have been taken (See paragraph 2-5c).

Item 305 Disbursements for HIP, Taxes, Ground Rents and Water Rates (which were liens prior to mortgage), Eviction Costs and Other Disbursements Not Shown Elsewhere. (Do not include any penalties for late payment). Itemize all disbursements in these categories including for each item the date paid, the period covered, the description, and the amount paid. Do not include disbursements which were paid from available escrow funds. No expense should be incurred after the date the assignment is filed for record (Item 10), except where the local HUD office instructs you to take an action. See explanation for escrow account, Part B, Item 109.

Item 306 Attorney/Trustee Fee. Enter reasonable attorney's fees paid in connection with preparation of an assignment of the mortgage to the Secretary. If attorney's fees exceed those normally charged in the applicable jurisdiction and/or if additional space is needed to list fees, attach a separate sheet to this part with an explanation of the excessive fees and/or the additional fees, and ensure adequate documentation is maintained in the claim file. See paragraph 1-10. Total the "Amount Paid" column.

Item 307 Foreclosure and/or Acquisition, Conveyance and Other Costs. Itemize any other legal costs paid by the mortgagee, but not entered in Item 306 above. Total the "Amount Paid" column. NOTE: A fee for the title policy should not be claimed on an assignment.

Item 308 Taxes on Deed. Not applicable.

Item 309 Special Assessments (Do not use for Coinsurance, see part E). Not applicable.

Item 310 Bankruptcy. Itemize the bankruptcy fees paid. There must be an entry in item 40. If the bankruptcy fees exceed those approved by HUD for routine bankruptcies, see paragraph 1-10.

Item 311 Mortgage Insurance Premiums. Itemize all MIP disbursements, including the date paid, the period covered, and the amount paid. Only include the "advanced" MIP disbursements paid after the due date of the last completely paid installment to the date the assignment is filed for record.

E.Instructions for the Completion of HUD Form 27011, Part E Support Document (Continuation 2). Part E is not required when filing an

assignment claim.

CHAPTER 4: AUTOMATIC ASSIGNED HOME MORTGAGES UNDER SECTION 221(G) (4)

4-1 GENERAL.

Section 221(g) (4) of the National Housing Act gives the mortgagee the option of assigning to HUD mortgages insured under Section 221 pursuant to a conditional or firm commitment issued on or before November 30, 1983 when such mortgages are not in default at the expiration of twenty years from the date the mortgage was endorsed for insurance (24 CFR 221.255). Mortgages which were held by GNMA on or after April 1, 1984 are not eligible for this option. The procedures in this chapter will be followed in automatic assignment claims.

4-2 INELIGIBLE MORTGAGES.

The following mortgages are not eligible for automatic assignment:

- A. Mortgage in default;
- B. Mortgage insured pursuant to a conditional or firm commitment issued after November 30, 1983;
- C. Mortgages which were held by GNMA on or after April 1, 1984 (even if not now held by GNMA).

The following numbers apply:

94001 - 0999 - 4
 94002 - 0999 - 5
 94006 - 0999 - 9
 94008 - 0999 - 0
 94014 - 0999 - 3
 94022 - 0999 - 8

4-3 TIME REQUIREMENT.

The mortgagee must exercise its option under Section 221(g) (4) by filing the assignment for record within one year following the twentieth anniversary of the date the mortgage was endorsed for insurance. No extension of time will be permitted for this action. If the assignment is not recorded or mailed to the recording authority within the one year time required, the mortgage note may be reassigned to the mortgagee. In states where recording is not required, the claim must be submitted within the one year time frame to be considered as meeting the time requirement. This option may not be exercised before the twentieth anniversary date.

All parts of the application identified in paragraph 4-13, together with required attachments, and the title evidence must be submitted to the appropriate HUD offices (Headquarters and Local Office) on the date the assignment is filed for record.

4-4 EXTENSION OF TIME REQUIREMENTS.

The time requirement for recording the assignment of a Section 221 mortgage and for the submission of an automatic assignment claim will not be extended. The mortgagee must exercise its option under Section 221(g)(4) by filing the assignment for record within one year following the twentieth anniversary of the date the mortgage was endorsed for insurance. The claim must be submitted on the date the assignment is filed for record (24 CFR 221.251, 221.255).

4-5 ASSIGNMENT REQUIREMENTS.

The instructions in paragraph 3-4 concerning the form of assignments are applicable.

4-6 TITLE EVIDENCE.

The instructions in paragraph 3-3 concerning the approval of title evidence are applicable.

4-7 PREPAYMENTS.

A. The date shown in Item 8 of Part A (the due date of the last complete installment paid) must not be later than the date shown in Item 10 (the date the assignment is filed for record), otherwise, the claims system will reject the claim. Therefore, if payments in advance of the current due date have been received send a check for the prepayment to the mortgagor.

B. The claims system will accept one or more prepayments to principal alone, therefore, prepayments of principal should not be returned to the mortgagor.

Annotate the "Mortgagee's Comment" section on the reverse side of Part A by the number and dollar amount of prepayments to principal and indicate the actual periodic payment and the scheduled periodic payment as it relates to the original amortization schedule, such as actual - 251st periodic payment, scheduled - 242nd periodic payment.

4-8 ESCROW FUNDS.

A. A check for the total amount of the escrow account should be sent to the mortgagor so that it is received no later than 10 days after the claim is submitted.

B. The mortgagee must be certain that the escrow account contains enough funds to pay all escrow items as they fall due before the mortgage is assigned because the mortgagee will not be reimbursed for funds advanced. If any funds are advanced, they must be collected from the mortgagor.

4-9 HAZARD INSURANCE.

A. Do not cancel the hazard or flood insurance contract.

B. Instruct the hazard and flood insurance carrier to substitute as the beneficiary in the mortgagee clause the following: "Secretary of Housing and Urban Development, his successors and assigns, in care of (insert the name and address of local HUD office)".

C. Send the insurance contract or policy (original) to the local HUD Field Office.

D. Notify, at least 15 days prior to the filing date, all insurance carriers for the hazard, flood, life, health and disability coverage, that the mortgagor will be responsible for the payment of tax bills and insurance premiums.

E. If there are funds accrued in escrow for insurance, the mortgagee must mail a check to the mortgagor for the amount of the accrued premium. HUD will not escrow for insurance or any other item for a Section 221(g)(4) mortgage.

4-10 NOTICE TO MORTGAGOR.

A. At least 60 days prior to the date the assignment will be filed for record, the mortgagee must notify the mortgagor of the pending assignment in the form of Appendix 17.

B. At least 15 days prior to the date the assignment will be filed for record or at least 15 days prior to the first mortgage payment due HUD after the filing date, whichever is earlier, the mortgagee must notify the mortgagor that the mortgage will be assigned and payments should be made to HUD. The form of Appendix 18 should be used for this purpose.

C. Payments received from mortgagor after the assignment has been filed for record. If the mortgagee receives additional payments from the mortgagor after the date the claim is submitted and the assignment is filed for record, the mortgagee must endorse the payment to HUD and forward all payments to our lock box in Atlanta at the following address:

Payment Processing Center
P.O. Box 105652
Atlanta, GA 30348

The appropriate FHA Case Number must identify each payment forwarded to HUD's lock box. (Notate the FHA Case No. in the upper right hand corner of each check or money order.)

4-11 NOTICE TO TAXING AUTHORITY.

At least 15 days prior to the filing date, notify the taxing authorities that the mortgagor will be responsible for payment of tax bills.

4-12 CLAIM PAYMENT.

All Section 221(g)(4) claims for insurance benefits will be paid in debentures having a total face value equal to the unpaid obligation of the mortgage as of the date of the assignment plus accrued mortgage interest to such date. The debentures will be dated as of the date the mortgage is assigned and shall bear interest at the "going Federal rate" at the date of issuance.

The claim payment will not include any advances or costs paid by the mortgagee, and since the claim will be paid in debentures, there will be no accrued debenture interest.

4-13 DOCUMENTS TO BE SUBMITTED.

It is very important that all required documentation be forwarded to the appropriate locations in a timely manner. Failure to meet any of the documentation requirements could jeopardize all or part of the claim reimbursement. The various documentation requirements imposed on the mortgagee are designed to provide critical control and notification functions which enable HUD to expedite the payment of a claim.

All documents must be submitted on the date the assignment is filed for record.

A.TO HUD HEADQUARTERS:

- 1.The original Parts A and B.
- 2.The original Mortgage Insurance Certificate.
- 3.The Title Submission Certificate.
- 4.Worksheet showing reallocation of mortgage payments if capitalized method of accounting is used.

B.TO THE LOCAL HUD OFFICE, ATTN: SINGLE FAMILY LOAN MANAGEMENT BRANCH:

- 1.Copies of Parts A and B.
- 2.A copy of the Title Submission Certificate.
- 3.A copy of the Mortgage Insurance Certificate.
- 4.The original of all hazard insurance policies and a copy of the notice to the insurance carrier requesting the HUD be named beneficiary in the mortgage clause.
- 5.Copies of the 60 day and 15 day notices to the mortgagor (See paragraph 4-10).
- 6.A copy of the escrow check sent to the mortgagor.
- 7.A copy of the mortgage assignment document which was filed for record.

4-14 CLAIM PREPARATION - AUTOMATIC ASSIGNMENTS.

The claim must be completed as described below. In order to avoid delay in payment, the claim must be complete and accurate and contain all information requested. Note paragraph 1-3 concerning pre-screening of applications.

In many instances the instructions provided in Chapter 2, Conveyances, apply equally in Automatic Assignment cases. When this occurs the words "Same as Conveyance" appear after the Item title and the conveyance instructions for that item are repeated verbatim for convenience.

Note: Debenture interest is not calculated in automatic assignment claims.

A. Instructions for the Completion of HUD Form 27011, Part A, Initial Application. The following item by item instructions are to be used when completing HUD Form 27011, Part A, for automatic assignment claims.

PART A

INITIAL APPLICATION

Item 1 Claim Type. Place an "X" in the space for Claim Type 03 = Automatic Assignment.

Items 2 & 3 FHA Case Number and Section of Act Code (Same as Conveyance). Enter the FHA Case Number and the appropriate Section of the National Housing Act ADP code. All mortgages endorsed since 1962 use the first style shown below, with three numerals, then a hyphen, then six numerals (or seven including the check digit). Be sure to include the hyphen on the claim, whether the claim is submitted on paper or through electronic data interchange (EDI), even though CHUMS may omit it. The three other acceptable FHA case number formats, for pre-1962 mortgages, are also illustrated below. All models include the Section of the Act (SOA) ADP codes. The formatted case number appears on the MIC or the advanced notice of S/F Annual MIP unless the case is included in CHUMS, as in "5" below.

	(1)	X X X - X X X X X X	X X X
		or X X X - X X X X X X X	
		FHA Case No.	SOA ADP
Code			
	(2)	X X - X X X X X X	X X
X			

Code		FHA Case No.	SOA ADP
	(3)	X X X X X X - X X	X X
X		FHA Case No.	SOA ADP
Code			
	(4)	X X X - X X X X X	X X
X		FHA Case No.	SOA ADP
Code			
	(5)	X X X X X X X X X X	X X X
		FHA Case No.	SOA ADP
Code			
		(used in CHUMS)	

Item 4 Default Reason Code. Not applicable.

Item 5 Endorsement Date (Same as Conveyance). Enter the endorsement date that appears on the Mortgage Insurance Certificate. If the mortgage was insured before MIC's were issued, enter the endorsement date that appears on the note.

Item 6 Date Form Prepared. Enter the date this form is completed and submitted to HUD. Part A must be submitted on the same day the assignment is filed for record and title evidence is submitted to the local HUD office.

* Note: Although HUD permits 10 days from this date to receive the HUD form 27011 you are required to enter in Item 6 the date of the actual submission (mailing) date of the form.*

Item 7 Due Date of First Payment to Principal and Interest (Same as Conveyance). Enter the date the first payment to Principal and Interest was due. Obtain this date from the mortgage note.

Item 8 Due Date of Last Complete Installment Paid. Enter the date the last complete installment paid was due, not the date it was paid. This item should be taken from the payment ledger. Note that the date in this item will always be the first of the month.

Item 9 Date of Possession and Acquisition of Marketable Title. Not applicable.

Item 10 Date Deed or Assignment Filed for Record or Date of Closing or Appraisal. Enter the date the assignment to the Secretary is filed for record.

The date the assignment is mailed to the recording authority may be entered. Do not enter the date the assignment is mailed to an attorney.

Note: If the date the assignment is mailed to the recording authority is used, this date will be used in evaluating all other related time requirements.

Item 11 Date Foreclosure Proceedings (a) Instituted or (b) Date of Deed In Lieu. Not applicable.

Item 12 Holding Mortgagee Number (Payee) (Same as Conveyance). Enter the complete 10-digit mortgagee number of the holding mortgagee.

Note: This number determines the payee's name and the address to which claims payment data and insurance benefits are mailed.

Item 13 Servicing Mortgagee Number (Same as Conveyance). Enter the complete 10-digit mortgagee number of the servicing mortgagee.

Note: This number determines the name and address to which all computer generated letters and claim payment data are mailed. Information will be mailed only to the holding mortgagee if this item is not completed.

Item 14 Mortgagee Reference Number (Same as Conveyance). Enter the loan number (maximum 15 digits) used by the mortgagee for identifying the case if any. This number will be printed on the benefits check. If the mortgagee is FNMA or GNMA, the FNMA or GNMA loan number must be entered.

Item 15 Original Mortgage Amount (Same as Conveyance). Enter the original mortgage amount. This figure should be taken from the mortgage note. If there has been a recast of the mortgage, make a notation of the recasting on the reverse side of Part A under "Mortgagee's Comments" and make reference to 24 CFR 203.342.

Item 16 Holding Mortgagee EIN. Enter the complete 9-digit Employer Identification Number. This information must be entered.

Item 17 Unpaid Loan Balance as of Date in Item 8 (Item 11 if coinsurance). Enter the unpaid mortgage balance after crediting the last complete monthly installment paid. This figure is taken from the mortgagee's payment ledger.

Item 18 Date of Firm Commitment. Not applicable.

Item 19 Expiration Date of Extension of Foreclose/Assign. Not applicable. No extension are allowed on automatic assignments.

Item 20 Date of Notice/Extension to Convey. Not applicable.

Item 21 Date of Release of Bankruptcy, If Applicable. Not applicable.

Item 22 Is Property Vacant? Yes or No - Check one.

Item 23 If Item 22 is "No," Date of Local HUD Office Approval - Not applicable.

Item 24 Is Property Conveyed Damaged? Yes or No (Same as Conveyance) - Check "yes" if the damage falls into the categories listed in paragraphs 2-10 and 2-11.

If there is no damage or if there is damage to the property which is not covered by the above paragraphs, check "no." In the latter case, specify the type of damage and if any immediate repairs are needed on the reverse of Part A under "Mortgagee's comments."

Item 25 If Item 24 is "Yes," Date of (a) Local HUD Office Approval (Pursuant to 203.379(a)(1) or (b) Certification (pursuant to 203.379(a)(2)) (Same as Conveyance) - Enter the date of the HUD approval letter or the mortgagee certification letter, whichever is applicable. Attach a copy of the certification letter to Part A (copy 1) which is sent to the local HUD office.

Item 26 Type of Damage (Same as Conveyance) - Check appropriate box. If more than one type of damage, check the type that caused the greatest damage. Do not complete this item if item 24 is checked "no."

Item 27 Recovery or Estimate of Damage - A figure must be entered here if item 24 is "yes" and 25(a) applies. If the local HUD office approved assignment of a mortgage on the property in a damaged condition, enter the greater of HUD's estimate to repair the damage (obtained from the local HUD office) or the amount of the insurance recovery. If the insurance recovery is not received when this item is completed, estimate the amount. AN AMOUNT MUST BE ENTERED.

If item 25(b) applies, enter the amount of the

insurance recovery, if any. If insurance recovery has not been received, estimate the amount.

Item 28 Is Mortgagee Successful Bidder? Yes or No - Not applicable.

Item 29 Deficiency Judgment Code. Not applicable.

Item 30 Authorized Bid Amount. - Not applicable.

Item 31 Mortgagee Reported Curtailment Date. Not applicable.

Item 32 Schedule of Tax Information. Enter complete information on the last amount paid for each type of tax or assessment. If a tax has not been paid because it was not available for payment before assignment, show the exact title of the tax or assessment to which it is subject. If a tax was not paid because of a Homestead exception, identify the tax and enter "Homestead" in the "Amount Paid" column.

Type of Tax/Tax Year. Enter the exact title of the tax or assessment with installment information, if applicable (e.g., county tax, first half or school district tax, second half) and the year for which the tax assessment was levied.

Collector's Property Identification. Enter the number used by the taxing authority to identify the property.

Amount Paid. Enter the amount paid for each type of tax or assessment (excluding penalties and interest) and attach a copy of the bill to the copy of Part A sent to the local HUD office. If no tax was paid because of a Homestead exemption, enter "Homestead." If the tax was not paid for other reasons, enter "None."

Period Covered, From - To. Enter the dates covered by the tax whether paid or not and without regard for the due date.

Date Paid. Enter the date of actual payment. All tax bills available before assignment should be paid regardless of the due date. Tax bills received after the date the assignment is filed for record should be sent to the local HUD office, identified by the FHA case number and the taxing authority identification number.

Internal Revenue Service (IRS) Lien. If there is an IRS tax lien, enter the date and the expiration of the lien on the reverse side of Part A under

"Mortgagee's Comments."

Notice to Local HUD Office. In addition, the local HUD office must be promptly advised of the tax status of the property. After the assignment has been filed for record, the mortgagee shall immediately forward all tax bills received, which are in order for payment and properly identified by the FHA case number, to the local HUD office, ATTN: Single Family Loan Management Branch.

Item 33 Mortgagor's Name, Social Security Number and Property Address - Enter the name of the mortgagor as it appears on the ledger record. Enter the property address as it appears on the security instrument or the mortgage insurance certificate.

Enter the social security numbers of all mortgagors, if known. At least one social security number is required. See paragraph 1-14 for additional information.

Item 34 Brief Legal Description of Property (Same as Conveyance). Enter a brief description of the property. This information is found on the mortgage which should agree with the deed to HUD.

Item 35 Name and Address of Mortgagee (Same as Conveyance). Enter the name and address of the mortgagee, including the ZIP code.

Item 36 Name and Address of Mortgagee's Servicer (Same as Conveyance). Enter the name and address of the mortgagee's servicer, including the ZIP code, if applicable. Include the name and telephone number of a contact person who can answer questions about the claims.

Items 37 & 38 Mortgagee Official Signature, Date and Title, and Servicer Signature, Date and Title (Same as Conveyance). The claim must be signed and dated by an official of the holding mortgagee if the holding mortgagee is filing the claim. If a servicer is filing the claim on behalf of the mortgagee, an official of the servicer must sign and date the form. The application must be complete when signed and the actual date signed must be entered by the signing official. The application will be returned if it is not signed or if it contains a stamped or duplicated signature.

* Note to
 signing
 official: Please be sure you have read and understand the
 certifications on the HUD Form-27011 before
 signing and dating. If your system prints the

date in items 37 and 38, check to ensure this is the date you are signing the form. Also check the submission date in item 6 to ensure it does not reflect an earlier date. The date in item 6 should be the same date as item 37 or item 38. *

Item 39 Amount of Monthly Payment to: (a) FHA insurance, (b) Taxes, (c) Hazard Insurance and (d) Interest and Principal. Enter the regular monthly payment.

Item 40 If Bankruptcy Filed, Enter Date. Not applicable.

Item 41 If Conveyed/Assigned Damaged, Date Damage Occurred (Same as Conveyance). Enter the date the mortgagee or its agent first became aware of damage to the property. This date should be available in the Inspection Reports. If there are no Inspection Reports because the property was occupied and the date of damage is not known, enter an estimated date and indicate in the Mortgagee Comments section that the date is an estimate.

Item 42 Date HIP Cancelled or Refused, if Applicable (Same as Conveyance). Enter the date the fire insurance policy was cancelled or refused by the insurer, if the property was damaged by fire and the mortgagee executes a certification pursuant to 24 CFR 203.379(a)(2) (a date will be entered in Item 42b).

Item 43 Number of Living Units (Same as Conveyance). Enter the number of living units in the property.

Item 44 Status of Living Units (Same as Conveyance). Indicate if the property is vacant or occupied for each living unit by checking the appropriate box. If the unit is occupied, enter the occupant's name. If the unit is vacant, enter the date vacated (as best as can be determined) and the date the mortgagee secured the property.

Mortgagee's Comments, if Any. Use this area to justify unusual circumstances as well as other information required by the instructions.

HUD's Comments, if any. HUD USE ONLY.

B.Instructions for the Completion of HUD Form 27011, Part B, Fiscal Data. The following item-by-item instructions are to be used when completing HUD Form 27011, Part B, for automatic assignment claims. Parts C, D and E are not applicable to automatic assignment claims.

Note:Debenture interest is not calculated in automatic assignment claims.

PART B

FISCAL DATA

Item 100 Mortgagor's Name and Property Address (Same as Conveyance). Enter the mortgagor's name and property address as they appear in Item 33 of Part A.

Items 101
and 102 FHA Case Number and Section of Act Code (Same as Conveyance). Enter the FHA Case Number and Section of the Act Code as they appear in Items 2 and 3 of Part A.

Item 103 Mortgagee's Reference Number (Same as Conveyance). Enter the mortgagee's Reference Number as it appears in Item 14 of Part A.

Item 104 Date Form Prepared (Same as Conveyance). Enter the date Part B is prepared and submitted to HUD.

Item 105 Expiration Date to Submit Title Evidence, if Applicable. Not applicable.

Item 106 Check if Supplemental. Not applicable.

Item 107 Adjustment to Loan Balance (if different from block 17 on Part A). Not applicable.

Item 108 Sale/Bid Price or Appraisal Value (for Coinsurance or Nonconveyances). Not applicable.

Item 109 Escrow Balance (as of Date in Block 10, Part A). Not applicable. The total amount of the escrow account must be sent to the mortgagor.

Item 110 Total Disbursements for Protection and Preservation from Line 264, Part C. Not applicable.

Item 111 Total Disbursements from line 305, Part D. Not applicable.

Item 112 Attorney/Trustee Fees Paid From Line 306, Part D. Not applicable.

Item 113 Foreclosure, Acquisition, Conveyance and Other Costs from Line 307, Part D. Not applicable.

Item 114 Bankruptcy Fee (if applicable) from Line 310, Part D. Not applicable.

Item 115 Rental Income. Not applicable.

Item 116 Rental Expense. Not applicable.

Item 117 Total Taxes on Deed from Line 308, Part D. Not applicable.

Item 118 Recovery or Damage (if not reported on Part A).
Use Line 119 if Reported on Part A. Not applicable.

Item 119 Estimate or Recovery from Part A. Not applicable.

Item 120 Special Assessments (DO NOT USE FOR COINSURANCE)
from Line 309, Part D. Not applicable.

Item 121 Mortgage Note Interest. Unpaid mortgage note interest to the date the assignment is filed for record will be included in the insurance benefits.

From. Enter the due date of the last completely paid installment (Item 8, Part A).

To. Enter the date on which the assignment to the Secretary was filed for record (Item 10, Part A).

Rate. Enter the mortgage interest rate as it appears on the mortgage note. Show fractions in decimals to three places.

Computation method. To obtain the amount of accrued mortgage interest due, multiply the Daily Interest Rate Factor by the amount of the unpaid principal balance. The Daily Interest Rate Factor is found in the Table in Appendix 8. This result is then multiplied by the number of days from the due date of the last completely paid installment to the date the assignment was filed for record. To assist in determining the number of days refer to the Julian Date Calendars provided in Appendix 5.

Item 122 Mortgage Insurance Premiums. Not applicable.

Item 123 Unapplied Section 235 Assistance Payments. Not applicable.

Item 124 Overpaid Section 235 Assistance Payments. Not applicable.

Items 125
thru 132 Not applicable. Any amounts appearing on these lines will be disallowed.

Item 133 Contact: Holding Mortgagee, Name and Telephone

Number; or Contact: Servicing Mortgagee, Name and Telephone Number (Same as Conveyance). Enter the name and telephone number of a person in the holding or servicing mortgagee's office who can answer questions concerning the information reported on this claim form. Include the Holding Mortgagee number which you entered in Item 12 of Part A.

Items 134

and 136 Enter the totals of Columns A - Deductions; B - Additions; and C - Interest.

* Item 137 Net Claim Amount (Columns B - A + C). Enter the net claim amount.*

Items 138

and 139 Mortgagee's Official Signature, Date and Title (signature not necessary if signed by a servicer) and Servicer Signature, Date, and Title. Enter a signature in at least one of these blocks.

C. Instructions for the Completion of HUD Form 27011, Parts C, D and E, Support Document (Continuations 1 and 2).

Parts C, D and E are not required when filing an automatic assignment claim.

CHAPTER 5: COINSURED MORTGAGES

5-1 GENERAL.

- A. Claims on loans which were originated under the coinsurance provisions of Section 244 of the National Housing Act, 12USC 1715Z-9 and are still within the period of coinsurance must be filed in accordance with the provisions of this Chapter, unless the mortgage has been accepted by HUD for assignment.

Under the coinsurance program the mortgagee does not convey the property to HUD in exchange for insurance benefits. After acquiring the property by foreclosure or deed-in-lieu of foreclosure, the mortgagee sells the property for the best price obtainable. The unpaid principal balance of the mortgage is reduced by the purchase price in computing insurance benefits. If the property is not sold within 6 months after acquisition, the unpaid principal balance is reduced by the appraised value of the property. HUD and the mortgagee share any loss arising out of the mortgage transaction. The lender exposure will be 10% of the actual loss subject to a "stop loss" of one percent of the total face amount of coinsured loans originated by the lender in same calendar year.

- B. HUD maintains a Coinsurance Reserve Account for each mortgagee by calendar year. A percentage of the annual mortgage insurance premium is credited, and the mortgagee's share of the loss is debited, to this account.
- C. Claims for insurance benefits under the coinsurance program may be filed only by an approved coinsuring mortgagee (See 24 CFR 204.5). During the coinsurance period servicing functions must be performed by an approved coinsuring mortgagee. An "approved coinsuring mortgagee" is a mortgagee approved for participation in HUD's mortgage insurance programs and meeting certain special requirements relating to the coinsurance program.

5-2 PERIOD OF COINSURANCE. A mortgage endorsed for coinsurance is coinsured from the date of endorsement to the date the 60th monthly amortization payment is made by the mortgagor. During this period an insurance claim must be filed as provided in this Chapter. After the mortgagor makes the 60th amortization payment, the mortgage becomes fully insured and the coinsurance provisions of the insurance contract

terminate. Mortgages in default would be handled as any other fully insured mortgage.

HUD may also agree, on request, to fully insure the mortgage on the date of the 60th scheduled payment if the mortgagee provides forbearance or recasting relief and payments are current under the forbearance or recasting agreement.

If a coinsured mortgage is accepted by HUD for assignment, an insurance claim is filed under the Assignment Claim procedures (Chapter 3).

5-3TIME REQUIREMENTS. The mortgagee must comply with the following time requirements when submitting a claim during the coinsurance period. Failure to comply will result in curtailment of interest to the date the action should have been taken or to the date to which it was extended by HUD (24 CFR 204.322(j)).

A.Foreclosure Initiation. Institute foreclosure proceedings or other action to acquire the mortgaged property within one year from the date of default, unless an extension of time is approved in writing. (See paragraph 2-2A for more detailed information).

B.Notice to HUD. Provide written notice to HUD that foreclosure has been instituted. The notice must be provided within 30 calendar days of the institution of foreclosure. This requirement is satisfied only by submission of complete and correct HUD Form 92068A, the monthly Single Family Default Monitoring System (SFDMS) report.

C.Prosecuting Foreclosure. 24 CFR 204.302 requires the mortgagee to "exercise reasonable diligence in prosecuting such proceedings to completion." The provisions of paragraph 2-2 relating to reasonable diligence in prosecuting foreclosure in conveyance claims are applicable to coinsurance claims.

D.Notice of Acquisition. Submit the notice of acquisition of title to the local HUD office within 15 calendar days of acquisition of good and marketable title to the property. A copy of the notice shall be included in the claim review file.

E.Sale of Property. Take possession of, repair and sell the property for the best price obtainable within 6 months after date of acquisition of marketable title. If the property is not sold, notify the local HUD office at least 15 calendar days prior to the expiration of the six-month period. A copy of the notice, if applicable, shall be included in the audit file. The local HUD office will provide an appraised amount that must be used when the property has not been sold.

F.Submit Claim to HUD. Complete all Parts of Form HUD-27011 within 15 calendar days after the sale of the property, or within 15 calendar days of receipt of the notice of the appraised value for properties not sold within six months after the date of acquisition of

marketable title. The following distribution must be made:

1. Forward Parts A, B, the MIC (originals) and copies of Part C, D and E to HUD Headquarters, no later than 15 days from the date of sale or appraisal (Item 10).

2. Forward copies of Parts A and B and the original of Parts C, D and E to the attention of the Single Family Loan Management Branch in the local HUD office on the same day the originals are forwarded to Headquarters.

3. Retain copies of Parts A, B, C, D and E in the claim review file.

5-4 EXTENSION OF TIME REQUIREMENTS. If the mortgagee cannot comply with the above requirements for a particular action because of circumstances beyond its control, it should submit a request for an extension of time to the local HUD office. The request should be made as soon as possible before the time limit for that action expires (See paragraph 1-6). The time for filing a claim will not be extended.

5-5 ACQUISITION OF TITLE. The mortgagee shall initiate and complete foreclosure (or shall acquire title by voluntary conveyance) and two-thirds of the costs will be included in insurance benefits as in Conveyance Claims (Chapter 2) except that the title will not be conveyed to the Secretary by the mortgagee nor by direct conveyance.

5-6 PROTECTION AND PRESERVATION OF PROPERTY. The mortgagee shall protect and preserve the property, as provided in paragraph 2-11, from the time it acquires title to date the property is sold by the mortgagee or to six months after the date of acquisition, whichever first occurs.

5-7 REPAIRS TO THE PROPERTY. The mortgagee may make necessary repairs prior to the sale of the property (or prior to the six month sale limitation) but the repairs shall not exceed:

A. Repairs required by local law.

B. Repairs required to meet the objectives of the FHA Minimum Property Standards.

C. Repairs specifically approved in advanced by HUD.

5-8 SALE OF THE PROPERTY. The mortgagee must sell the property (with settlement completed) for the best price obtainable no later than six months after the date it acquired title. Reasonable and customary closing costs may be included in computing insurance benefits and should be entered in Item 408 of Part E.

5-9 UNSOLD PROPERTIES. If the property is not expected to be sold within six months after acquisition of title, the mortgagee must notify the local HUD office at least 15 days prior to the expiration of the six month period. The field office will arrange for an independent

appraisal of the property. The appraised value reported to the mortgagee will be used in lieu of the sale price for purposes of claim settlement.

5-10 COSTS. Expenditures made by the mortgagee in acquiring, protecting and repairing the property will be entered in Parts C and D as in conveyance claims. Items 405 through 408 of Part E will be used to claim costs and reimbursements at the closing of the sale or on the date of the appraisal notice if the property is not sold. Expenses claimed in Parts C and D should not be entered in Part E. If the claim settlement is based on appraised value rather than sales price, there should be no entry in Item 408.

5-11 INTEREST. HUD will compute the amount of debenture interest and mortgage interest to be paid to the mortgagee. The interest will be computed on the unpaid principal balance of the mortgage. No interest is paid on expenses or advances.

A. Debenture interest will be computed at the rate in effect on the date of the Mortgage Insurance Certificate. It will be computed from the date of default to the date the mortgagee acquires title to the property.

B. Mortgage note interest will be computed from the date the mortgagee acquires title to the property to the date the claim for insurance benefits is processed for payment. If the property is sold, mortgage note interest will be calculated on the full unpaid principal balance from the date of acquisition of title (Item 9) to the date of the sale (Item 10) and will be paid on the unpaid principal balance minus the sale proceeds from the date of the sale to claim settlement.

C. If the mortgagee fails to meet any of the time requirements identified in paragraph 5-3, debenture interest will be computed only to the date on which the action should have been taken or to which it was extended in writing by HUD.

5-12 CLAIM PAYMENT.

A. Upon receipt of Parts A and B, Form HUD-27011, and the required attachments in Headquarters, HUD will pay (subject to a reserve account limitation described below) to the mortgagee the unpaid principal balance of the mortgage and amount determined by:

1. Adding the following items:

a. Allowable costs and advances.

b. Debenture interest on the unpaid principal balance from the date of default to the date of acquisition of marketable title.

c. Mortgage interest on the unpaid principal balance from the date of acquisition of marketable title to the date the claim is paid. (The unpaid principal balance is

reduced by the sale price when calculating interest from the date of the sale to settlement).

d. Payments made by the mortgagor for allowable repairs, preservation and maintenance.

e. Allowable sales expense.

f. Allowable overhead costs from the date of acquisition of title to the date of disposition or appraisal of the property.

2. Deducting the following items:

a. All amounts received by the mortgagee on account of the mortgage after institution of foreclosure or deed-in-lieu of foreclosure.

b. All amounts received by the mortgagee from any source relating to the property on account of rent or other income after deducting handling expenses.

c. All cash retained by the mortgagee for the account of the mortgagor that have not been applied to reduction of principal.

d. All amounts received by the mortgagee relating to the sale of the property or the appraisal value of the property.

B. HUD is responsible for 90% of approved claim and the coinsuring mortgagee is responsible for 10%. HUD will pay 90% of the calculated claim amount immediately upon approval of the claim. Then HUD will check the appropriate reserve account to see if it contains a sufficient cash balance to cover the originating mortgagee's 10% share. If it does, HUD will transfer the funds out of the reserve account and pay the mortgagee the remaining 10% of the claim. If there is not sufficient cash in the reserve account, HUD will disburse an amount equal to the reserve balance only, if any. However, since the mortgagee's liability is limited to one percent of the total amount of coinsurance loans insured for each calendar year, if the reserve account has already been charged with one percent of the total principal balance of all loans for that year, HUD will pay the remaining 10% of the claim.

5-13 DOCUMENTS TO BE SUBMITTED.

It is very important that all required documentation be forwarded to the appropriate locations in a timely manner. Failure to meet any of the documentation requirements could jeopardize all or part of the claim reimbursement. The various documentation requirements imposed on the mortgagee are designed to provide critical control and notification functions which enable HUD to expedite the payment of a claim.

The following documents must be sent to HUD Headquarters or the local

HUD office within one of the following time requirements (whichever is applicable): Within 15 days after the Sale of the Property; or Within 15 Calendar Days of the Receipt of the Notice of the Appraised Value for Properties Not Sold Within 6 Months After the Date Marketable Title Was Acquired:

A.TO HUD HEADQUARTERS

- 1.The original Parts A and B
- 2.The original Mortgage Insurance Certificate (MIC)

B.TO THE LOCAL HUD OFFICE, ATTN: SINGLE FAMILY LOAN MANAGEMENT BRANCH

- 1.Copies of Parts A and B
- 2.The original Parts C, D and E

Note:A copy of Parts A, B, C, D and E and all supporting documents must be retained in the audit file (See paragraph 1-8).

The following Table (Table 5-1) illustrates the document submission requirements for conveyance claims.

COINSURANCE CLAIM SUBMISSION REQUIREMENTS

* GRAPHICS MATERIAL IN ORIGINAL DOCUMENT OMITTED
*

5-14CLAIM PREPARATION - COINSURANCE. A coinsured mortgage becomes fully insured on the date the 60th monthly amortization payment is made by the mortgagor. If it becomes necessary for the mortgagee to foreclose upon a defaulted coinsured mortgage prior to becoming fully insured and the mortgagee chooses to file a claim for insurance benefits, the mortgagee must follow the requirements outlined in this chapter. After the mortgagor has made the 60th monthly payment, the loan becomes fully insured and the claim is filed as a conveyance or assignment, as applicable (24 CFR 204.251(k),(l)). For further reference, see Handbook 4205.1, Single Family Coinsurance Program.

The claim must be completed as described below using Form HUD-27011, Single Family Application for Insurance Benefits. In order to avoid delay in payment, the claim must be complete and accurate and contain all information requested. Note paragraph 1-3 concerning pre-screening of applications.

In many instances the instructions provided in Chapter 2, Conveyances, apply equally in coinsurance cases. When this occurs the words "Same As Conveyance" appear after the Item title and the conveyance instructions for that item are repeated verbatim for convenience.

A. Instructions for the Completion of HUD Form 27011, Part A, Initial Application. The following item by item instructions are to be used when completing HUD Form 27011, Part A, for coinsurance claims.

PART A

INITIAL APPLICATION

Item 1 Claim Type. Place an "X" in the space for Claim Type 04 = Coinsurance unless the claim is submitted as a fully insured Conveyance (01) or Assignment (02).

Items 2

and 3 FHA Case Number and Section of Act Code (Same as Conveyance). Enter the FHA Case Number and the ADP code for the Section of the National Housing Act under which the mortgage was insured. There are five acceptable FHA case number formats which are illustrated below, including the Section of the Act (SOA) ADP codes. The format of each FHA insured case number appears on the Mortgage Insurance Certificate or the advanced notice of S/F Annual MIP unless the case is included in CHUMS, in which case, see "5" below.

Code	(1)	X X X - X X X X X X FHA Case No.	X X X SOA ADP
X	(2)	X X - X X X X X X FHA Case No.	X X SOA ADP
Code	(3)	X X X X X X - X X FHA Case No.	X X SOA ADP
X	(4)	X X X - X X X X X FHA Case No.	X X SOA ADP
Code	(5)	X X X X X X X X X X FHA Case No.	X X X SOA ADP
Code	(used in CHUMS)		

Item 4 Default Reason Code (Same As Conveyance). Enter the applicable code number from the default reasons listed below. If code 15 is used, explain the reason on the reverse of Part A under "Mortgagee's Comments."

	CODE	REASON
	01	=Death of a principal mortgagor
	02	=Illness of a principal mortgagor
family member	03	=Illness of mortgagor's
member	04	=Death of mortgagor's family
	05	=Marital difficulties
(Reduction of income of a borrower)	06	=Curtailment of income
Same income, including habitual non-payment of debts	07	=Excessive obligations -
	08	=Abandonment of property
	09	=Distant employment transfer
	10	=Neighborhood problem
	11	=Property problem
	12	=Inability to sell property
	13	=Inability to rent property
	14	=Military service
	15	=Other

Item 5 Endorsement Date (Same as Conveyance). Enter the endorsement date that appears on the Mortgage Insurance Certificate.

Item 6 Date Form Prepared. Enter the date this form is completed and submitted to HUD. To avoid debenture interest curtailment, Part A must be submitted within 15 days of the date of sale closing or receipt of the appraisal if the property is not sold.

Item 7 Due Date of First Payment to Principal and Interest (Same as Conveyance). Enter the date the first payment to Principal and Interest is due. Obtain this date from the mortgage note.

Item 8 Due Date of Last Complete Installment Paid (Same as Conveyance). Enter the date the last complete installment paid was due, not the date it was paid. This item should be taken from the payment ledger. If no payments have been made, enter the date in Item 7 (Due Date of the First Payment to Principal and Interest).

Note that the date in this item will always be the first of the month.

Item 9 Date of Possession and Acquisition of Marketable Title. Enter the date of acquisition of good and marketable title to the property.

Item 10 Date Deed or Assignment Filed for Record or Date of Closing or Appraisal. Enter the date of sale closing or the date of receipt of notice of the appraised value. If the date exceeds 6 months from the date in Item 9, an extension should be obtained from the local HUD office and entered into Item 20.

Item 11 Date Foreclosure Proceedings (a) Instituted or (b) Date of Deed In Lieu (Same As Conveyance). Check the appropriate box and enter the date of the first public action taken which was required by law to initiate foreclosure (e.g., filing a complaint or petition, recording a notice of default, or publication of a notice of sale) or the date the deed-in-lieu was recorded, whichever is applicable. If foreclosure was instituted and a deed-in-lieu was then obtained, check both blocks and enter both dates. If the foreclosure action was nullified under state law by the filing of a bankruptcy petition, enter the date on which the foreclosure action was re-instituted.

Item 12 Holding Mortgagee Number (Payee) (Same as Conveyance). Enter the complete 10-digit mortgagee number of the holding mortgagee.

Note: This number determines the payee's name and the address to which the insurance benefits check and claim payment data are mailed.

Item 13 Servicing Mortgagee Number (Same as Conveyance). Enter the complete 10-digit mortgagee number of the servicing mortgagee.

Note: This number determines the name and address to which all computer generated letters and claim payment data is mailed. Information will be mailed only

to the holding mortgagee if this item is not completed.

Item 14 Mortgagee Reference Number (Same as Conveyance). Enter the loan number (maximum 15 digits) used by the mortgagee for identifying the case if any. This number will be printed on the benefits check. If the mortgagee is FNMA or GNMA, the FNMA or GNMA loan number must be entered.

Item 15 Original Mortgage Amount (Same as Conveyance). Enter the original mortgage amount. This figure should be taken from the mortgage note. If there has been a recast of the mortgage, make a notation of the recasting on the reverse side of Part A under "Mortgagee's Comments" and make reference to 24 CFR 203.342.

Item 16 Holding Mortgagee EIN (Same as Conveyance). Not applicable.

Item 17 Unpaid Loan Balance as of Date in Item 8 (Item 11 if coinsurance) (Same as Conveyance). Enter the unpaid mortgage balance after crediting the last complete monthly installment paid. This figure is taken from the mortgagee's payment ledger. Partial payments insufficient to complete a full monthly installment are to be reported in Part B, Item 109 as escrow funds.

Item 18 Date of Firm Commitment. Not applicable.

Item 19 Expiration Date of Extension of Foreclose/Assign (Same As Conveyance). If an extension of time is requested by the mortgagee and granted by the local HUD office, enter the expiration date of that extension. The extension must be in writing. See paragraph 1-6.

If bankruptcy is involved or if state or local laws delay action, the mortgagee need not obtain approval to extend the date to begin foreclosure, enter the date 60 days after the date of the release of bankruptcy, unless an additional extension period is approved by the local HUD office. The latest extension date must always entered. This 60 day extension is only applicable when the bankruptcy precluded initiation of foreclosure within the timeframe. See paragraph 2-16.

Item 20 Date of Notice/Extension to Convey. Enter the date of the extension of time for closing or for requesting appraisal, if applicable.

Item 21 Date of Release of Bankruptcy. If Applicable

tem 21 Date of Release of Bankruptcy, If Applicable
(Same as Conveyance). Enter the date the
bankruptcy stay or the local law prohibition was
released. Note: When there is more than one
bankruptcy, and the mortgagee is entitled to a 60
day extension to begin foreclosure, enter the
release date which applies to the extension.

Item 22 Is Property Vacant? Yes or No - Not applicable.

Item 23 If Item 22 is "No," Date of Local HUD Office
Approval - Not applicable.

Item 24 Is Property Conveyed Damaged? Yes or No - Not
applicable.

Item 25 If Item 24 is "Yes," Date of (a) Local HUD Office
Approval (Pursuant to 203.379(a)) or (b)
Certification (pursuant to 203.379(b)) - Not
applicable.

Item 26 Type of Damage - Not applicable.

Item 27 Recovery or Estimate of Damage - Not applicable.

Item 28 Is Mortgagee Successful Bidder? Yes or No - Not
applicable.

Item 29 Deficiency Judgment Code. Not applicable.

Item 30 Authorized Bid Amount. - Not applicable.

Item 31 Mortgagee Reported Curtailment Date (Same
as Conveyance. If the mortgagee failed to
comply with a time requirement for any of
the following circumstances a) reasonable
diligence, b) notice of foreclosure, or
c) failure to initiate foreclosure within
one year of default and subsequent
payments advance the default date, enter
the date the action should have been
taken. If there was more than one
failure, enter the earliest date on which
a required action should have been taken.

Item 32 Schedule of Tax Information. Not applicable.

Item 33 Mortgagor's Name, Social Security Number
and Property Address (Same as
Conveyance). - Enter the name of the
mortgagor in default as it appears on the
ledger record. Enter the property
address as it appears on the security
instrument or the mortgage insurance
certificate.

Enter the social security numbers of all

mortgagors, if known. At least one social security number is required. See paragraph 1-8 for additional information.

Item 34 Brief Legal Description of Property (Same as Conveyance). Enter a brief description of the property. This information is found on the mortgage which should agree with the deed to HUD.

Item 35 Name and Address of Mortgagee (Same as Conveyance). Enter the name and address of the mortgagee, including the ZIP code.

Item 36 Name and Address of Mortgagee's Servicer (Same as Conveyance). Enter the name and address of the mortgagee's servicer, including the ZIP code, if applicable. Include the name and telephone number of a contact person who can answer questions about the claims.

Items 37
and 38 Mortgagee Official Signature, Date and Title, and Servicer Signature, Date and Title (Same as Conveyance). The claim must be signed and dated by an official of the holding mortgagee if the holding mortgagee is filing the claim. If a servicer is filing the claim on behalf of the mortgagee, an official of the servicer must sign and date the form. The application must be complete when signed and the actual date signed must be entered by the signing official. The application will be returned if it is not signed or if it contains a stamped or duplicated signature.

* Note to
signing
official: Please be sure you have read and understand the certifications on the HUD Form-27011 before signing and dating. If your system prints the date in items 37 and 38, check to ensure this is the date you are signing the form. Also check the submission date in item 6 to ensure it does not reflect an earlier date. The date in item 6 should be the same date as item 37 or item 38. *

Item 39 Amount of Monthly Payment to: (a) FHA insurance, (b) Taxes, (c) Hazard Insurance and (d) Interest and Principal. Not applicable to coinsurance claims.

Item 40 If Bankruptcy Filed, Enter Date (Same as Conveyance). Enter the date of the last bankruptcy action. This is required if Item 21 is completed.

Note: If foreclosure is not commenced within one year from the date of default because of bankruptcy, the mortgagee is granted an extension of sixty days after release of bankruptcy to initiate foreclosure.

Item 41 If Conveyed/Assigned Damaged, Date Damage Occurred. Not applicable.

Item 42 Date HIP Canceled or Refused, if Applicable. Not applicable.

Item 43 Number of Living Units. Not applicable.

Item 44 Status of Living Units. Not applicable.

Mortgagee's Comments, if Any. Use this area to justify unusual circumstances as well as other information required by the instructions.

HUD's Comments, if any. HUD USE ONLY.

B. Instructions for the Completion of HUD Form 27011, Part B, Fiscal Data. The following item-by-item instructions are to be used when completing HUD Form 27011, Part B, for coinsurance claims. Prepare this Part after Parts C, D and E have been completed. The information entered in this Part is transferred from Parts C, D and E.

PART B

FISCAL DATA

Item 100 Mortgagor's Name and Property Address. (Same as Conveyance) Enter the mortgagor's name and property address as they appear in Item 33 of Part A.

Items 101 and 102 FHA Case Number and Section of Act Code (Same as Conveyance). Enter the FHA Case Number and Section of the Act Code as they appear in Items 2 and 3 of Part A.

Item 103 Mortgagee's Reference Number (Same as Conveyance). Enter the mortgagee's Reference Number as it appears in Item 14 of Part A.

Item 104 Date Form Prepared (Same as Conveyance). Enter the date Part B is prepared and submitted to HUD.

Item 105 Expiration Date to Submit Title Evidence, if Applicable. Not applicable.

Item 106 Check if Supplemental. Not applicable.

Item 107 Adjustment to Loan Balance (if different from block 17 on Part A). Not applicable.

Item 108 Sale/Bid Price or Appraisal Value. Enter the sales price or the appraised value of the property, as applicable.

Item 109 Escrow Balance (as of Date in Block 10, Part A). Enter the amount remaining in the escrow account as of the date of closing or appraisal notice, partial payments, hazard insurance premium refunds, escrows for on-site repairs, buydown money, etc. Do not enter a negative balance.

Item 110 Total Disbursements for Protection and Preservation from Line 264, Part C (Same as Conveyance). Enter the total amount of disbursements appearing in Part C, Item 264. Note on the reverse side of this Part any authorization obtained from the local HUD office for approvals to exceed allowable amounts.

Item 111 Total Disbursements from line 305, Part D. Enter the total amount appearing in Part D, Item 306.

Item 112 Attorney/Trustee Fees Paid From Line 306, Part D. Enter the total amount appearing in Part D, Item 306. HUD WILL CALCULATE THE TWO-THIRDS ALLOWANCE.

Item 113 Foreclosure, Acquisition, Conveyance and Other Costs from Line 307, Part D. Enter the total amount appearing in Part D, Item 307. HUD WILL CALCULATE THE TWO-THIRDS ALLOWANCE.

Item 114 Bankruptcy Fee (if applicable) from Line 310, Part D. Enter the amount of bankruptcy fees appearing in Part D, Item 310. HUD WILL CALCULATE THE TWO-THIRDS ALLOWANCE.

Item 115 Rental Income (Same as Conveyance). Enter any income from the rent of the property between the date foreclosure proceedings were instituted (or property otherwise acquired) and the date of closing.

Item 116 Rental Expense (Same as Conveyance). Enter rental expenses incurred, if any. If there is no entry in Item 115, make no entry in this item.

Item 117 Total Taxes on Deed from Line 308, Part D (Same as Conveyance). Enter the total amount paid and shown in Item 308, Part D.

Item 118 Recovery or Damage (if not reported on Part A).

Use Line 119 if Reported on Part A. If insurance recovery has been received and all funds have not been expended, enter the amount of remaining funds.

Item 119 Estimate or Recovery from Part A. Not applicable.

Item 120 Special Assessments (DO NOT USE FOR COINSURANCE) from Line 309, Part D. Not applicable.

Item 121 Mortgage Note Interest. Mortgage note interest from the date of acquisition of title to the date of settlement will be computed by HUD. It should not be claimed on this line. An entry should be made on line 121 only if a mortgagor fails to meet the requirements of a special forbearance agreement and the failure continues for at least 60 calendar days. See Paragraph 2-18. From. Enter the date of the last completely paid installment after all funds received under the agreement are applied according to the terms of the mortgage (Item 8, part A). If no mortgage payments were made, enter a date 30 days prior to the due date of the first scheduled payment (Item 7, Part A).

To. Enter the earliest of the following dates:

1.the date of institution of foreclosure proceedings;

2.the date of acquisition of title and possession by deed-in-lieu of foreclosure;

3.90 calendar days following the date the mortgagor fails to meet the requirement of the forbearance agreement; or

4.such other date as the local HUD office may approve in writing prior to expiration of the 90 calendar day period (24 CFR 203.402a).

Rate. Enter the mortgage interest rate as it appears on the mortgage note.

Compute the amount of mortgage interest due as instructed in Paragraph 2-19 and enter in Column C.

Coinsurer are also entitled to mortgage interest on the unpaid principal balance from the date of acquisition of title to the date of the insurance benefits payment (203.322(k)) but the coinsurer should not enter this amount. HUD will calculate the mortgage interest on the principal balance.

Item 122 Mortgage Insurance Premiums (Same as Conveyance).
Enter total from Item 311, Part D.

Item 123 Unapplied Section 235 Assistance Payments. Not
applicable.

Item 124 Overpaid Section 235 Assistance Payments.

Not applicable.

Item 125 Overhead Costs. Enter the amount paid for
overhead costs from Item 405, Part E.

Item 126 Uncollected Interest (Approved Forbearance
Agreements Only). Not applicable.

Item 127 Amount Due from Buyer in Column A Closing or at
Appraisal Notice Date. Enter the amount due from
buyer, or would be due from buyer, if the property
was sold, from Item 406, Part E.

Item 128 Amount Owed to Buyer in Column B Closing or at
Appraisal Notice Date. Enter the amount due to
the buyer, or would be due to the buyer, if the
property was sold, from Item 407, Part E.

Item 129 Additional Closing Costs. Enter additional
expenses incurred at closing from Item 408, Part
E.

Item 130 Appraisal Fee. Not applicable.

Item 131 Deficiency Judgment Costs/Fees. Not applicable.

Item 132 Reserved.

Item 133 Contact: Holding Mortgagee, Name and Telephone
Number; or Contact: Servicing Mortgagee, Name and
Telephone Number (Same as Conveyance). Enter the
name and telephone number of a person in the
holding or servicing mortgagee's office who can
answer questions concerning the information
reported on this claim form. Include the Holding
Mortgagee number which you entered in Item 12 of
Part A. Reserved.

Items 134
and 136 Enter the totals of Columns A - Deductions; B -
Additions; and C - Interest.

Item 137 Net Claim Amount (Columns B - A + C). The amount
HUD actually pays will differ from what the
mortgagee enters here because of possible
curtailments, disallowed expenses, HUD's
calculation of two-thirds allowances on

attorney/trustee fees, foreclosure costs and bankruptcy fees, and additional debenture interest calculated by HUD to the date of claim settlement.

Items 138

and 139 Mortgagee's Official Signature, Date and Title (signature not necessary if signed by a servicer) and Servicer Signature, Date, and Title. A signature must appear in at least one of these blocks, however, it is acceptable if both the mortgagee and the service wish to sign this form.

PART C

SUPPORT DOCUMENT

The general instructions for the preparation of Part C in conveyance claims are applicable in coinsurance claims except that the property is not conveyed to the Secretary and debenture interest is not paid on expenses. The mortgagee must enter the Date Paid, the Description, Amount Paid and the Total but no entry should be made in the Debenture Interest Columns. Disbursement should include payments from the last completely paid installment to the date of closing or appraisal.

Item 200 Mortgagee's Name and Property Address (Same As Conveyance). Enter the mortgagee's name and property address as they appear in Item 33 of Part A.

Item 201
and 202 FHA Case Number and Section of Act Code
(Same As Conveyance). Enter the FHA case number

and Section of the Act Code as they appear in Items 2 and 3 of Part A.

Item 203 Mortgagee's Reference Number (Same As Conveyance).
Enter the mortgagee's reference number as it appears in Item 14 of Part A.

Item 204 Date (Same as Conveyance). Enter the date entered
in Part B, Item 104 if all actions taken by the mortgagee are within the time requirements or the automatic extensions specified in Paragraph 2-13 or within the extended time requirements (See Paragraph 1-3). If the mortgagee failed to comply with a time requirement (including actions reported in Part A) or its approved extension, enter the date the actions should have been taken. Debenture interest will be computed to this date. If there was more than one failure, enter the

earliest date on which a required action should have been taken (See paragraph 2-5c).

Item 205 Debenture Interest Rate. Make no entry.

Item 206

through

Item 261 Disbursements for Protection and Preservation.

Enter all inspection, protection and preservation expenses for which the mortgagee is not responsible. This includes debris removal, replacing broken glass, protecting plumbing and other operating systems against damage by freezing, care of lawns and shrubs, repair of leaking roof, etc. Describe the service performed, the date it was completed and the date paid. See paragraph 2-10 and 2-11 for the nature of reimbursable expenditures and cost limits. Enter expenses paid to board up the property if the field office gave prior approval.

Enter the date of each inspection and indicate whether it is an Initial, Occupancy or Vacancy inspection. See paragraph 2-11. A copy of an inspection report must be maintained by the mortgagee for each inspection itemized.

Date Paid - A separate entry must be made for each payment. Enter the date the check was disbursed. If an expenditure or advancement was made prior to the date of default, enter the date of default and enter the actual date paid in parentheses following the description (See Paragraph 1-7c).

Date Work Completed - If date is not available on the invoice, obtain this date from vendor or contractor. This is not necessarily the date of billing, but the actual date the work was completed.

Description of Service Performed - Enter a description of the items or types of repairs and services performed, i.e., inspections. Additional space is provided on reverse of form.

Amount Paid - Actual payment amounts are to be entered. This information will be transferred to Part B, Fiscal Data.

Debenture Interest - Make no entry. HUD WILL CALCULATE THE DEBENTURE INTEREST.

Item 262 Subtotals (Same As Conveyance). If reverse side of form is used to list protection and preservation costs, add amount paid and debenture interest columns.

Item 263 Subtotals Brought Forward (Same As Conveyance). If reverse side of form is used, bring subtotals appearing in Item 262 to this line.

Item 264 Totals. Total the "amount paid" and "debenture interest" column. Enter the total on Part B, Item 110, Column C when completing Part B, Fiscal Data.

Item 265
and 266 Contact: Holding Mortgagee, Name and Telephone Number; or Contact: Servicing Mortgagee, Name and Telephone Number

(Same as Conveyance). Enter the name and telephone number of a person in the holding or servicing mortgagee's office who can answer questions concerning the information reported on this claim form. Include the Holding Mortgagee number which you entered in Item 12 of Part A.

Item 267
and 268 Mortgagee Official Signature, Date and Title (not necessary if signed by servicer) or Servicer Signature, Date and Title (Same As Conveyance). A signature must appear in at least one of these blocks, however, it is acceptable if both the mortgagee and the servicer wish to sign this form.

Mortgagee's Comments, if any - HUD USE ONLY.

D. Instructions for the completion of HUD Form 27011, Part D, Support Document (Continuation 1). The general instructions for the preparation of Part D in conveyance claims are applicable in coinsurance claims except that the property is not conveyed to the Secretary and debenture interest is not paid on expenses. The mortgagee must enter the Date Paid, the Description, Amount Paid and the Total but no entry should be made in the Debenture Interest Column. Disbursements should include payments from the last completely paid installment to the date of closing or appraisal.

PART D

SUPPORT DOCUMENT (CONTINUATION 1)

Items 300
and 301 FHA Case Number and Section of Act Code (Same As Conveyance). Enter the FHA case number and Section of the Act Code as they appear in Items 2 and 3 of Part A.

Item 302 Mortgagee's Reference Number (Same As
Conveyance).
Enter the mortgagee's reference number as it
appears in Item 14 of Part A.

Item 303 Debenture Interest Rate. Make no entry.

Item 304 Date (Same As Conveyance). Enter the date
entered
in Part B, Item 104 if all actions taken by the
mortgagee are within the time requirements or the
automatic extensions specified in Paragraph 2-13
or within the extended time requirements (See
Paragraph 1-3). If the mortgagee failed to comply
with a time requirement (including actions
reported in Part A) or its approved extension,
enter the date the action should have been taken.
Debenture interest will be computed to this date.
If there was more than one failure, enter the
earliest date on which a required action should
have been taken (See paragraph 2-5c).

Item 305 Disbursement for HIP, Taxes, Ground Rents and
Water Rates (which were liens prior to mortgage),
Eviction Costs and Other Disbursements Not Shown
Elsewhere. (Do not include any penalties for late
payment). Itemize all disbursements in these
categories, including for each item the date paid,
the period covered, the description, and the
amount paid. Do not include disbursements which
were paid from available escrow funds. No expense
should be incurred after the date of sale or
appraisal notice date.

Item 306 Attorney/Trustee Fee. Itemize the fees paid to
attorneys and trustees in connection with
foreclosure or acquisition of title in the name of
the coinsurer. Do not enter fees for bankruptcy
or eviction in this item. If the fee for
acquisition and conveyance is within the amount
HUD approved for the area, do not itemize the
elements of the fee. If attorney fees exceed
those approved by HUD for routine foreclosures,
see paragraph 1-10. HUD WILL CALCULATE THE
TWO-THIRDS ALLOWANCE.

Item 307 Foreclosure and/or Acquisition, Conveyance and
Other Costs. Enter all disbursements required to
vest title to and possession of the property in
the name of the coinsurer. These costs must be itemized. If
additional space is needed, attach a separate
sheet to Part D. HUD WILL CALCULATE THE
TWO-THIRDS ALLOWANCE.

Item 308 Taxes on Deed. Enter amounts paid for taxes
imposed upon any deeds or other instruments by

which the property was acquired by the coinsurer.
(Note: Deed taxes should not be included in Item 307).

Item 309 Special Assessments (Do not use for Coinsurance, see Part E). Not applicable. Use items 406 or 407 for special assessments.

Item 310 Bankruptcy. Itemize the bankruptcy fees paid. There must be an entry in Item 40. If the bankruptcy fees exceed those approved by HUD for routine bankruptcies, see paragraph 1-10. HUD WILL CALCULATE THE TWO-THIRDS ALLOWANCE.

Item 311 Mortgage Insurance Premiums. Itemize all MIP disbursements, including the period covered. Only include the "advanced" MIP disbursements paid after the due date of the last completely paid installment to the date of closing or appraisal notice.

E. Instructions for the Completion of HUD Form 27011, Part E Support Document (Continuation 2). The following item by item instructions are to be used when completing HUD Form 27011, Part E for coinsurance claims.

PART E

SUPPORT DOCUMENT (Continuation 2)

Items 400
and 401 FHA Case Number and Section of Act code (Same As Conveyance). Enter the FHA case number and Section of the Act Code as they appear in Items 2 and 3 of Part A.

Item 402 Mortgagee's Reference Number (Same As Conveyance).
Enter the mortgagee's reference number as it appears in Item 14 of Part A.

Item 403 Debenture Interest Rate. Not applicable.

Item 404 Date (Same As Conveyance). Enter the date entered
in Part B, Item 104 if all actions taken by the mortgagee are within the time requirements or the automatic extensions specified in Paragraph 2-13 or within the extended time requirements (See Paragraph 1-3). If the mortgagee failed to comply with a time requirement (including actions reported in Part A) or its approved extension, enter the date the action should have been taken. Debenture interest will be computed to this date. If there was more than one failure, enter the earliest date on which a required action should have been taken (See paragraph 2-5C).

Item 405 Overhead Costs. The coinsurance regulations authorize payment to the mortgagee of an amount to compensate for overhead costs not to exceed \$40 plus \$15 per month, or a part thereof, from the date of acquisition of title to the date of disposition or appraisal of the property, whichever first occurs.

One Time Charge. _____ Enter an overhead charge not to exceed \$40.

Number of Months. _____ Enter the number of months from the date of acquisition of title to the date of sale or appraisal notice date, whichever occurs first, rounded upward to the nearest full month.

Amount \$. _____ Enter the monthly charge not to exceed \$15. Multiply the monthly charge by the number of months and enter the result in the space provided.

Total. _____ Add the one-time charge and the total monthly charges and enter the sum.

Item 406 Amounts Due from Buyer at Closing or at Appraisal Notice Date. Enter in the appropriate spaces amounts due from the buyer at closing for taxes, water and special assessments. If the property is not sold, enter the amounts that would be due from a buyer at the appraisal notice date. Do not include any special assessments which become liens before the mortgage was endorsed for insurance if not noted in the application for insurance.

Item 407 Amounts Due to Buyer at Closing or at Appraisal Notice Date. Enter in the appropriate spaces amounts owed to the buyer at closing for taxes, water and special assessments, or if the property is not sold, the amounts that would be owed to a buyer at the appraisal notice date. Do not include any special assessments which became liens before the mortgage was endorsed for insurance, if not noted in the application for insurance.

Item 408 Additional Closing Costs at Settlement. Enter additional expenses, if any, in the spaces provided. Do not include any amounts already entered in Part C.

Item 409 Appraisal Fee. Not applicable.

Item 410 Deficiency Judgment Costs/Fees. Not applicable.

Items 411
and 412 Reserved.

CHAPTER 6: CLAIMS WITHOUT CONVEYANCE OF TITLE (CWCOT)

6-1 GENERAL.

- A. Under the Claims Without Conveyance of Title (CWCOT) program the mortgagee does not convey the property to HUD in exchange for insurance benefits (Section 204 of the National Housing Act, 12 USC 1710). The mortgagee bids not more than the Commissioner's Adjusted Fair Market Value (CAFMV) at the foreclosure sale. If a third party is the successful bidder the claim is filed as provided in this chapter. (24 CFR 203.368) If the mortgagee is the successful bidder and elects to convey the property to HUD the claim must be filed as a conveyance (See Chapter 2).
- B. The CWCOT procedure is used only in those cases in which the HUD field office directed or authorized the mortgagee to seek a deficiency judgment against the mortgagor.

6-2 COMMISSIONER'S ADJUSTED FAIR MARKET VALUE (CAFMV)

- A. The Commissioner's Adjusted Fair Market Value (CAFMV) is the estimate of the fair market value of the mortgaged property, less adjustments, which may include without limitation, HUD's estimate of holding costs and resale costs that would be incurred if title to the mortgaged property is conveyed to HUD.
- B. Generally the mortgagee should not bid more than the CAFMV at the foreclosure sale because that is the net value of the property to HUD. The effect of bidding an amount equal to, in excess of or less than the CAFMV is discussed in paragraph 6-5.

6-3 OBTAINING THE CAFMV

A. The mortgagee must take the following action to obtain the CAFMV:

1. Estimate the foreclosure sale date.
2. Call the Valuation Branch, Assignment Clerk, in the local HUD Office which has jurisdiction over the property to obtain the name of a fee appraiser or HUD staff person, if available, to perform the appraisal.
3. Prepare the Form HUD-91022, Mortgagee Notice of Foreclosure

Sale, Part A (see Appendix 12), Insert in Part A, Block 14 of the Form HUD-91022:

a.the name of the appraiser which was assigned from the panel of HUD fee appraisers or,

b."HUD Staff," if HUD staff is performing the appraisal.

NOTE:If State or local law or practice requires that a pre-foreclosure appraisal must be made by an independent appraiser (such as one employed by the Sheriff's Office), the mortgagee shall submit that appraisal, if it is obtainable, with the HUD-91022 in lieu of requesting the HUD fee appraiser.

4.Deliver the HUD-91022 to the local HUD Office Single Family (SF) Loan Management Branch 45 days prior to the estimated foreclosure sale date and label the envelope "CWCOT/Deficiency Judgment/Foreclosure Sale".

5.Confirm the actual date of the foreclosure sale by furnishing a copy of the legal Notice of Sale or other notification of the actual foreclosure sale date to the local HUD Office, SF Loan Management Branch, on or before the date of publication, posting, or other standard legal notice. Insert at the top of this notice:

a."Deficiency Judgment Case",

b.the Mortgagee Loan Number,

c.the FHA Case Number, and

d.the Mortgagor's Name.

B.On the same day that the mortgagee submits the HUD-91022 to HUD, the mortgagee must:

1.Forward a completed Application for Property Appraisal and Commitment, Form HUD-92800, package including a Uniform Residential Appraisal Report (URAR) to the appraiser or to the HUD Valuation Branch if a HUD staff person is to perform the appraisal (URAR not required for HUD staff), and

2.Label the top of the HUD-92800, "PROPERTY IN FORECLOSURE/DEFICIENCY JUDGMENT". (This will serve as a "flag" to the appraiser as well as the local HUD Office regarding the disposition of the appraisal report.)

NOTE:The assigned fee appraiser will follow the outstanding instructions which require that within five (5) working days of receipt of the request that the appraiser must send:

a.The completed report to the local HUD Office, Valuation Branch, and

b.A copy of the report to the mortgagee.

C.If the mortgagee discovers, through receipt of the actual Notice of Sale, or other standard legal notice of the foreclosure sale, that they have not sent the HUD-91022, the mortgagee must immediately send a packaged marked "URGENT" containing the HUD-91022 and the Notice of Sale (with the sale date highlighted) to the HUD Office Loan Management Branch.

Example:The mortgagee estimated 45 days prior to a foreclosure sale date of July 15 and intends to submit the HUD-91022 on or a few days before June 1.

On May 20, the mortgagee receives the actual Notice of Sale or other notification of the foreclosure sale date set for June 21.

The mortgagee must submit immediately the HUD-91022 marked "URGENT" and the Notice of Sale or other notification on or before the date of the publication, posting, etc. of the June 21 foreclosure sale date.

D.The SF Loan Management Branch will provide the CAFMV to the mortgagee when notified of the actual foreclosure sale date.

If the CAFMV has not been received by the mortgagee at least five (5) working days prior to the foreclosure sale, the mortgagee shall contact the local HUD Office Loan Management Branch to ascertain the reason for the delay in receipt of the CAFMV. If a mortgagee incurs repeated unsuccessful attempts to contact the local HUD Office to obtain the bid amount, it should proceed with the sale and bid as it chooses, but clearly document such circumstances for HUD monitoring purposes.

6-4 POSTPONED SALES AND REINSTATEMENT

A.Postponed Sales. If the foreclosure sale is postponed, the appraisal and the CAFMV continue in effect for four months from the date of the appraisal. During this period, the mortgagee must notify immediately the HUD SF Loan Management Branch if its inspection of a vacant property indicates any damage to the property. The SF Loan Management Branch will advise the mortgagee accordingly. (Refer to paragraph 6-9 below regarding damaged properties.)

If the sale is postponed and the newly scheduled foreclosure sale date is set for more than four months from the date of the appraisal, the mortgagee must contact HUD to obtain an appraiser to update the appraisal and receive an updated CAFMV. The mortgagee must follow the same time requirements used to get the first appraisal and add to the top of the HUD-92800 that is an "UPDATED APPRAISAL, PROPERTY IN FORECLOSURE/DEFICIENCY JUDGMENT."

B.Reinstatement. If the mortgagor reinstates the mortgage after foreclosure has been instituted, the mortgagee must:

- 1.Advise the local HUD office, SF Loan Management Branch, by

telephone and follow up with a letter marked to the attention of the SF Loan Management Branch/CWCOT/Deficiency Judgment and include the FHA case number, verifying such action.

2. Contact the fee appraiser to cancel the appraisal, or if HUD staff was assigned, the SF Loan Management Branch.

3. Pass on the cost for the appraisal to the mortgagor as part of the foreclosure expenses, as set out in 24 CFR 203.552(a)(9).

6-5BIDDING AND ACQUISITION OF TITLE AT FORECLOSURE SALE. At the foreclosure sale, either the mortgagee or a third party will be the successful bidder. Also, the mortgagor or a third party may redeem the property.

A. If the Mortgagee is the Successful Bidder:

1. Where the mortgagee is the successful bidder for an amount equal to the CAFMV, the mortgagee may elect to either retain title to the property, or convey the title to the property to HUD.

a. When the mortgagee retains title, it must file its claim for insurance benefits as provided in this chapter.

b. When the mortgagee conveys title to the property to HUD, the mortgagee must file its claim for insurance benefits as a conveyance claim (Chapter 2).

2. Where the mortgagee is the successful bidder for an amount in excess of the CAFMV, the mortgagee may not convey title to the property to HUD. The mortgagee is limited to filing a claim for the insurance benefits computed as provided in this chapter. The amount of the bid will be deducted from the principal balance of the mortgage when the claim is computed.

NOTE: a. There may be special circumstances, such as when the mortgagee may be required under State law to bid in excess of the CAFMV, which will justify a mortgagee's bid in excess of the CAFMV. Under such circumstances, the mortgagee must call the HUD Single Family Loan Management Branch immediately after but no later than five days after the foreclosure sale, to obtain approval to convey title to the property to HUD. The SF Loan Management Branch shall confirm such approval in writing. The Department will waive the bidding requirement of the CAFMV and allow the mortgagee to convey title to the property to HUD and file a claim for the insurance benefits. The

mortgagee must indicate that it received the Field Office approval and provide the date of the approval letter in the "Mortgagee's Comments Section" on the Claim for Insurance Benefits, Form HUD-27011. A copy of the Field Office approval letter must be maintained in the mortgagee's Audit File.

b.If the mortgagee bids an amount in excess of the CAFMV, and is subsequently penalized for such action, this does not excuse the mortgagee from its duty to assign to HUD any deficiency judgment obtained.

3.Where the mortgagee is the successful bidder for an amount which is less than the CAFMV, the mortgagee must convey title to the property to HUD. If the mortgagee retains title to the property, the mortgagee may not file a claim.

If the mortgagee elects to convey title to HUD, the mortgagee must file its claim for insurance benefits as a conveyance claim (Chapter 2).

4.If the mortgagee retains title to the property HUD will not pay for any of the following costs incurred by the mortgagee:

a.Costs to maintain the property after the foreclosure sale,

b.Eviction costs, or

c.Costs to sell the property.

B.If a Third Party is the Successful Bidder:

1.Where a third party is the successful bidder at the foreclosure sale for an amount equal to or greater than the CAFMV, the mortgagee must submit its claim for insurance benefits as provided in this chapter. When the claim is calculated, the proceeds of the sale shall be deducted from the principal balance of the mortgage which was unpaid on the date of the foreclosure proceedings.

2.Where a third party is the successful bidder at the foreclosure sale for an amount which is less than the CAFMV, the mortgagee may not file a claim.

3.In the event of a third party purchase, HUD will not reimburse the mortgagee for eviction costs or expenses incurred to preserve and protect the property after the foreclosure sale.

C.If the Mortgagor or a Third Party Redeems the Property:

Where the mortgagor or a third party redeems the property and

acquires title for an amount not less than the CAFMV, the mortgagee must submit its claim as provided in this chapter. The redemption amount will be deducted from the principal balance of the mortgage when the claim is calculated.

6-6TIME REQUIREMENTS. The mortgagee must comply with the following time requirements when submitting a claim without conveyance of title. Failure to comply will result in curtailment of debenture interest to the date the action should have been taken or to the date to which it was extended by HUD (24 CFR 203.402(k)(2)).

A.Institute foreclosure proceedings or other action to acquire the mortgaged property within nine months from the date of default, unless an extension of time is approved in writing.

B.Provide written notice to HUD that foreclosure has been instituted. The notice must be provided within 30 calendar days of the institution of foreclosure. This requirement is satisfied by reporting to HUD's Single Family Default Monitoring System.

C.Exercise reasonable diligence in prosecuting the foreclosure proceedings to completion (See paragraph 2-2).

D.File the claim within 30 days of:

- 1.the date the mortgagee acquired good marketable title; or
- 2.the date another (third) party acquired good marketable title; or
- 3.the date the mortgagor or other party redeemed the property; or
- 4.the date the redemption period expires; or
- 5.whatever date the Commissioner requires (24 CFR 203.368(i)(5)(iv)).

E.HUD Headquarters must receive the claim form (HUD-27011, Parts A and B) within 10 days of the date the form was prepared. The claim is not considered to have been received unless all required information has been provided and all attachments are received.

6-7EXTENSION OF TIME REQUIREMENTS. If the mortgagee cannot comply with the above requirements for Items A and D because of circumstances beyond its control, it should submit a request for an extension of time to the local HUD office. The request should be made as soon as possible before the time limit for that action expires (See paragraph 2-14).

6-8 DEFICIENCY JUDGMENT FEES AND COSTS.

A.Full Reimbursement. Fees and costs are reimbursable only when HUD requested or required the deficiency judgment action or when HUD has approved the mortgagee's request to pursue the judgment. If HUD has requested the mortgagee to seek a deficiency judgment

the deficiency judgment costs are 100 percent reimbursable. They should be entered in Item 410 of Part E and must be described in detail.

Allowable costs and fees are as follow:

1. Attorney fees which relate only to the deficiency judgment.
2. Additional filing or recording fees which relate only to the deficiency judgment.
3. Costs related to a judicial foreclosure if local law requires a judicial foreclosure in order to obtain a deficiency judgment and the foreclosure would otherwise be by power of sale.

B. Partial Reimbursement. Nonjudicial foreclosure costs and judicial foreclosure costs not required by the deficiency judgment request should be shown in Item 306 and 307 of Part B, and are subject to 2/3 limitation in reimbursement. Attorney fees entered in Item 306 are also subject to the same jurisdictional limitation as cases not involving a deficiency judgment. Only foreclosure costs which are subject to full reimbursement, and costs related to the deficiency judgment should be shown in Item 410 of Part E.

6-9 DAMAGED PROPERTY. A claim without conveyance title may not be filed if the property is damaged. A conveyance claim must be filed for damaged property.

6-10 HAZARD INSURANCE. There will be no reimbursement from HUD for any hazard insurance premiums allocated to the period after acquisition of title by the mortgagee or a third party.

6-11 TITLE REQUIREMENT. Since the property is not conveyed to the Secretary, title evidence procedures are not applicable.

6-12 SPECIAL FORBEARANCE. If a claim for insurance benefits is filed pursuant to a default under a special forbearance agreement entered into between the mortgagee and the mortgagor, the debenture or cash payment will include all unpaid mortgage interest (see paragraph 2-20).

6-13 CLAIM PAYMENT. All claims for insurance benefits eligible to be paid in cash will be settled in that manner. HUD will promptly pay in one lump sum, 100 percent of the unpaid principal balance, less the sale, bid or redemption price, plus allowable costs and debenture interest, upon receipt of Parts A and B provided the claim has been properly completed, meets time requirements and does not contain exceptional costs.

6-14 DEBENTURE INTEREST ALLOWANCE. The issue date of debentures, or the beginning date for computation of the debenture interest allowance if settlement of the claim is made in cash, will be the date of default as such term is defined in 24 CFR 203.331, provided the insurance settlement does not include unpaid mortgage interest resulting from a

default under a special forbearance agreement.

When the claim is settled in cash, the cash payment will include an amount equivalent to the interest the debentures would earn, if they were issued, at the debenture rate.

Debenture interest will be paid on the unpaid principal balance from the date of default to the date the mortgagee or third party bidder obtains title or the date the mortgagor redeems the property.

Interest continues on the difference between the unpaid principal balance and the greater of either the CAFMV, redemption amount or the third party bid, to the date of final payment of the claim.

Further debenture interest is paid on expenses from the date of expenditure to the date of final payment of the claim.

If the mortgagee fails to take actions as set forth under "Time Requirements" within the time specified, or at such further time as may be approved by HUD in writing, the interest allowance shall be computed only to the date the particular action should have been taken or to which it was extended (24 CFR 203.402(k)(2)(ii)).

6-15DOCUMENTS TO BE SUBMITTED. It is very important that all required documentation be forwarded to the appropriate locations in a timely manner. Failure to meet any of the documentation requirements could jeopardize all or part of the claim reimbursement. The various critical control and notification functions which enable HUD to expedite the payment of a claim. All documents must be submitted within 30 days of the date the mortgagee or a third party acquires title to the property, the date the property is redeemed, or the date the redemption expires.

A.To HUD Headquarters. HUD Headquarters must receive the documents within 10 days after submission date:

- 1.The original of Parts A and B.
- 2.The original Mortgage Insurance Certificate.
- 3.A copy of the forbearance agreement, if any.

4.A worksheet showing reallocation of mortgage payments if capitalization method of accounting is used (see paragraph 1-3).

B.To the Local HUD Office:

- 1.Copies of Parts A and B.
- 2.The original of Parts C, D and E.
- 3.An appropriate document confirming the sale price at foreclosure.
- 4.The deficiency judgment, if any, assigned of record to HUD, or if there is no deficiency judgment, the original credit

Item 1 Claim Type. Place an "X" in the space for Claim Type 06 = CWCOT.

Items 2 & 3 FHA Case Number and Section of Act Code (Same as Conveyance). Enter the FHA Case Number and the appropriate Section of the National Housing Act ADP code. All mortgages endorsed since 1962 use the first style shown below, with three numerals, then a hyphen, then six numerals (or seven including the check digit). Be sure to include the hyphen on the claim, whether the claim is submitted on paper or through electronic data interchange (EDI), even though CHUMS may omit it. The three other acceptable FHA case number formats, for pre-1962 mortgages, are also illustrated below. All models include the Section of the Act (SOA) ADP codes. The formatted case number appears on the MIC or the advanced notice of S/F Annual MIP unless the case is included in CHUMS, as in "5".

	(1)	X X X - X X X X X X	X X X
		or X X X - X X X X X X X	
		FHA Case No.	SOA ADP
Code			
	(2)	X X - X X X X X X	X X
X			
		FHA Case No.	SOA ADP Code
	(3)	X X X X X X - X X	X X
X			
		FHA Case No.	SOA ADP
Code			
	(4)	X X X - X X X X X	X X
X			
		FHA Case No.	SOA ADP
Code			
	(5)	X X X X X X X X X X	X X X
		FHA Case No.	SOA ADP
Code			
		(used in CHUMS)	

Item 4 Default Reason Code (Same As Conveyance). Enter the applicable code number from the default reasons listed below. If code 15 is used, explain the reason under "Mortgagee's Comments."

CODE	REASON
01	=Death of a principal mortgagor

	02	=Illness of a principal mortgagor
family	03	=Illness of mortgagor's member
	04	=Death, mortgagor's family member
	05	=Marital difficulties
(Reduction of	06	=Curtailment of income income of a borrower)
Same	07	=Excessive obligations - income, including habitual non-payment of debts
	08	=Abandonment of property
	09	=Distant employment transfer
	10	=Neighborhood problem
	11	=Property problem
	12	=Inability to sell property
	13	=Inability to rent property
	14	=Military service
	15	=Other

Item 5 Endorsement Date. Enter the endorsement date that appears on the Mortgage Insurance Certificate.

Item 6 Date Form Prepared. Enter the date this form is completed and submitted to HUD.

Item 7 Due Date of First Payment to Principal and Interest (Same as Conveyance). Enter the date the first payment to Principal and Interest is due. Obtain this date from the mortgage note.

Item 8 Due Date of Last Complete Installment Paid (Same as Conveyance). Enter the date the last complete installment paid was due, not the date it was paid. This item should be taken from the payment ledger. If no payments have been made, enter the date in Item 7 (Due Date of the First Payment to Principal and Interest). Note that the date in this item will always be the first of the month.

Item 9 Date of Possession and Acquisition of Marketable Title. Enter the date the mortgagee or third

party obtains title to the property or the date the property is redeemed.

Item 10 Date Deed or Assignment Filed for Record or Date of Closing or Appraisal. Not applicable.

Item 11 Date Foreclosure Proceedings (a) Instituted or

(b) Date of Deed In Lieu. Check the appropriate box and enter the date of the first public action taken which was required by law to initiate foreclosure (e.g., filing a complaint or petition, recording a notice of default, or publication of a notice of sale). If the foreclosure action was nullified under state law by the filing of a bankruptcy petition, enter the date on which the foreclosure action was re-instituted. A deed-in-lieu may not be accepted in deficiency judgment cases.

Item 12 Holding Mortgagee Number (Payee) (Same as Conveyance). Enter the complete 10-digit mortgagee number of the holding mortgagee.

Note: This number determines the payee's name and the address to which the insurance benefits check and claim payment data are mailed.

Item 13 Servicing Mortgagee Number (Same as Conveyance). Enter the complete 10-digit mortgagee number of the servicing mortgagee.

Note: This number determines the name and address to which all computer generated letters and claim payment data is mailed. Information will be mailed only to the holding mortgagee if this item is not completed.

Item 14 Mortgagee Reference Number (Same as Conveyance). Enter the loan number (maximum 15 digits) used by the mortgagee for identifying the case if any. This number will be printed on the benefits check. If the mortgagee is FNMA or GNMA, the FNMA or GNMA loan number must be entered.

Item 15 Original Mortgage Amount (Same as Conveyance). Enter the original mortgage amount. This figure should be taken from the mortgage note. If there has been a recast of the mortgage, make a notation of the recasting on the reverse side of Part A under "Mortgagee's Comments" and make reference to 24 CFR 203.342.

Item 16 Holding Mortgagee EIN. Not applicable.

Item 17 Unpaid Loan Balance as of Date in Item 8 (Item 11 if coinsurance) (Same as Conveyance). Enter the unpaid mortgage balance after crediting the last complete monthly installment paid. This figure is taken from the mortgagee's payment ledger. Partial payments insufficient to complete a full monthly installment are to be reported in Part B, Item 109 as escrow funds.

Item 18 Date of Firm Commitment (Same as Conveyance). Enter the date of the firm commitment. This date should be taken from the firm commitment document, if available. The debenture interest rate is determined by the firm commitment date or the date of endorsement, whichever yields the higher rate. If the case was insured under the Direct Endorsement Program or the commitment date is not available, this item must be left blank. Direct endorsement mortgages may be identified by the suffix code 700 through 799. Do not enter a date here if this is a direct endorsement or coinsurance loan or you may be paid an incorrect debenture interest rate.

Item 19 Expiration Date of Extension to Foreclose/ Assign (Same as Conveyance). If a request for an extension of time is requested by the mortgagee and granted by the local HUD office, enter the expiration date of that extension. The extension must be in writing. See paragraph 1-6.

If bankruptcy is involved or if state or local laws delay action, the mortgagee need not obtain approval to extend the date to begin foreclosure. Enter the date 60 days after the date of the release of bankruptcy, unless an additional extension period is approved by the local HUD office. The latest extension date must always be entered. This 60 day extension is only applicable when the bankruptcy precluded initiation of foreclosure within the timeframe. See paragraph 2-16.

Item 20 Date of Notice/Extension to Convey. Not applicable.

Item 21 Date of Release of Bankruptcy, If Applicable (Same as Conveyance). Enter the date the bankruptcy stay or the local law prohibition was released. Note: When there is more than one bankruptcy, and the mortgagee is entitled to a 60 day extension to begin foreclosure, enter the release date which applies to the extension.

Item 22 Is Property Vacant? Yes or No. Check one.

Item 23 If Item 22 is "No," Date of Local HUD Office Approval. Not applicable.

Item 24 Is Property Conveyed Damaged? Yes or No. If the damage falls into the categories listed in 24 CFR 293.378 or 203.379, a CWCOT claim may not be filed.

Item 25 If Item 24 is "Yes," Date of (a) Local HUD Office Approval (Pursuant to 203.379(a)) or (b) Certification (pursuant to 203.379(b)). Not applicable.

Item 26 Type of Damage. Not applicable.

Item 27 Recovery or Estimate of Damage. Not applicable.

Item 28 Is Mortgagee Successful Bidder? Yes or No. This question must be answered. If the property was redeemed answer "No".

Item 29 Deficiency Judgment Code (Same as Conveyance). Enter the code number 1, 2 3 or 4 as appropriate. See below.

Code

1 Enter "1" - If HUD authorized you to obtain a deficiency judgment, but you did not acquire one.

2 Enter "2" - If you obtained a deficiency judgment, but HUD did not authorize you to do so.

3 Enter "3" - If HUD authorized you to obtain a deficiency judgment and you were successful in obtaining one.

4 Enter "4" - If HUD did not authorize a deficiency judgment and you did not obtain one.

Item 30 Authorized Bid Amount (Same as Conveyance). - Enter the amount of the CAFMV, if provided by HUD field office.

Item 31 Mortgagee Reported Curtailment Date (Same as Conveyance) - If the mortgagee failed to comply with a time requirement for any of the following circumstances: a)

reasonable diligence, b) notice of foreclosure, or c) failure to initiate foreclosure within one year of default and subsequent payments advance the default date, enter the date the action should have been taken. If there was more than one failure, enter the earliest date on which a required action should have been taken.

Item 32 Schedule of Tax Information. Not applicable.

Item 33 Mortgagor's Name, Social Security Number and Property Address (Same as Conveyance). - Enter the name of the mortgagor in default as it appears on the ledger record. Enter the property address as it appears on the security instrument or the MIC.

Enter the social security numbers of all mortgagors, if known. At least one social security number is required. See Par. 1-8 for additional information.

Item 34 Brief Legal Description of Property. Enter a brief description of the property.

Item 35 Name and Address of Mortgagee (Same as Conveyance). Enter the name and address of the mortgagee, including the ZIP code.

Item 36 Name and Address of Mortgagee's Servicer (Same as Conveyance). Enter the name and address of the mortgagee's servicer, including the ZIP code, if applicable. Include the name and telephone number of a contact person who can answer questions about the claims.

Items 37 and 38 Mortgagee Official Signature, Date and Title, and Servicer Signature. Date and Title (Same as Conveyance). The claim must be signed and dated by an official of the holding mortgagee if the holding mortgagee is filing the claim. If a servicer is filing the claim on behalf of the mortgagee, an official of the servicer must sign and date the form. The application must be complete when signed and the actual date signed must be entered by the signing official. The application will be returned if it is not signed or if it contains a stamped or duplicated signature.

* Note to signing official: Please be sure you have read and understand the

certifications on the HUD Form-27011 before signing and dating. If your system prints the date in items 37 and 38, check to ensure this is the date you are signing the form. Also check the submission date in item 6 to ensure it does not reflect an earlier date. The date in item 6 should be the same date as item 37 or item 38.*

Item 39 Amount of Monthly Payment to: (a) FHA insurance, (b) Taxes, (c) Hazard Insurance and (d) Interest and Principal. Not applicable.

Item 40 If Bankruptcy Filed, Enter Date. Enter the date Of the last bankruptcy action. This is required if Item 21 is completed.

Item 41 If Conveyed/Assigned Damaged, Date Damage Occurred. Not applicable.

Item 42 Date HIP Cancelled or Refused, if Applicable. Not applicable.

Item 43 Number of Living Units. Not applicable.

Item 44 Status of Living Units. Not applicable.

Mortgagee's Comments, if any. Use this area to justify unusual circumstances as well as other information required by the instructions.

HUD's Comments, if any. HUD USE ONLY.

B.Instructions for the Completion of HUD Form 27011, Part B, Fiscal Data. The following item-by-item instructions are to be used when completing HUD Form 27011, Part B, for claims without conveyance of title. Prepare this Part after Parts C, D and E have been completed. The information entered in this Part is transferred from Parts C, D and E.

PART B

FISCAL DATA

Item 100 Mortgageor's Name and Property Address (Same as Conveyance). Enter the mortgageor's name and property address as they appear in Item 33 of Part A.

Items 101 and 102 FHA Case Number and Section of Act Code (Same as Conveyance). Enter the FHA Case Number and Section of the Act Code as they appear in Items 2 and 3 of Part A.

Item 103 Mortgagee's Reference Number (Same as Conveyance). Enter the mortgagee's Reference Number as it appears in Item 14 of Part A.

Item 104 Date Form Prepared (Same as Conveyance). Enter the date Part B is prepared and submitted to HUD.

Item 105 Expiration Date to Submit Title Evidence, if Applicable. Not applicable.

Item 106 Check if Supplemental. Check this box only if you have received final payment of your claim. See Chapter 7.

Item 107 Adjusted Loan Balance (if different from block 17 on Part A). Not applicable.

Item 108 Sale/Bid Price or Appraisal Value (for Coinsurance or Nonconveyances) Enter the greater of the Commissioner's Adjusted Fair Market Value (CAFMV) or the foreclosure sale price or the redemption price. The term "foreclosure sale price" shall mean the actual amount bid at the foreclosure sale where the property was sold. The amount of the proceeds from the foreclosure sale actually distributed to the mortgagee should not be used. Similarly, the redemption price shall mean the redemption price figure, not the amount of redemption proceeds actually received by the mortgagee.

Item 109 Escrow Balance (as of Date in Block 10, Part A) (Same as Conveyance). Enter amount remaining in escrow account as of the date the deed is filed for record. Also include any funds received on account of the mortgage which have not been applied to reduce the indebtedness, e.g., partial payments, hazard insurance refunds, buydown monies, funds held in escrow for on-site repairs (pursuant to Form HUD-92300, Assurance of Completion Agreement). DO NOT SEND ESCROW FUNDS TO HUD.

See Item 123 for unapplied Section 235 assistance payments.

Payment of expenses for which funds are escrowed shall be charged to the escrow account in full or in part until the escrow account balance equals zero. Expenses paid from available escrow funds are not to be recorded on Part D.

DO NOT ENTER A NEGATIVE BALANCE.
Advances by the mortgagee for expense payments normally charged to the escrow account shall be

recorded under Part D. Items 305 or 311, as appropriate. When the first occurrence of an expense results in a negative balance to escrow, enter the negative amount in Item 305 or 311, whichever is appropriate. Interest on advances shall be computed from the date of disbursement to the date the claim is mailed. If there were any advances from escrow prior to the date of default, interest is calculated from the date of default.

Illustration of Mortgagee Advances:

	Date Due	Date Paid	Interest	Principal	Escrow	Escrow Balance
Balance	Forward	. . . . .	. . . . .	. . . . .	\$151.60	
1/01/83	2/03/83	\$73.32	\$21.07	\$70.69	222.29	
	8/03/83			198.98-	23.31	
	12/11/83			51.19-	(27.88)/1	

Item 110 Total Disbursements for Protection and Preservation from Line 264, Part C (Same as Conveyance). Enter the total amount of disbursements and debenture interest appearing in Part C, Item 264. Note on the reverse side of this part any authorization obtained from the local HUD office for approvals to exceed allowable amounts.

Item 111 Total Disbursements from item 305, Part D (Same as Conveyance). Enter the total amount paid and debenture interest appearing in Part D, Item 305.

Item 112 Attorney/Trustee Fees Paid From Line 306, Part D

/1First amount to be entered on Part D, Item 305 or 311, as applicable. Interest should only be calculated on \$27.88, not the \$51.19.

(Same as Conveyance). Enter the total amount paid and debenture interest appearing in Part D, Item 306. HUD WILL CALCULATE THE TWO-THIRDS ALLOWANCE FOR BOTH EXPENSES AND INTEREST.

Item 113 Foreclosure, Acquisition, Conveyance and Other Costs from Line 307, Part D (Same as Conveyance). Enter the total amount paid and debenture interest appearing in Part D, Item 307. HUD WILL CALCULATE THE TWO-THIRDS ALLOWANCE FOR BOTH EXPENSES AND INTEREST.

Item 114 Bankruptcy Fee (if applicable) from Line 310, Part D (Same as Conveyance). Enter the amount of bankruptcy fees paid and debenture interest

appearing in Part D, Item 310. HUD WILL CALCULATE THE TWO-THIRDS ALLOWANCE FOR BOTH EXPENSES AND INTEREST.

Item 115 Rental Income. Enter any income from the rent of the property between the date foreclosure proceedings were instituted (or property otherwise acquired) and the date in Item 9.

Item 116 Rental Expense (Same as Conveyance). Enter rental expenses incurred, if any. If there is no entry in Item 115, make no entry in this item.

Item 117 Total Taxes on Deed from Line 308, Part D (Same as Conveyance). Enter the total amount paid and the debenture interest shown in Item 308, Part D.

Item 118 Recovery or Damage (if not reported on Part A). Use Line 119 if Reported on Part A. Not applicable.

Item 119 Estimate or Recovery from Part A. Not applicable.

Item 120 Special Assessments (DO NOT USE FOR COINSURANCE) from Line 309, Part D (Same as Conveyance). Enter the total amount paid and debenture interest which appear in Item 309, Part D.

Item 121 Mortgage Note Interest. Mortgage note interest will be included in the insurance benefits if a mortgagor fails to meet the requirements of a special forbearance agreement and the failure continues for at least 60 calendar days. See Paragraph 2-19.

From. Enter the date of the last completely paid installment after all funds received under the agreement are applied according to the terms of the mortgage (Item 8, part A). If no mortgage payments were made, enter a date 30 days prior to the due date of the first scheduled payment (Item 7, Part A).

To. Enter the earliest of the following dates:

1.the date of institution of foreclosure proceedings;

2.the date the successful bidder obtains title;

3.90 calendar days following the date the mortgagor fails to meet the requirement of the forbearance agreement; or

4. such other date as the local HUD office may approve in writing prior to expiration of the 90 calendar day period (24 CFR 203.402a).

Rate. Enter the mortgage interest rate as it appears on the mortgage note.

Compute the amount of mortgage interest due as instructed in Paragraph 2-19 and enter in Column C.

Item 122 Mortgage Insurance Premiums (Same as Conveyance). Enter total from item 311, Part D.

Item 123 Unapplied Section 235 Assistance Payments (Same as Conveyance). Enter unapplied assistance payments in Column A, if applicable.

Item 124 Overpaid Section 235 Assistance Payments (Same as Conveyance). Enter the amount of any funds advanced by the mortgagee to repay to HUD assistance to which the mortgagor was not entitled and which was not recovered from the mortgagor, unless the overpayment was the result of error on the part of the mortgagee. Amount is to be entered in Column B. Do not calculate debenture interest for Column C.

Items 125 thru 129 Not applicable. Any amounts appearing on these lines will be disallowed.

Item 130 Appraisal Fee. Enter total from line 409, part E, if applicable. Interest may be added in Column C.

Item 131 Deficiency Judgment Costs/Fees. Enter the total from Line 410, Part E, if applicable. Interest may be added in Column C.

Item 132 Reserved.

Item 133 Contact: Holding Mortgagee, Name and Telephone Number; or Contact: Servicing Mortgagee, Name and Telephone Number (Same as Conveyance). Enter the name and telephone number of a person in the holding or servicing mortgagee's office who can answer questions concerning the information reported on this claim form. Include the Holding Mortgagee number which you entered in Item 12 of Part A.

Items 134 to 136 Enter the totals of Columns A - Deductions; B -

Additions; and C - Interest.

Item 137 Net Claim Amount (Columns B - A + C). The amount HUD actually pays will differ from what the mortgagee enters here because of possible interest curtailments, disallowed expenses, HUD's calculation of two-thirds allowances on attorney/trustee fees, foreclosure costs and bankruptcy fees, and additional debenture interest calculated by HUD to the date of claim settlement.

Items 138

and 139 Mortgagee's Official Signature, Date and Title (signature not necessary if signed by a servicer) or Servicer Signature, Date, and Title. See instructions for Part A, Items 37 and 38.

C. Instructions for the Completion of HUD Form 27011, Part C, Support Document. The following item-by-item instructions are to be used when completing Form HUD-27011, Part C, for claims without conveyance of title.

Expenditures may be entered on Part C as they occur, however, debenture interest calculations should not be made until the date of claim submission because interest allowance will be computed from the date of expenditure to the date Part B is filed unless interest is curtailed.

No expenses should be incurred and no work should be performed on the property of the foreclosure sale and the expiration of the redemption period. This does not preclude reimbursement for expenses incurred or work completed before conveyance but not paid until after the sale.

If the local HUD office instructs the mortgagee to perform a specific service after the date of sale, a notation must be made on the reverse of the form under "Mortgagee's Comments".

Each expense listed for reimbursement must be itemized and sufficient information must be provided for computation of debenture interest. See Paragraph 2-5.

PART C

SUPPORT DOCUMENT

Item 200 Mortgagor's Name and Property Address (Same as Conveyance). Enter the mortgagor's name and property address as they appear in Item 33 of Part A.

Items 201

and 202 FHA Case Number and Section of Act Code

(Same as Conveyance). Enter the FHA case number and Section of the Act Code as they appear in Items 2 and 3 of Part A.

Item 203 Mortgagee's Reference Number (Same as Conveyance).
Enter the mortgagee's reference number as it appears in Item 14 of Part A.

Item 204 Date (Same as Conveyance). Enter the date entered
in Part B, Item 104 if all actions taken by the mortgagee are within the time requirements or the automatic extensions specified in Paragraph 2-13 or within the extended time requirements (See Paragraph 1-3). If the mortgagee failed to comply with a time requirement (including actions reported in Part A) or its approved extension, enter the date the action should have been taken. Debenture interest will be computed to this date. If there was more than one failure, enter the earliest date on which a required action should have been taken (See paragraph 2-5c).

Item 205 Debenture Interest Rate (Same as Conveyance).
Using the Debenture Interest Rate Table provided in Appendix 3 of these instructions, determine the rate at the date of firm commitment and the rate at the date of endorsement, then enter the higher rate. In Direct Endorsement cases enter the rate in effect on the date of endorsement. The debenture interest rate can also be found on the Part A advice of payment.

Item 206
through

Item 261 Disbursements for Protection and Preservation (Same as Conveyance). Enter all inspection, protection and preservation expenses. This includes debris removal, replacing broken glass, protecting plumbing and other operating systems against damage by freezing, care of lawns and shrubs, repair of leaking roof, etc. Describe the service performed, the date it was completed and the date paid. See paragraph 2-11 for the nature of reimbursable expenditures and cost limits. Enter expenses paid to board up the property if the field office gave prior approval.

Enter the date of each inspection and indicate whether it is an Initial, Occupancy or Vacancy inspection. See paragraph 2-11. A copy of an inspection report must be maintained by the mortgagee for each inspection itemized.

oDate Paid. A separate entry must be made for each payment. Enter the date the check was disbursed. If an expenditure or advancement was made prior to the date of default, enter

the date of default and enter the actual date paid in parentheses following the description (See Paragraph 2-5c).

oDate Work Completed - If date is not available on the invoice, obtain this date from vendor or contractor. This is not necessarily the date of billing, but the actual date the work was completed.

oDescription of Service Performed - Enter a description of the items or types of repairs and services performed, i.e., inspections. Additional space is provided on reverse of form.

oAmount Paid - Actual payment amounts are to be entered. This information will be transferred to Part B, Fiscal Data.

oDebenture Interest - To obtain the amount of interest due on an expenditure, multiply the daily interest rate factor by the amount paid. Multiply this result by the number of days from the date paid for each line item to the date in Item 204 (submission date for Part B). Daily Interest Rate Factor tables are provided in Appendix 8 of these instructions to assist in converting the debenture interest rates. In addition, Julian date calendars are provided in Appendix 9 to assist in determining the number of days from the date the expenditure was paid to the date of submission of the claim or the curtailment date.

Item 262 Subtotals (Same as Conveyance). If reverse side of form is used to list protection and preservation costs, add amount paid and debenture interest columns.

Item 263 Subtotals Brought Forward (Same as Conveyance). If reverse side of form is used, bring subtotals appearing in Item 262 to this line.

Item 264 Totals (Same as Conveyance). Total the "amount paid" and "debenture interest" columns. Enter the totals on Part B, Item 110, Column C when completing Part B, Fiscal Data.

Item 265
and 266 Contact: Holding Mortgagee, Name and Telephone Number; or Contact: Servicing Mortgagee, Name and Telephone Number

(Same as Conveyance). Enter the name and telephone number of a person in the holding or servicing mortgagee's office who can answer questions concerning the information reported on this claim form. Include the Holding Mortgagee number which you entered in Item 12 of Part A.

Item 267
and 268 Mortgagee Official Signature, Date and Title (not necessary if signed by servicer) or Servicer Signature, Date and Title (Same as Conveyance). A signature must appear in at least one of these blocks; however, it is acceptable if both the mortgagee and the servicer wish to sign this form.

Mortgagee's Comments, if any - Use this area to justify extremely large expenditures, as well as other information required by these instructions.

HUD's Comments, if any - For HUD's use only.

D. Instructions for the Completion of HUD Form 27011, Part D, Support Document (Continuation 1). Expenditures may be entered on Part D as they occur, however, debenture interest calculations should not be made until the date of claim submission because interest allowance will be computed from the date of expenditure to the date Part B is filed unless interest is curtailed.

oDate Paid. A separate entry must be made for each payment. Enter the date the check was disbursed. If an expenditure or advancement was made prior to the date of default, enter the date of default and enter the actual date paid in parentheses following the description (See Paragraph 2-5c).

oDescription of Service Performed - Enter a description of the items or types of services performed. Additional space is provided on reverse of form.

oAmount Paid - Actual payment amounts are to be entered. This information will be transferred to Part B, Fiscal data.

oDebenture Interest - To obtain the amount of interest due on an expenditure, multiply the daily interest rate factor by the amount paid. Multiply this result by the number of days from the date paid for each line item to the date in Item 204 (submission date for Part B). Daily Interest Rate Factor tables are provided in Appendix 8 of these instructions to assist in convening the debenture interest rates. In addition, Julian date calendars are provided in Appendix 9 to assist in determining the number of days from the date the expenditure was paid to the date of submission of the claim or the curtailment date.

oTotal the "amount paid" and "debenture interest" columns.

PART D

SUPPORT DOCUMENT (CONTINUATION 1)

Items 300
and 301 FHA Case Number and Section of Act Code (Same as
Conveyance). Enter the FHA case number and
Section of the Act Code as they appear in Items 2
and 3 of Part A.

Item 302 Mortgagee's Reference Number (Same as
Conveyance).
Enter the mortgagee's reference number as it
appears in Item 14 of Part A.

Item 303 Debenture Interest Rate (Same as Conveyance).
Using the Debenture Interest Rate Table provided
in Appendix 4 of these instructions, determine the
rate at the date of firm commitment and the rate
at the date of endorsement, then enter the higher
rate.

Item 304 Date (Same as Conveyance). Enter the date
entered
in Part B item 104 if all actions taken by the
mortgagee are within the time requirements or the
automatic extensions specified in Paragraph 2-13
or within the extended time requirements (See
Paragraph 1-3). If the mortgagee failed to comply
with a time requirement (including actions
reported in Part A) or its approved extension,
enter the date the action should have been taken.
Debenture interest will be computed to this date.
If there was more than one failure, enter the
earliest date on which a required action should
have been taken (See paragraph 2-5c).

Item 305 Disbursements for HIP, Taxes, Ground Rents and
Water Rates (which were liens prior to mortgage),
Eviction Costs and Other Disbursements Not Shown
Elsewhere. (Do not include any penalties for late
payment). Itemize all disbursements in these
categories. Do not include disbursements which
were paid from available escrow funds. No expense
should be incurred after the date the third party
obtains title to the property (Item 9) unless the
local HUD office instructs you to take an action.
See explanation for escrow account, Part B, Item
109.

Item 306 Attorney/Trustee Fee. Itemize the fees paid to
attorneys and trustees in connection with
foreclosure or acquisition of title and conveyance
of the property to the successful bidder. Do not
enter fees for bankruptcy or eviction in this
item. If the fee for acquisition and conveyance

is within the amount HUD approved for the area, do not itemize the elements of the fee. If attorney fees exceed those approved by HUD for routine foreclosures see paragraph 1-10. HUD WILL CALCULATE THE TWO-THIRDS ALLOWANCE (24 CFR 203.402).

Item 307 Foreclosure and/or Acquisition, Conveyance and Other Costs. Enter all disbursements required to vest title to the property in the name of the successful bidder except taxes paid on deeds included in Item 308 and disbursements shown in Item 306. These costs must be itemized e.g., title policy, resale title binders, title search fees (if separate costs), publication, service of process, etc. If additional space is needed, attach a separate sheet to Part D. HUD WILL CALCULATE THE TWO-THIRDS ALLOWANCE FOR EXPENSES AND INTEREST. (24 CFR 203.402)

Item 308 Taxes on Deed. Enter amounts paid for taxes imposed upon any deeds or other instruments by which the property was acquired by the successful bidder. (Note: Deed taxes should not be included in Item 307.)

Item 309 Special Assessments (Do not use for Coinsurance, see Part E) (Same as Conveyance). For each item in this category, enter the date the lien was attached or would be attached. Do not include any special assessments which became liens before the mortgage was endorsed for insurance, if not noted in the application for insurance.

Item 310 Bankruptcy (Same as Conveyance). Itemize the bankruptcy fees paid. There must be an entry in Item 40. If bankruptcy fees exceed those approved by HUD for routine bankruptcies see paragraph 1-10. HUD WILL CALCULATE THE TWO-THIRDS ALLOWANCE FOR EXPENSES AND INTEREST (24 CFR 203.402).

Item 311 Mortgage Insurance Premiums (Same as Conveyance). Itemize all MIP disbursements, including the period covered. Only include the "advanced" MIP disbursements paid after the due date of the last completely paid installment to the date the deed is filed for record.

E.Instructions for the Completion of HUD Form 27011, Part E Support Document (Continuation 2). The following item by item instructions are to be used when completing Form HUD-27011, Part E, for claims without conveyance of title.

PART E

SUPPORT DOCUMENT (Continuation 2)

Items 400
and 401 FHA Case Number and Section of Act Code (Same as
Conveyance). Enter the FHA case number and
Section of the Act Code as they appear in Items 2
and 3 of Part A.

Item 402 Mortgagee's Reference Number (Same as
Conveyance).
Enter the mortgagee's reference number as it
appears in Item 14 of Part A.

Item 403 Debenture Interest Rate (Same as Conveyance).
Using the Debenture Interest Rate Table provided
in Appendix 3 of these instructions, determine the
rate at the date of firm commitment and the rate
at the date of endorsement, then enter the higher
rate.

Item 404 Date (Same as Conveyance). Enter the date
entered
in Part B, Item 104 if all actions taken by the
mortgagee are within the time requirements or the
automatic extensions specified in Paragraph 2-13
or within the extended time requirements (See
Paragraph 1-3). If the mortgagee failed to comply
with a time requirement (including actions
reported in Part A) or its approved extension,
enter the date the action should have been taken.
Debenture interest will be computed to this date.
If there was more than one failure, enter the
earliest date on which a required action should have been taken (See
paragraph 2-5c).

Items 405 Overhead Costs. Not applicable.

Item 406 Amounts Due from Buyer at Closing. Not
applicable.

Item 407 Amounts Owed to Buyer at Closing. Not
applicable.

Item 408 Additional Closing Costs at Settlement. Not
applicable.

Item 409 Appraisal Fee. Enter the amount of the appraisal
fee and date paid only if you were instructed to
obtain an appraisal by the local HUD office while
complying with the procedures. If debenture
interest is payable the amount of interest may be
entered in Line 130, Column C, of Part B.

Item 410 Deficiency Judgment Costs/Fees. Enter a figure
here only if the local HUD office authorized you
to obtain a deficiency judgment. The allowable
costs and fees are as follows: (1) cost of
attorney fees which relate only to the obtaining
of the deficiency judgment; (2) additional filing

or recording fees directly related to the deficiency judgment; (3) if local law required a judicial foreclosure in order to obtain a deficiency judgment, those costs directly related to the judicial foreclosure, provided that judicial foreclosure would not, otherwise, have been necessary. If debenture interest is payable the amount of interest may be entered in Line 131, Column C of Part B.

Items 411
and 412 Reserved.

CHAPTER 7: SUPPLEMENTAL CLAIMS/REMITTANCE

7-1 GENERAL. Mortgagees must make a thorough review of all receipts and expenses before submitting an Application for Insurance Benefits, Form [HUD-27011](#). There will be occasions when the lender has incurred an expense but is unable to make payment because a vendor delayed submitting an invoice or for other valid reasons. HUD will consider one supplemental adjustment to the initial claim payment in the event of such delayed disbursements and to correct errors in the original claim or payment. If you have properly reviewed and certified the accuracy of your initial claim submission, the need for supplemental claims should be exceptional. Funds received after the claim was filed must be remitted to HUD immediately upon receipt or knowledge of such funds. The Supplemental Process must be used * when remitting such funds or to request reconsideration of disallowed costs. Remittance of overpayments or any other amounts due HUD are not subject to any limitation.
*

7-2 ONE SUPPLEMENTAL CLAIM.

Mortgagees are allowed to file one supplemental claim for additional funds. Remittance of overpayments or any other amounts due HUD are not subject to any limitation. A supplemental claim will be denied unless filed within the 6-month period following the date of final settlement for any given HUD case number. Supplemental claims on Part A or B must not be filed before receipt of the final payment of the original claim on Part B except when Part A was overpaid.

Any subsequent supplemental claim for additional funds submitted for the same case will be denied UNLESS it meets one of the following exceptions:

- o Filing approval from the local HUD office. The Single Family Loan Management Branch having jurisdiction over the property may give the mortgagee written approval to file an additional supplemental claim.
- o The subsequent supplemental claim concerns hazard insurance adjustments -- no filing approval necessary.

The subsequent supplemental claim concerns deficiency judgements -- no filing approval necessary, or

Supplemental claims previously submitted and returned to the mortgagee for a correction and/or for further information must be received by the Department as soon as possible but no later than 45 days from the Department's request or 6 months from the final settlement date of the original claim, whichever is later.

The need for mortgagees requesting the local HUD Offices to review and

approve more than the "one" supplemental claim submission for the same case should be few, if any. However, mortgagees requesting local HUD Offices to approve such supplemental claims must:

submit the request in writing,

provide thorough justification and documentation to show and support the exceptional situation required for approval of the request, and

maintain a copy of HUD's approval and supporting documentation in the claim review file.

7-3 ATTORNEY FEES.

As of June 25, 1994, mortgagees are not required to file separate supplemental claims directly to the Office of General Counsel for attorney's fees which exceed the Federal National Mortgage Association (FNMA) fee schedule.

For routine legal actions, HUD reimburses mortgagees for attorney's fees based on the FNMA Schedule of Standard Attorney's and Trustee's Fees. Formerly, mortgagees were generally instructed to enter the amount actually paid to the attorney, regardless of whether the fee exceeded the FNMA fee or whether the amounts were reasonable, and the initial claim payment was limited to the allowable amount. Mortgagees must now follow the instructions below regarding what may be claimed for attorney's fees. Generally, mortgagees may enter no more than the FNMA fee for a routine legal action and may enter only reasonable amounts for contested foreclosures, contested evictions, contested bankruptcies, required probate procedures, etc. If the mortgagee complies with the guidance, the need to file a supplemental claim for additional funds for attorney's fees should be eliminated in all but a very few cases.

However, as before, if the mortgagee believes it is entitled to more than the amount HUD actually reimbursed in the initial claim payment, the mortgagee may file a supplemental claim for attorney's fees. However, mortgagees may file only one supplemental claim, so any claim for additional attorney's fees must be included in that one supplemental claim. In addition, supplemental claims for attorney's fees should no longer be sent to the Home Mortgage Division, Room 9258, as had been previously directed.

If a supplemental claim for attorney fees is filed, it may include other items. To support the additional fees, the supplemental claim must include a complete Form HUD-27011 (supplemental); a copy of the Parts A and B of the original Form HUD-27011 and Parts C, D and E as applicable; a copy of the final advice of payment letter; the mortgagee's comments on the necessity for the increased fee; and copies of documentation necessary to support the additional claimed amount.

Mortgagees are expected to maintain adequate documentation in the claim review files to support all attorney's fees. This will be subject to verification during the post claim review. If a mortgagee's claim is more than the amounts allowed by the following

instructions, it will be considered a monetary finding and the mortgagee will be billed for the statistically calculated overpayment for all claims within the review period.

See Paragraph 1-10 for instructions on how reimbursement for attorney's fees may be claimed on the initial Part B claim submission.

7-4 CLAIM FORM.

A.A supplemental claim is filed using Part A of Form HUD-27011 accompanied by the other claim parts to be amended or supplemented, following the instructions for the original claim type. The information to be entered is identification, date, correction of information provided in the original claim, items omitted in the original claim, and if items were incorrectly reported in the original claim, the difference between the amount reported and the amount that should have been reported, including debenture interest computation.

B.The reason for the submission of the supplemental claims must be stated on the reverse side of Parts A or B.

7-5 TIME REQUIREMENTS.

A.HUD will not accept claims to supplement or correct errors in the initial claim more than six months after the date of final payment except for:

- 1.Cases where HUD requests or requires pursuit of a deficiency judgment. A supplemental claim for costs related only to the deficiency judgment may be submitted up to three months after the deficiency judgment is obtained or denied. If this results in the claim being submitted more than one year after final settlement of the initial Part B claim, an extension to file must be obtained (see paragraph 1-6 F.4b).

- 2.Correction of an estimated hazard insurance premium if received by HUD within two weeks of the insurer's notice of adjustment, but not more than twelve months after the date of final payment (See paragraph 1-6).

- 3.Remittance of overpayments and funds received by the mortgagee after the claim was filed.

- 4.Claims awaiting HUD decision.

- 5.Claims initially received within 6 months after the date of final payment where HUD has requested additional documentation. In such case HUD will accept the claim within the latter of:

- a.six months after the date of final payment; or

- b.45 days after the date of HUD's letter requesting additional documentation.

B. Claims for amounts paid after the date the original claim was filed will be paid only if the obligation was incurred before the deed or assignment to HUD was filed for record or was paid on HUD's written instruction.

C. Supplemental claims (on Parts A or B) must not be filed before receipt of final payment of the original claim on Part B except when Part A was overpaid (See paragraph 1-6).

7-6 EXTENSION OF TIME REQUIREMENTS.

Extensions to file supplemental claims are generally not approved. However, if the mortgagee cannot comply with the time requirements for a particular action because of circumstances beyond its control, a request for an extension of time (form HUD-50012) should be submitted to the local HUD office (See paragraph 1-6).

7-7 CLAIMS FOR ADDITIONAL FUNDS.

Mortgagees may not claim additional funds when there are offsetting amounts due HUD. When a supplemental claim is filed for additional funds, copies of receipts and other supporting documentation that apply to the request must accompany the claim. Insufficient documentation will result in either denial or return of the supplemental claim.

Generally, when a claim for additional funds is being filed based on a date being corrected on the Part A claim, the supplemental claim must provide a certification as to the accuracy and validity of all other dates on the Part A claim which impact on time requirements and the payment of interest on the claim. This certification must include a statement that all such dates have been rechecked against the claim filing instructions in this Handbook. The certification must also include a statement describing the document of origin for each of these dates.

Examples of the documents needed to establish a basis for the following are:

SUPPORT NEEDED FOR:	SUPPORT DOCUMENTS (copy of):
Due Date of Last Installment	Mortgage Payment History Record
Date of Possession and Title deed, recorded deed in lieu, proof of eviction date, inspection report)	Legal documentation (sheriff's
Date of Deeding or Assignment	Recorded Deed or Assignment
Date of Foreclosure Institution or Deed in Lieu of sale) or Recorded Deed in Lieu	First Legal Action Taken (filing of complaint or publication of notice

Unpaid Loan Balance
History
Record

Mortgage Note and Payment

Expiration Date of Extension
HUD Office (before expiration of
time frame)

Form HUD-50012 approved by Local

Date of Notice/Extension to
Convey

Assignment Acceptance Letter Form
HUD-50012

Date of Bankruptcy Release
notice or release of stay)

Court Action (bankruptcy release

Protection and Preservation

Form HUD-27011

Part C filed with

original claim
submission

Disbursements (Taxes, HIP,
eviction costs) Foreclosure
Costs, Attorney's

Paid receipts

Fees, Bankruptcy Costs,
or

- If incurred after date of deeding

other disbursements
Office

all assignment, obtain local HUD

written approval for payment before
filing supplemental claim.

- Form HUD-27011 Part D filed with
original claim submission;

- Paid receipts and/or payment history
records;

- If taxes were paid after date of
assignment or deed, obtain local HUD
Office written approval for payment
before filing supplemental claim.

In all instances, the reason for submission of the supplemental must
be entered on the reverse of the Part A in the mortgagee comment
section.

Foreclosure and Acquisition Costs, and Attorney/trustee fees are
reimbursed at 2/3 of the allowed amount. A supplemental claim should
not be submitted for the 1/3 of the cost or fee for which the
mortgagee is responsible.

7-8FUNDS DUE HUD. If HUD overpaid a claim due to the mortgagee's or
HUD's error or if a any payment relating to the mortgage transaction
is received after the original claim was submitted, a supplemental
claim must be filed and a check for the amount due must be attached to
the face of the supplemental claim.

A.If the claim involves an overpayment, explain in the "Mortgagee's
Comments" on the reverse of Part A how the overpayment occurred.

B.If the amount overpaid or received involved a computation of
interest, the overpaid interest must be included in the
reimbursement to HUD. The amount must include interest

calculated by the mortgagee and included in Part B and interest calculated by HUD for the period from the date of claim to the date of payment.

The supplemental claim, with check attached, must be sent to the appropriate address:

Post Office Box for Regular Mail:	Street Address for Express
HUD-Single Family Claims	Mail or Courier:
P. O. Box 954507	HUD-Single Family Claims
St. Louis, MO 63195-450	Mercantile Bank

7-9 DOCUMENTS TO BE SUBMITTED

A.To HUD Headquarters

- 1.The original Parts A and B for the supplemental claims.
- 2.Supporting documents for the supplemental claim.
- 3.Copies of the Parts A and B submitted in the original claim.
- 4.Copies of Parts C, D and E, if applicable.

B.To the Local HUD Office, ATTN: Single Family Loan Management Branch

- 1.Copies of Parts A and B, if applicable
- 2.The original of Parts C, D and E, if applicable

Note: See paragraph 1-8 for claim file documentation requirements.

For an illustration of the document submission requirements refer to one of the following tables depending on the claim type:

Supplemental Claims for Conveyances - See Table 2-1
Supplemental Claims for Assignments - See Table 3-1
Supplemental Claims for Automatic Assignments
- See Table 4-1
Supplemental Claims for Coinsurance - See Table 5-1
Supplemental Claims for CWCOT - See Table 6-1

7-10CLAIM PREPARATION. A supplemental claim is completed using the instructions for the original claim type, except as instructed in this Chapter. Enter only information necessary to correct the original claim and information identified below by the word "REQUIRED".

Do not file a supplemental claim for additional reimbursement prior to receipt of payment of the original Part B and do not file a corrected claim. All corrections requesting additional reimbursement must be made by supplemental claims filed after payment of the original Part B claim.

Whenever a supplemental claim is filed for additional funds attach copies of supporting documents (i.e. extension letter, ledger cards, receipts, etc.) to the claim form submitted to HUD Headquarters.

A.Instructions for the Completion of HUD Form 27011, Part A,
Initial Application.

PART A

INITIAL APPLICATION

Item 1 Claim Type - REQUIRED. Place an "X" in the space
for Claim Type 05 = Supplemental.

Items 2 and 3 FHA Case Number and Section of Act Code
- REQUIRED. Enter the FHA Case Number
and the appropriate Section of the National
Housing Act ADP code. All mortgages endorsed
since 1962 use the first style shown below, with
three numerals, then a hyphen, then six numerals
(or seven including the check digit). Be sure to
include the hyphen on the claim, whether the claim
is submitted on paper or through electronic data
interchange (EDI), even though CHUMS may omit
it. The three other acceptable FHA case number
formats, for pre-1962 mortgages, are also
illustrated below. All models include the Section
of the Act (SOA) ADP codes. The formatted case
number appears on the MIC or the advanced notice
of S/F Annual MIP unless the case is included in
CHUMS, as in "5" below.

X	(1)	X X X - X X X X X X	X X
		or X X X - X X X X X X X	
Code		FHA Case No.	SOA ADP
X	(2)	X X - X X X X X X	X X
		FHA Case No.	SOA ADP
Code			
X	(3)	X X X X X X - X X	X X
		FHA Case No.	SOA ADP
Code			
X	(4)	X X X - X X X X X	X X
		FHA Case No.	SOA ADP
Code			
	(5)	X X X X X X X X X X	X X X
Code		FHA Case No.	SOA ADP
		(used in CHUMS)	

Item 4 Default Reason Code. Not applicable.

Item 5 Endorsement Date - REQUIRED. Enter the correct date.

Item 6 Date Form Prepared - REQUIRED. Enter the date this form is completed and submitted to HUD.

Items 7

through 11 Due Date of First Payment to Principal and Interest; Due Date of Last Complete Installment Paid; Date of Possession and Acquisition of Marketable Title; Date Deed or Assignment Filed for Record or Date of Closing or Appraisal; Date Foreclosure Proceedings (a) Instituted or (b) Date of Deed In Lieu. If the previously reported dates were incorrect, enter the correct date.

Item 12 Holding Mortgagee Number (Payee) - REQUIRED. Enter the complete 10-digit mortgagee number of the holding mortgagee.

Note: This number determines the payee's name and the address to which the insurance benefits check and claim payment data are mailed.

Item 13 Servicing Mortgagee Number - REQUIRED. Enter the complete 10-digit mortgagee number of the servicing mortgagee.

Note: This number determines the name and address to which all computer generated letters and claim payment data are mailed. If this item is not completed, all mail will be sent to the holding mortgagee.

Item 14 Mortgagee Reference Number - REQUIRED. Enter the loan number (maximum 15 digits) used by the mortgagee for identifying the case if any. This number will be printed on the benefits check. If the mortgagee is FNMA or GNMA, the FNMA or GNMA loan number must be entered.

Item 15 Original Mortgage Amount - REQUIRED. Enter the original mortgage amount. This figure should be taken from the mortgage note. If there has been a recast of the mortgage, make a notation of the recasting on the reverse side of Part A under "Mortgagee's Comments" and make reference to 24 CFR 203.342.

Item 16 Holding Mortgagee EIN - REQUIRED if initial claim was 03 - Automatic Assignment. Enter the complete 9-digit Employer Identification Number.

Items 17
through 35 If the previously reported information was
incorrect, enter the correct information.

Item 35 Name and Address of Mortgagee - REQUIRED. Enter
the name and address of the mortgagee, including
the ZIP code.

Item 36 Name and Address of Mortgagee's Servicer -
REQUIRED. Enter the name and address of the
mortgagee's servicer, including the ZIP code.
Include the name and telephone number of a contact
person who can answer questions about the claim.

Items 37
and 38 Mortgagee Official Signature, Date and Title, and
Servicer Signature, Date and Title - REQUIRED.
The claim must be signed and dated by an official
of the holding mortgagee if the holding mortgagee
is filing the claim. If a servicer is filing the
claim on behalf of the mortgagee, an official of
the servicer must sign and date the form. The
application will be returned if it is not signed
or if it contains a stamped or duplicated
signature.

Items 39
through 44 Not applicable.

Mortgagee's Comments, if any. Enter the reason for submitting
the supplemental claim and use this area to justify unusual
circumstances as well as other information required by the
instructions.

HUD's Comments, if any. HUD USE ONLY.

B. Instructions for the Completion of HUD Form 27011, Part B, Fiscal
Data. Do not complete Part B if the required changes relate only
to Part A; however, if there are changes relating only to Part B,
the required items of Part A must be completed. Use the same
instructions to complete the supplemental claim that were used to
complete the original claim.

PART B

FISCAL DATA

Item 100 Mortgagee's Name and Property Address - REQUIRED.
Enter the mortgagee's name and property address as
they appear in Item 33 of Part A.

Items 101
and 102 FHA Case Number and Section of Act Code -
REQUIRED. Enter the FHA Case Number and Section
of the Act Code as they appear in Items 2 and 3 of
Part A.

Item 103 Mortgage's Reference Number - REQUIRED. Enter the mortgagee's Reference Number as it appears in Item 14 of Part A.

Item 104 Date Form Prepared. Enter the date the supplemental form is prepared and submitted to HUD.

Item 105 Expiration Date to Submit Title Evidence, if Applicable. Complete only if the previously reported date was incorrect.

Item 106 Check if Supplemental - REQUIRED. Check this box.

Items 107 through 132 &

Items 134-137 Use instructions of original claim type. If an amount was reported incorrectly on the original claim, enter only the difference between what was reported and what should have been reported. This may be either a positive or negative figure. If the difference is a negative figure, enter the difference on the appropriate line in the "deduction" column (Column A). If the difference is a positive figure, enter on the appropriate line the difference in the "addition" column (Column B). If either of these columns is shaded, place the amount in the opposite column in brackets.

Item 133 Contact: Holding Mortgagee, Name and Telephone Number; or Contact: Servicing Mortgagee, Name and Telephone Number - REQUIRED: Enter the name and telephone number of a person in the holding or servicing mortgagee's office who can answer questions concerning the information reported on this claim form.

Items 138 and 139 Mortgagee Official Signature, Date and Title (not necessary if signed by servicer) or Servicer Signature, Date and Title REQUIRED. A signature must appear in at least one of these blocks; however, it is acceptable if both the mortgagee and the servicer wish to sign this form.

Mortgagee's Comments. - Use this area to justify information required by these instructions.

HUD's Comments. - For HUD's use only.

C. Instructions for the Completion of HUD Form 27011, Parts C, D and E, Support Documents (Continuations 1 and 2).

PARTS C, D AND E

The parts must be prepared in the same manner as the original claim. Complete only those items which are in need of adjustment and enter only the difference between what was reported and what should have been reported. If changes are necessary only to Part A the other parts need not be completed.

Calculate the interest due the mortgagee or owed to HUD by using the same dates and interest tables that were used for the original calculation, provided these dates and interest rates were correct. If the dates or interest rates were incorrect, recalculate the interest for all expenses claim in the original. Show only the difference in the interest due.

If the amount paid in the original claim was an overpayment, enclose the expense and interest adjustment in brackets.

HUD will calculate the remaining interest accumulating after the date of the original Part B.

EXAMPLE: An expense for repairing windows of the \$168.95 was incorrectly shown on an original submission of Part C as \$186.95 -- an overstatement of \$18 (\$186.95 - \$168.95).

The interest calculation dates: 9/11/83 (date of expenditure) to 10/1/84 (date on original part B).

Solution: Part C of the supplemental claim should show an adjusted expense of \$18.00 and an adjusted interest amount of \$1.52 ($\$18.00 \times .0002191781 \times 386$). Both the \$18 and the \$1.52 should be inclosed in brackets on Part C and transferred to Part B, line 110, columns B and C. A check with the FHA CASE number clearly noted should be attached.

CHAPTER 8: PRE-FORECLOSURE SALES

8-1 GENERAL. These instructions are to be used only for claims involving

a successful pre-foreclosure sale where the mortgagor's participation was approved during the Pre-foreclosure Sale ("PFS") Program demonstration (Section 204 of the National Housing Act, 12 USC 1710).

(Revised instructions will be issued by Mortgagee Letter when Pre-foreclosure Sales are implemented nationwide).

NOTE: Intake under the demonstration ceased in September 1994.

In a successful pre-foreclosure sale, neither foreclosure nor conveyance of the property to the Department occurs. The defaulting mortgagor sells the property at fair market value (with certain adjustments, as approved by the Secretary), which is less than the outstanding indebtedness at the time of sale. HUD will pay a claim to the lender equal to the difference between the fair market sale price and the outstanding indebtedness, approved costs and expenses and debenture interest.

Information is also provided for cases which are accepted for participation in the pre-foreclosure sales program but are foreclosed or a deed-in-lieu of foreclosure is accepted because the sale was not successful.

8-2 PROGRAM COORDINATOR. The essential decisions relating to the pre-foreclosure sale are made by a Program Coordinator (the Loan Management Branch of the local HUD office or a contractor). The Program Coordinator will make the following determinations and provide appropriate information and directions to the mortgagee and the closing agent.

A. The eligibility of the mortgagor for participation in the program (See Appendix 19).

B. Instructions to the mortgagee to delay or postpone the foreclosure sale date (See Appendix 19).

C. Identification of liens to be paid by the mortgagee to facilitate the sale or acceptance of a deed-in-lieu of foreclosure (See Appendix 20).

D. Approval or rejection of the sales contract (See Appendix 21).

E. Incentives to be paid to the mortgagor at closing (See Appendix 22).

F. Termination of the mortgagor's participation in the program (See Appendix 23).

G.Recommends that the mortgagee accept a deed-in-lieu of foreclosure (See Appendix 24).

8-3RESPONSIBILITIES OF MORTGAGEE IN THE PRE-FORECLOSURE SALES PROGRAM. Mortgagees are responsible for:

A. Correct notification procedures (in particular, sending appropriate notices and contacting mortgagors in only those five local HUD Office jurisdictions covered by the demonstration);

B. Overall responsiveness and timeliness of the servicing staff to mortgagors who appear to be entered in, or qualified for, the pre-foreclosure sale program;

C. Overall mortgagee cooperation with all aspects of the program.

D. Pay the amount or amounts approved by the Program Coordinator for the discharge of liens or encumbrances and determine that such liens or encumbrances are discharged or released of record; and,

E. Cancel and surrender the credit instrument to the mortgagor and satisfy the mortgage of record on receipt of the sales proceeds available for mortgage satisfaction and a copy of Form HUD-1 approved by the Program Coordinator.

8-4MARKETING THE PROPERTY. A mortgagor who has been accepted as a participant in the pre-foreclosure sales program is responsible for selling the property, either through his/her own efforts or through a real estate agent. The purchase price must be sufficient to provide at least 90% of the appraised value of the property after expenses of the transaction unless waived by the local HUD office and the sales contract must be approved by the Program Coordinator.

The mortgagee will be requested to delay the foreclosure sale during the period of marketing.

8-5SALES PROCEEDS. Following a successful pre-foreclosure sale, the closing agent will distribute the sale proceeds as provided in the sales contract and the approved closing worksheet. The closing agent will forward to the mortgagee a copy of Settlement Statement, HUD-1, and the portion of sales proceeds available for satisfaction of the mortgage. Upon receipt of the portion of sales proceeds available for mortgage satisfaction and a copy of HUD-1 approved by the Program Coordinator the mortgagee will satisfy the mortgage. The amount received will be entered in Item 108 of Part B, Form HUD-27011.

8-6DEED-IN-LIEU OF FORECLOSURE. The Program Coordinator may recommend to the mortgagee that a deed-in-lieu of foreclosure be accepted if the mortgagor is unable to find a qualified buyer for the property (Exhibit 24). If such recommendation is made, the mortgagee continues to be responsible for compliance with the requirements of Handbook 4330.1, REV-2, paragraph 9-4, and must transfer good marketable title to HUD within 30 days after the mortgagee acquired good marketable title to and possession of the property. The deed may be in the form of a direct conveyance.

The following additional allowances and expenditures are authorized:

A.\$500 payment to the mortgagor as consideration for execution of the deed-in-lieu. This amount should be entered in Item 305 rather than Item 307 to assure 100% reimbursement.

B.The amount approved by the Program Coordinator and paid by the mortgagee for the discharge of junior liens. The amount paid should be entered in Item 309 of Part D.

C.\$250 payment to the mortgagee as compensation for administrative costs relating to the pre-foreclosure sales claim. This amount should be entered in Item 408, Part E and carried over to Item 129, Part B.

A copy of the Request for Deed-In-Lieu of Foreclosure (Exhibit 24) and Discharge of Liens (Exhibit 19), if applicable, should be maintained in the claim review file to support the above payments.

8-7CLAIM TYPE. Within 30 days after the date of the pre-foreclosure sale closing the mortgagee must file its claim for insurance benefits on Form HUD-27011, as provided in this Chapter.

Do not file Form HUD-27050A "Mortgage Insurance Termination" following the sale.

If the pre-foreclosure sale is not completed and a deed-in-lieu of foreclosure is accepted or the mortgage is foreclosed, the mortgagee must file its claim as a conveyance claim (Chapter 2). In such cases, however, the conveyance claim may include compensation to the mortgagee for administrative costs (paragraph 8-11), incentive payments to the mortgagor, payments for lien satisfaction if a deed-in-lieu is accepted and title search costs.

8-8TIME REQUIREMENTS. The claim for insurance benefits (Parts A and B of Form HUD-27011) must be submitted to HUD within 30 days after the date of the pre-foreclosure sale closing. If the sale proceeds have not been received from the Closing Agent, an extension of time must be requested. Failure to comply will result in curtailment of debenture interest to the date the claim should have been submitted or to the date extended by HUD.

If the pre-foreclosure sale is unsuccessful or if the Program Coordinator terminates the mortgagor's participation in the Pre-foreclosure Sale Program, the mortgagee must initiate foreclosure no later than 60 days after the date of the termination (Appendix 23) and must meet the conveyance time requirements (paragraph 2-2).

8-9EXTENSION OF TIME REQUIREMENTS. If the mortgagee cannot comply with the above requirements for a particular action because of circumstances beyond its control, it should submit a request for an extension of time to the local HUD office using form HUD-50012. The request should be made as soon as possible and must be made before the time limit for that action expires.

If the pre-foreclosure sale is unsuccessful and the mortgagee cannot initiate foreclosure or acquire a deed-in-lieu within the time frames specified because of the delay requested by the Program Coordinator, the mortgagee must file an Extension Request, Form HUD-50012, with the Loan Management Branch of the local HUD office. A copy of the Instructions to Mortgagee (Exhibit 19) and the Termination of Participation (Appendix 23) must be attached to the Form HUD-50012. The normal time frames for institution of foreclosure will apply should the case result in a conveyance to HUD. However, acceptance into the Pre-foreclosure Sale Program might constitute grounds for approving an extension request depending on the individual circumstances of the case. Any legal cost incurred for the foreclosure related actions, will be reimbursed at the regular two-thirds rate.

If foreclosure was initiated within the conveyance time requirements but further action was delayed at the request of the Program Coordinator, a brief note of the cause of delay should be entered in the Mortgagee's Comments on Part A and supporting documents should be retained in the claim review file.

8-10 TITLE REQUIREMENT. Since the property is not conveyed to the Secretary, title evidence procedures are not applicable.

The Program Coordinator may request the mortgagee to obtain a title search to determine the existence of liens or encumbrances on the property. If such request is made the mortgagee shall obtain a title search showing the name and address of the holder, and the amount of the lien or encumbrance. The cost of the search will be reimbursed by entry in Item 305.

8-11 INCENTIVE PAYMENTS AND COMPENSATION.

A. Certain payments may be made to the mortgagor at the closing as incentive for selling the property:

1. \$1,500 or 50% of the amount by which the selling price exceeds the appraised value, whichever is greater, plus

2. \$500 if the closing occurs within three months of the date the mortgagor's application to participate in the Pre-foreclosure Sales Program has been accepted or \$200 if the closing occurs within four months of such date.

These payments are made at the sales closing by the closing agent and will reduce the net proceeds of the sale. No entry should be made in the insurance claim for these payments.

B. If the property is not sold, the mortgagee is authorized to pay the mortgagor \$500 for execution of a deed-in-lieu of foreclosure which conveys good marketable title to the mortgagee or to HUD. Such allowance should be entered in Item 305.

C. The mortgagee is authorized to pay an amount approved by the Program Coordinator for the discharge of liens or encumbrances which restrict the sale of the property or the acceptance of a

deed-in-lieu under the Pre-foreclosure Sales Program. Such allowances should be entered in Item 309.

D. The mortgagee is entitled to receive as a part of the insurance settlement \$250 as compensation for administrative costs relating to each Pre-foreclosure Sale claim, each claim involving a deed-in-lieu of foreclosure under the Pre-foreclosure Sales Program and each conveyance claim made because of the termination of a mortgagor from the PFS program. Such allowance should be entered in Item 408 of Part E and carried over to Item 129 of Part B.

8-12DISCHARGE OF LIENS. The Program Coordinator may request the mortgagee to pay outstanding liens in order to facilitate the sale of the property or to perfect the title so that a deed-in-lieu of foreclosure will be acceptable under the Pre-foreclosure Sales Program. The request must be in writing (Appendix 20) and must identify the lien(s).

It may be possible for the mortgagee or the mortgagor to negotiate a satisfaction or release of a junior lien for less than the full amount of the lien. The lien holder may be willing to compromise the amount of the lien to avoid discharge by a foreclosure action. Satisfaction or release of the lien may permit a pre-foreclosure sale or deed-in-lieu which would otherwise be unacceptable.

The amount paid by the mortgagee for satisfaction or release of the lien should be entered in Item 309 of Part D.

8-13PROTECTION AND PRESERVATION OF PROPERTIES. (Applicable only if property is vacant) The mortgagee is responsible for inspection, protection and preservation of the property when the mortgage is in default and a payment is not received within 45 days of the due date. The responsibility continues until the Program Coordinator instructs the mortgagee to delay or postpone the foreclosure sale (Appendix 19). Funds expended for this purpose will be reimbursed on filing Part C with the application for insurance benefits.

The mortgagee will not be responsible for, and will not be reimbursed for inspection, protection and preservation of the property after receiving instructions from the Program Coordinator to delay or postpone the foreclosure sale, unless specifically requested by the Program Coordinator.

If the Program Coordinator notifies the mortgagee that the mortgagor's participation in the program has been terminated (Appendix 23) or recommends that the mortgagee accept a deed-in-lieu of foreclosure (Appendix 24), or if the postponement of foreclosure period expires (Appendix 19), the mortgagee again becomes responsible, and will be reimbursed for inspection, protection and preservation of the property. The mortgagee will also be responsible for any damage suffered by the property after such notice, recommendation or expiration because of the mortgagee's failure to take action.

8-14REIMBURSABLE COSTS AND EXPENSES. It is anticipated that claims for the reimbursement of expenses on pre-foreclosure sale claims will be minimal and that most expenses which are normally incurred when

conveying a property to HUD will not be necessary. However, expenses which are appropriately advanced by the mortgagee on behalf of the mortgaged property may be claimed for reimbursement.

A. Disbursements for taxes, assessments, hazard insurance and other allowable items payable before the date of the pre-foreclosure sale closing.

B. Costs of foreclosure initiation (subject to the two-thirds limitation) if foreclosure was initiated and further action was postponed pending completion of a pre-foreclosure sale.

C. The cost of inspections, protection and preservation actions, subject to regional limitations, performed prior to acceptance into the Pre-foreclosure Sales Program if established criteria required such actions.

D. An amount paid for the release or discharge of liens or encumbrances with the approval of the Program Coordinator.

E. \$250 to be paid to the mortgagee as compensation for administrative costs. No debenture interest should be computed on this amount.

F. If the pre-foreclosure sale is successful and the property is sold, HUD will not pay for any of the following costs incurred by the mortgagee:

1. Costs to maintain, protect, and preserve the property after the pre-foreclosure sale closing,

2. Eviction costs, or

3. Any other costs related to the property which were incurred after the closing date.

8-15 HAZARD INSURANCE. There will be no reimbursement from HUD for any hazard insurance premiums allocated to the period after the pre-foreclosure sale closing. Otherwise appropriate advances by the mortgagee for hazard insurance premiums are reimbursable.

8-16 SPECIAL FORBEARANCE. If a claim for insurance benefits is filed pursuant to a default under a special forbearance agreement entered into between the mortgagee and the mortgagor, the debenture or cash payment will include all unpaid mortgage interest computed to the earlier of 90 days following the date the mortgagor failed to meet the requirements of the forbearance agreement or the date the Program Coordinator accepts the mortgagor as a participant in the pre-foreclosure sales program.

8-17 DEFICIENCY JUDGMENTS. Mortgagors determined to be eligible for, and who participate in the pre-foreclosure sales program, are not to be pursued for deficiency judgments.

8-18 DEBENTURE INTEREST ALLOWANCE. The issue date of debentures, or the beginning date for computation of the debenture interest allowance if

settlement of the claim is made in cash, will be the date of default as such term is defined in 24 CFR 203.331, provided the insurance settlement does not include unpaid mortgage interest resulting from a default under a special forbearance agreement.

When a default under a special forbearance agreement is involved, the debentures will be dated, or the debenture interest allowance will be computed from the last date of the mortgage interest calculation.

When the claim is settled in cash, the cash payment will include an amount equivalent to the interest the debentures would earn, if they were issued, at the debenture rate.

Debenture interest will be paid on the unpaid principal balance from the date of default to the date of the closing of the pre-foreclosure sale.

Debenture interest continues on the difference between the unpaid principal balance and the net pre-foreclosure sale proceeds, to the date of final settlement of the claim.

Further debenture interest is paid on allowable costs and advances from the date of expenditure to the date of final settlement of the claim.

If the mortgagee fails to take the actions set forth under "Time Requirements" within the time specified, or at such further time as may be approved by HUD in writing, the interest allowance shall be computed only to the date the particular action should have been taken or to which it was extended (24 CFR 203.402(k)(2)(ii)).

8-19 CLAIM PAYMENT.

Upon receipt of Parts A and B, Form HUD-27011, and the required attachments in Headquarters, HUD will pay to the mortgagee the unpaid principal balance of the mortgage and an amount determined by:

A. Adding the following items:

1. Allowable costs and advances.
2. Debenture interest on the unpaid principal balance from the date of default to the date of closing of the pre-foreclosure sale.
3. Debenture interest on allowable costs and advances from the date of expenditure to the date of closing of the pre-foreclosure sale.
4. Debenture interest on the difference between the unpaid principal balance plus allowable costs and advances, less the net proceeds of the sale, from the date of closing of the pre-foreclosure sale to the date of claim settlement.
5. \$250 to compensate the mortgagee for administrative costs under the pre-foreclosure sales program.

6.Allowable mortgage interest if the mortgagor failed to meet the requirements of a special forbearance agreement.

7.Amounts paid to satisfy or release junior liens with the approval of the Program Coordinator.

B.Deducting the following items:

1.All amounts received by the mortgagee on account of the mortgage after closing of the pre-foreclosure sale.

2.All amounts received by the mortgagee from any source relating to the property on account of rent or other income after deducting handling expenses.

3.All cash retained by the mortgagee for the account of the mortgagor that have not been applied to reduction of principal.

4.All amounts received by the mortgagee relating to the sale of the property.

8-20DOCUMENTS TO BE SUBMITTED. It is very important that all required documentation be forwarded to the appropriate location in a timely manner. Failure to meet any of the documentation requirements could jeopardize all or part of the claim reimbursement. The various documentation requirements imposed on the mortgagee are designed to provide critical control and notification functions which enable HUD to expedite the payment of claim.

All documents must be sent to HUD Headquarters or the local HUD Office within 30 days of the sale closing date.

A.To HUD Headquarters.

1.The original of Parts A and B.

2.Copies of Parts C, D and E.

3.The original Mortgage Insurance Certificate.

4.A copy of Form HUD-1.

5.A copy of the "special" forbearance agreement, if any.

6.A worksheet showing reallocation of mortgage payments if capitalization method of accounting is used.

B.To the Local HUD Office:

1.Copies of Parts A and B.

2.The original of Parts C, D and E.

3.A copy of Form HUD-1.

8-21 CLAIM PREPARATION - PRE-FORECLOSURE SALES.

The claim must be completed as described below using HUD Form-27011, Single Family Application for Insurance Benefits. In order to avoid delay in payment, the claim must be complete and accurate and contain all information requested.

In many instances, the instructions for conveyance claims apply equally in pre-foreclosure sales cases. When this occurs the words "Same as Conveyance" appear after the Item title and the conveyance instructions for that item are repeated verbatim for convenience.

If the property is acquired by the mortgagee and conveyed to HUD (although pre-foreclosure procedures were followed but the sale was unsuccessful), the claim must be prepared using the conveyance instructions (Chapter 2). If the property is sold pursuant to the requirements of the pre-foreclosure sales program, the following instruction must be used.

Whether the property was sold or acquired by the mortgagee and conveyed to HUD, if the pre-foreclosure sales procedures were followed, write in bold letters, preferably colored, across the top of each part of the form "Pre-foreclosure Sales Program". The purpose of this addition is to assure special handling for the claim and appropriate recognition of incentive payments.

Because this program is new, some of the item titles do not adequately describe the information to be entered. Pending revision of the claim form, enter information as instructed in this chapter notwithstanding inaccurate item titles.

A. Instructions for the Completion of HUD Form 27011, Part A, Initial Application. The following item by item instructions are to be used when completing HUD Form 27011, Part A, for claims involving an authorized pre-foreclosure sale.

PART A

INITIAL APPLICATION

Item 1 Claim Type. Enter 07 in the space next to

Items 2
and 3

FHA Case Number and Section of Act Code
(Same as Conveyance). Enter the FHA Case Number and the appropriate Section of the National Housing Act ADP code. All mortgages endorsed since 1962 use the first style shown below, with three numerals, then a hyphen, then six numerals (or seven including the check digit). Be sure to include the hyphen on the claim, whether the claim is submitted on paper or through electronic data interchange (EDI), even though CHUMS may omit it. The three other acceptable FHA case number formats, for pre-1962 mortgages, are also illustrated below. All models include the Section of the Act (SOA) ADP codes. The formatted case number appears on the MIC or the advanced notice

of S/F Annual MIP unless the case is included in CHUMS, as in "5" below.

	(1)	X X X - X X X X X X FHA Case No.	X X X SOA ADP
Code			
	(2)	X X - X X X X X X FHA Case No.	X X SOA ADP
X			
Code			
	(3)	X X X X X X - X X FHA Case No.	X X SOA ADP
X			
Code			
	(4)	X X X - X X X X X FHA Case No.	X X SOA ADP
X			
Code			
	(5)	X X X X X X X X X X FHA Case No.	X X X SOA ADP
Code			
		(used in CHUMS)	

Item 4 Default Reason Code (Same As Conveyance). Enter the applicable code number from the default listed below. If code 15 is used, explain the reason on the reverse of Part A under "Mortgagee's

	CODE	REASON
	01	=Death of a principal mortgagor
	02	=Illness of a principal mortgagor
member	03	=Illness of mortgagor's family
member	04	=Death of mortgagor's family
	05	=Marital difficulties
income of borrower)	06	=Curtailment of income (Reduction of
income,	07	=Excessive obligations, same
including habitual nonpayment of		
debts		
	08	=Abandonment of property
	09	=Distant employment transfer
	10	=Neighborhood problem
	11	=Property problem
	12	=Inability to sell property

13 =Inability to rent property

14 =Military service

15 =Other reasons (Explain.)

Item 5 Endorsement Date (Same as Conveyance). Enter the endorsement date that appears on the Mortgage Insurance Certificate. If the mortgage was insured before MIC's were issued, enter the endorsement date that appears on the note.

Item 6 Date Form Prepared. Enter the date this form is completed and submitted to HUD. To avoid debenture interest curtailment, Part A must be submitted within 30 days after the date of the pre-foreclosure sale closing.

Item 7 Due Date of First Payment to Principal and Interest (Same as Conveyance). Enter the date the first payment to Principal and Interest is due. Obtain this date from the mortgage note.

Item 8 Due Date of Last Complete Installment Paid (Same as Conveyance). Enter the date the last complete installment paid was due, not the date it was paid. This item should be taken from the payment ledger. If no payments have been made, enter the date in Item 7 (Due Date of the First Payment to Principal and Interest). Note that the date in this item will always be the first of the month.

Item 9 Date of Possession and Acquisition of Marketable Title. Enter the date the Program Coordinator accepts the applicant into the PFS Program.

Item 10 Date Deed or Assignment Filed for Record or Date of Closing or Appraisal. Enter the date of the pre-foreclosure sale closing.

Item 11 Date Foreclosure Proceedings (a) Instituted or (b) Date of Deed In Lieu. If foreclosure proceedings were instituted enter the date. If a deed-in-lieu is accepted or if foreclosure was completed the claim must be filed as conveyance.

Item 12 Holding Mortgagee Number (Payee) (Same as Conveyance). Enter the complete 10-digit mortgagee number of the holding mortgagee.

Note: This number determines the payee's name and the address to which the insurance benefits check and claim payment data are mailed.

Item 13 Servicing Mortgagee Number (Same as Conveyance).

Enter the complete 10-digit mortgagee number of the servicing mortgagee.

Note: This number determines the name and address to which all computer generated letters and claim payment data is mailed. Information will be mailed only to the holding mortgagee if this item is not completed.

Item 14 Mortgagee Reference Number (Same as Conveyance). Enter the loan number (maximum 15 digits) used by the mortgagee for identifying the case if any. This number will be printed on the benefits check. If the mortgagee is FNMA or GNMA, the FNMA or GNMA loan number must be entered.

Item 15 Original Mortgage Amount (Same as Conveyance). Enter the original mortgage amount. This figure should be taken from the mortgage note. If there has been a recast of the mortgage, make a notation of the recasting on the reverse side of Part A under "Mortgagee's Comments" and make reference to 24 CFR 203.342.

Item 16 Holding Mortgagee EIN. Not applicable.

Item 17 Unpaid Loan Balance as of Date in Item 8 (Item 11 if coinsurance) (Same as Conveyance). Enter the unpaid mortgage balance after crediting the last complete monthly installment paid. This figure is taken from the mortgagee's payment ledger. Partial payments insufficient to complete a full monthly installment are to be reported in Part B, Item 109 as escrow funds.

Item 18 Date of Firm Commitment (Same as Conveyance). Enter the date of the firm commitment. This date should be taken from the firm commitment document, if available. The debenture interest rate is determined by the firm commitment date or the date of endorsement, whichever yields the higher rate. If the case was insured under the Direct Endorsement Program or the commitment date is not available, this item must be left blank. Direct endorsement mortgages may be identified by the suffix code 700 through 799. Do not enter a date here if this is a Direct Endorsement or a converted coinsurance loan.

Item 19 Expiration Date of Extension to Foreclose/ Assign. Not applicable.

Item 20 Date of Notice/Extension to Convey. Enter date of approved extension to submit claim.

Item 21 Date of Release of Bankruptcy, If Applicable (Same

as Conveyance). Enter the date the bankruptcy stay or the local law prohibition was released. Note: When there is more than one bankruptcy, and the mortgagee is entitled to a 60 day extension to begin foreclosure, enter the release date which applies to the extension.

* Item 22 Is Property Vacant? Yes or No - Indicate the occupancy status as of the date in Item 9.

Item 23 If Item 22 is "No," Date of Local HUD Office Approval - Not applicable.

Item 24 Is Property Conveyed Damaged? Yes or No - Not applicable.

Item 25 If Item 24 is "Yes," Date of (a) Local HUD Office Approval (Pursuant to 203.379(a)) or (b) Certification (pursuant to 203.379(b)) - Not applicable.

Item 26 Type of Damage. Not applicable.

Item 27 Recovery or Estimate of Damage. Not applicable.

Item 28 Is Mortgagee Successful Bidder? Yes or No - Not applicable.

Item 29 Deficiency Judgment Code. Not applicable.

Item 30 Authorized Bid Amount. Enter the selling price of the property from HUD-1.

Item 31 Mortgagee Reported Curtailment Date (Same as Conveyance). Not applicable.

Item 32 Schedule of Tax Information. Not applicable.

Item 33 Mortgagor's Name and Property Address (Same as Conveyance). - Enter the name of the mortgagor in default as it appears on the ledger record. Enter the property address as it appears on the security instrument or the mortgage insurance certificate.

Enter the social security numbers of all mortgagors, if known. At least one social security number is required.

Item 34 Brief Legal Description of Property. Enter a brief description of the property. This information is found on the mortgage.

Item 35 Name and Address of Mortgagee (Same as Conveyance). Enter the name and address of the mortgagee, including the ZIP code.

Item 36 Name and Address of Mortgagee's Servicer (Same as Conveyance). Enter the name and address of the

mortgagee's servicer, including the ZIP code, if applicable. Include the name and telephone number of a contact person who can answer questions about the claim.

Items 37

and 38 Mortgagee Official Signature, Date and Title. and Servicer Signature, Date and Title (Same as Conveyance). The claim must be signed and dated by an official of the holding mortgagee if the holding mortgagee is filing the claim. If a servicer is filing the claim on behalf of the mortgagee, an official of the servicer must sign and date the form. The application must be complete when signed and the actual date signed must be entered by the signing official. The application will be returned if it is not signed or if it contains a stamped or duplicated signature.

Note to signing official: Please be sure you have read and understand the certifications on the HUD Form-27011 before signing and dating. If your system prints the date in items 37 and 38, check to ensure this is the date you are signing the form. Also check the submission date in item 6 to ensure it does not reflect an earlier date. The date in item 6 should be the same date as item 37 or item 38.*

Item 39 Amount of Monthly Payment to: (a) FHA insurance, (b) Taxes, (c) Hazard Insurance and (d) Interest and Principal. Not applicable.

Item 40 If Bankruptcy Filed, Enter Date. Enter the date of the last bankruptcy action. This is required if Item 21 is completed.

Item 41 If Conveyed/Assigned Damaged, Date Damage Occurred. Not applicable.

Item 42 Date HIP Cancelled or Refused, if Applicable. Not applicable.

Item 43 Number of Living Units. Not applicable.

Item 44 Status of Living Units. Not applicable.

Mortgagee's Comments, if Any. Use this area to justify unusual circumstances as well as other information required by the instructions. Enter the name and phone number of the Program Coordinator

HUD's Comments, if any. HUD USE ONLY.

B.Instructions for the Completion of HUD Form 27011, Part B, Fiscal

Data. The following item-by-item instructions are to be used when completing HUD Form 27011, Part B, for pre-foreclosure sales cases. Prepare this Part after Parts C, D and E have been completed. The information entered in this part is transferred from those parts.

PART B

FISCAL DATA

Item 100 Mortgagor's Name and Property Address (Same as Conveyance). Enter the mortgagor's name and property address as they appear in Item 33 of Part A.

Items 101
and 102 FHA Case Number and Section of Act Code (Same as Conveyance). Enter the FHA Case Number and Section of the Act Code as they appear in Items 2 and 3 of Part A.

Item 103 Mortgagee's Reference Number (Same as Conveyance). Enter the mortgagee's Reference Number as it appears in Item 14 of Part A.

Item 104 Date Form Prepared. Enter the date Parts A and B are prepared and submitted to HUD.

Item 105 Expiration Date to Submit Title Evidence, if Applicable. Not applicable.

Item 106 Check if Supplemental. Not applicable.

Item 107 Adjustment to Loan Balance (if different from block 17 on Part A). Not applicable.

Item 108 Sale/Bid Price or Appraisal Value (for Coinsurance or Nonconveyances). Enter the amount of proceeds received from the Closing Agent.

Item 109 Escrow Balance (as of Date in Block 10, Part A). Enter amount remaining in escrow account as of the date of the pre-foreclosure sale closing. Also include any funds received on account of the mortgage which have not been applied to reduce the indebtedness, e.g., partial payments, hazard insurance refunds, buydown monies, funds held in escrow for on-site repairs (pursuant to Form HUD-92300, Assurance of Completion Agreement). DO NOT SEND ESCROW FUNDS TO HUD. (CONFIRM IF THE ESCROW BALANCE WAS INCLUDED IN THE FUNDS RETAINED TO SATISFY THE MORTGAGE)

See Item 123 for unapplied Section 235 assistance payments.

Payment of expenses for which funds are escrowed shall be charged to the escrow account in full or in part until the escrow account balance equals zero. Expenses paid from available escrow funds are not to be recorded on Part D.

DO NOT ENTER A NEGATIVE BALANCE. Advances by the mortgagee for expense payments normally charged to the escrow account shall be recorded under Part D, Items 305 or 311, as appropriate. When the first occurrence of an expense results in a negative balance to escrow, enter the negative amount in Item 305 or 311, whichever is appropriate. Interest on advances shall be computed from the date of disbursement to the date the claim is mailed. If there were any advances from escrow prior to the date of default, interest is calculated from the date of default.

Illustration of Mortgagee Advances:

Date Paid	Date Interest	Principal	Escrow	Balance	Escrow Due
Balance	Forward	. . . . .	. . . . .	. . . . .	\$151.60
1/01/83	2/03/83	\$73.32	\$21.07	\$70.69	222.29
	8/03/83			198.98-	23.31
	12/11/83			51.19-	(27.88)/1

Item 110 Total Disbursements for Protection and Preservation from Line 264, Part C. Enter the total amount appearing in Part C, Item 264.

Item 111 Total Disbursements from line 305, Part D. Enter the total amount appearing in Part D, Item 305.

Item 112 Attorney/Trustee Fees Paid From Line 306, Part D. Enter the total amount appearing in Part D, Item 306.

Item 113 Foreclosure, Acquisition, Conveyance and Other Costs from Line 307, Part D. Enter the total amount appearing in Part D, Item 307.

Item 114 Bankruptcy Fee (if applicable) from Line 310, Part D. Enter the amount of bankruptcy fees appearing in Part D, Item 310.

Item 115 Rental Income. Enter any income from the rent of the property between the date of default and the date of pre-foreclosure sales closing.

Item 116 Rental Expense (Same as Conveyance). Enter rental

expenses incurred, if any. If there is no entry in Item 115, make no entry in this item.

Item 117 Total Taxes on Deed from Line 308, Part D. Not applicable.

/1First amount to be entered on Part D, Item 305 or 311, as applicable. Interest should only be calculated on \$27.88, not the \$51.19.

Item 118 Recovery or Damage (if not reported on Part A). Use Line 119 if Reported on Part A. Not applicable.

Item 119 Estimate or Recovery from Part A. Not applicable.

Item 120 Special Assessments (DO NOT USE FOR COINSURANCE) from Line 309, Part D (Same as Conveyance). Enter the total amount paid and debenture interest which appear in Item 309, Part D.

Item 121 Mortgage Note Interest. Mortgage note interest will be included in the insurance benefits if a mortgagor fails to meet the requirements of a special forbearance agreement and the failure continues for at least 60 calendar days.

From. Enter the date of the last completely paid installment after all funds received under the agreement are applied according to the terms of the mortgage (Item 8, Part A). If no mortgage payments were made, enter a date 30 days prior to the due date of the first scheduled payment (Item 7, Part A).

To. Enter the earliest of the following dates:

- 1.the date of sales closing,
- 2.90 calendar days following the date the mortgagor fails to meet the requirements of the forbearance agreement, or
- 3.the date the Program Coordinator accepts the mortgagor as a participant in the Pre-foreclosure Sales program.

Rate. Enter the mortgage interest rate as it appears on the mortgage note. Show fractions in decimals to three places.

Computation method. To obtain the amount of accrued mortgage interest due, multiply the Daily Interest Rate Factor by the amount of the unpaid principal balance. The Daily Interest Rate Factor is provided in Appendix 8. This result is then

multiplied by the number of days from the due date of the last completely paid installment to the date selected as the "ending date". To assist in determining the number of days refer to the Julian Date Calendars provided in Appendix 9.

Item 122 Mortgage Insurance Premiums (Same as Conveyance).
Enter total from Item 311, Part D.

Item 123 Unapplied Section 235 Assistance Payments (Same
as
Conveyance). Enter unapplied assistance payments
in Column A, if applicable.

Item 124 Overpaid Section 235 Assistance Payments (Same as
Conveyance). Enter the amount of any funds
advanced by the mortgagee to repay to HUD
assistance to which the mortgagor was not entitled
and which was not recovered from the mortgagor,
unless the overpayment was the result of error on
the part of the mortgagee. Amount is to be
entered in Column B. Do not calculate debenture
interest for Column C.

Items 125 Overhead Costs. Not applicable.

Item 126 Uncollected Interest (Approved Forbearance
Agreements Only). Not applicable.

Item 127 Amount Due from Buyer at Closing or at Appraisal
Notice Date (From Line 406, Part E). Not
applicable.

Item 128 Amount Owed to Buyer at Closing or at Appraisal
Notice Date (From Line 407, Part E). Not
applicable.

Item 129 Additional Closing Costs at Settlement. Enter
the
"Total" from Line 408, Part E.

NOTE: Do not calculate debenture interest on the
administrative fee. Mortgagees are not entitled
to debenture interest on this item.

Items 130
and 131 Not Applicable.

Item 133 Contact: Holding Mortgagee, Name and Telephone
Number; or Contact: Servicing Mortgagee, Name and
Telephone Number (Same as Conveyance). Enter the
name and telephone number of a person in the
holding or servicing mortgagee's office who can
answer questions concerning the information
reported on this claim form. Include the Holding
Mortgagee number which you entered in Item 12 of
Part A.

Items 134
to 136 Enter the totals of Columns A - Deductions; B -
Additions; and C - Interest.

Item 137 Net Claim Amount (Columns B - A + C). The net
claim amount calculated by the mortgagee will
differ from the actual amount HUD will pay due to
possible interest curtailment, disallowed
expenses, and additional debenture interest
calculated to the date of claim settlement.

Items 138
and 139 Mortgagee's Official Signature, Date and Title
(signature not necessary if signed by a servicer)
and Servicer Signature, Date, and Title. Enter a
signature in at least one of these blocks.

C. Instructions for the Completion of HUD Form 27011, Part C,
Support Document.

There should be no entry in Part C unless inspections,
preservation or protection costs were incurred before the
mortgagee was instructed to delay or postpone the foreclosure
sale.

Any debenture interest calculated on such expenses should run
from the date of expenditure or default, if later, to the date of
the pre-foreclosure sale closing.

D. Instructions for the Completion of HUD Form 27011, Part D,
Support Documentation (Continuation 1).

The following item-by-item instructions are to be used when
completing Form HUD-27011, Part D, for pre-foreclosure claims.
The general instructions for the preparation of Part D in
conveyance claims are applicable in pre-foreclosure cases except
that the property is not conveyed to the Secretary.

Expenditures may be entered on Part D as they occur, however,
debenture interest calculations should not be made until the date
of claim submission because interest allowance will be computed
from the date of expenditure or default if later, to the date of
the pre-foreclosure sale closing.

Date Paid. A separate entry must be made for each payment.
Enter the date the check was disbursed. If an expenditure
or advance was made prior to the date of default, enter the
date of default and enter the actual date paid in
parentheses following the description.

Description of Service Performed. Enter a description of
the items or types of services performed. Additional space
is provided on the reverse of the form.

Amount Paid. Actual payment amounts are to be entered.
This information will be transferred to Part B, Fiscal Data.

Debenture Interest. To obtain the amount of interest due on an expenditure, multiply the daily interest rate factor by the amount paid. Multiply this result by the number of days from the date paid for each line item to the date of closing of the pre-foreclosure sale (Item 10, Part A). Daily Interest Rate Factor tables are provided in Appendix 8 to assist in converting the debenture interest rates. In addition, Julian date calendars are provided in Appendix 9 to assist in determining the number of days from the date the expenditure was paid to the date of the pre-foreclosure sale closing or the curtailment date.

Total the "Amount Paid" and "Debenture Interest" columns.

PART D

SUPPORT DOCUMENT (Continuation 1)

Items 300

and 301 FHA Case Number and Section of Act Code (Same as Conveyance). Enter the FHA case number and Section of the Act Code as they appear in Items 2 and 3 of Part A.

Item 302

Mortgagee's Reference Number (Same as Conveyance). Enter the mortgagee's reference number as it appears in Item 14 of Part A.

Item 303

Debenture Interest Rate (Same as Conveyance). Using the Debenture Interest Rate Table provided in the Appendix 4, determine the rate at the date of firm commitment and the rate at the date of endorsement, then enter the higher rate. In Direct Endorsement cases, enter the rate in effect on the date of endorsement.

Item 304

Date (Same as Conveyance). Enter the date entered in Part B, Item 104 if all actions taken by the mortgagee are within the time requirements or the automatic extensions specified in Paragraph 2-13 or within the extended time requirements (See Paragraph 1-3). If the mortgagee failed to comply with a time requirement (including actions reported in Part A) or its approved extension, enter the date the action should have been taken. Debenture interest will be computed to this date. If there was more than one failure, enter the earliest date on which a required action should have been taken (See paragraph 2-5c).

Item 305

Disbursements for HIP, Taxes, Ground Rents and Water Rates (which were liens prior to mortgage), Eviction Costs and Other Disbursements Not Shown

Elsewhere. (Do not include any penalties for late payment). Itemize all disbursements in these categories including for each item the date paid, the period covered, the description, and the amount paid. Enter the costs of title search and other fees related to the pre-foreclosure sale. Do not include disbursements which were paid from available escrow funds or sale proceeds. No expense should be incurred after the date of sale closing, unless the local HUD office instructs you to take an action. See explanation for escrow account, Part B, Item 109.

Item 306 Attorney/Trustee Fee. Itemize the fees paid to attorneys in connection with the initiation of foreclosure action, if any. Do not enter fees for bankruptcy or eviction. HUD WILL CALCULATE THE TWO-THIRDS ALLOWANCE (24 CFR 203.402).

Item 307 Foreclosure and/or Acquisition, Conveyance and Other Costs. Enter all disbursements required to vest title to the property in the name of the purchaser. If additional space is needed, attach a separate sheet to Part D. HUD WILL CALCULATE THE TWO-THIRDS ALLOWANCE FOR EXPENSES AND INTEREST (24 CFR 203.402).

Item 308 Taxes on Deed. Not applicable.

Item 309 Special Assessments (Do not use for Coinsurance, see Part E). For each item in this category, enter the date the lien was attached or would be attached. Do not include any special assessments which became liens before the mortgage was endorsed for insurance, if not noted in the application for insurance. Enter disbursements made with the approval of the Program Coordinator for the release or satisfaction of junior liens.

Item 310 Bankruptcy (Same as Conveyance). Itemize the bankruptcy fees paid. There must be an entry in Item 40. HUD WILL CALCULATE THE TWO-THIRDS ALLOWANCE FOR EXPENSES AND INTEREST (24 CFR 203.402).

Item 311 Mortgage Insurance Premiums. Itemize all MIP disbursements, including the period covered. Only include the "advanced" MIP disbursements paid after the due date of the last completely paid installment to the date of closing.

E. Instructions for the Completion of HUD Form 27011, Part E Support Document (Continuation 2). Part E is to be completed for a pre-foreclosure sale to claim the \$250 administrative fee only. No other items on this Part should be completed.

PART E

SUPPORT DOCUMENT (Continuation 2)

Items 400
and 401 FHA Case Number and Section of Act Code (Same as
Conveyance). Enter the FHA case number and
Section of the Act Code as they appear in Items 2
and 3 of Part A.

Item 402 Mortgagee's Reference Number (Same as
Conveyance).
Enter the mortgagee's reference number as it
appears in Item 14 of Part A.

Item 403 Debenture Interest Rate. Not applicable.

Item 404 Date. Enter the date entered in Part B in Item
104 if all actions taken by the mortgagee are
within the time requirements or the automatic
extensions specified in Paragraph 2-13 or within
the extended time requirements (See Paragraph
1-3). If the mortgagee failed to comply with a
time requirement (including actions reported in
Part A) or its approved extension, enter the date
the action should have been taken. Debenture
interest will be computed to this date. If there
was more than one failure, enter the earliest date
on which a required action should have been taken
(See paragraph 2-5c).

Items 405
thru 407 Overhead Costs; Amounts Due from Buyer at Closing;
Amounts Owed to Buyer at Closing. Not applicable.

Item 408 Additional Closing Costs. Enter the \$250
administrative fee (Carry over to Part B, Item
129).

Item 409 Appraisal Fee. Not applicable.

Item 410 Deficiency Judgement Costs/Fees. Not applicable.

Items 411
and 412 Reserved.

Appendix 1

Single-Family Application
for Insurance Benefits

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Part A, cont.

ref Handbooks 4330.4 & 4310.5 form HUD-27011 (5/93)

Part A

Appendix 1

2 of 7

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ref Handbooks 4330.4 & 4310.5 form HUD-27011 (5/93)

Single-Family Application for Insurance Benefits

Part C Support Document

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ref Handbooks 4330.4 & 4310.5

form HUD-27011 (5/93)

Part C

Appendix 1

5 of 7

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ref Handbooks 4330.4 & 4310.5 form HUD-27011 (5/93)

Part C, con't.

Appendix 1

6 of 7

Single-Family Application
for Insurance Benefits

Part D Support Document (Continuation 1)

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ref Handbooks 4330.4 & 4310.5 form HUD-27011 (5/93)

Appendix 1

7 of 7

Single-Family Application
for Insurance Benefits

Part E Support Document (Continuation 2)
Use this form when filing for Coinsurance or Nonconveyances

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Appendix 2: Conveyance Partial Payment

1 of 8

Conveyance Partial Payment

DEAR SIR OR MADAM:

SUBJECT: FHA CASE NO.

ADVICE OF PAYMENT

PROPERTY ADDRESS:

MORTGAGOR NAME :

SERVICERS' NAME :

PAYMENT TYPE : PARTIAL

MORTGAGEE REF. NO:

SECTION OF THE ACT: 0203

CLAIM TYPE : CONVEYANCE

SETTLEMENT DATE : 06/10/94

SCHEDULE NUMBER : 0170C

DATE CLAIM REC'D : 06/06/94

DUE DATE LAST INSTALLMENT: 06/01/93

(LINE NO.) *****DESCRIPTION*****
RATE

DEDUCTION EXPENSE INTEREST

(017) UNPAID PRINCIPAL BALANCE
(107) ADJUSTED LOAN BALANCE
(108) SALE/BID/APPRAISAL VALUE
(109) ESCROW BALANCE
(110) TOTAL DISBURSEMENTS P&P
(111) TOTAL DISBURSEMENTS
(112) ATTORNEY/TRUSTEE FEES PD
(113) FORECL., ACQUIS., CONVY.
(114) BANKRUPTCY FEE
(115) RENTAL INCOME
(116) RENTAL EXPENSE
(117) TOTAL TAXES ON DEED
(27 OR 118) AMOUNT OF DAMAGE
(119) ADJUSTED DAMAGE
(120) SPECIAL ASSESSMENTS
(121) MORTGAGE NOTE INTEREST
FORBEARANCE (COINS. ONLY)
(122) MORT. INSURANCE PREMIUM
(123) UNAPPLIED 235 ASSISTANCE
(124) OVERPAID 235 SUBSIDY
(125) OVERHEAD COST
(126) UNCOLLECTED INTEREST
(127) AMOUNT DUE FROM BUYER
(128) AMOUNT OWED TO BUYER
(129) CLOSING COSTS/ADMIN FEE
(130) APPRAISAL FEE
(131) DEF. JUDGMT COST & FEES
(999) COINSURANCE RESERVE AMT
INT. FROM 08/01/93 TO 06/10/94
.127500

134,353.74

14,689.65

TOTALS

0.00 134,353.74 14,689.65

FHA SETTLEMENT AMOUNT:	149,043.39
LESS OFFSET AMOUNT:	0.00
LESS RESERVE AMT (COINS):	0.00
<hr/>	
FHA DEBENTURE PAYMENT:	0.00
FHA CASH PAYMENT:	149,043.39

Appendix 2

2 of 8

SUBJECT: FHA CASE NO: ADVICE OF PAYMENT ADJUSTMENTS
 MTGEE REF NO: SCHED: 0170C STTLDT: 06/10/94

ADJUSTMENTS HAVE BEEN MADE TO YOUR CLAIM FOR THE REASONS SHOWN BELOW:

ITEM NO: REASONS:

If you have any questions, please call (703) 235-9102.

Appendix 2

3 of 8

Conveyance Final Payment

DEAR SIR OR MADAM:

SUBJECT: FHA CASE NO. ADVICE OF PAYMENT

PROPERTY ADDRESS:
 MORTGAGOR NAME :
 SERVICERS' NAME :

PAYMENT TYPE : FINAL MORTGAGEE REF. NO:

SECTION OF THE ACT: 0203 CLAIM TYPE : CONVEYANCE
 SETTLEMENT DATE : 07/28/94 SCHEDULE NUMBER : 0203C
 DATE CLAIM REC'D : 07/25/94 DUE DATE LAST INSTALLMENT:

(LINE NO.) ****DESCRIPTION**** RATE	DEDUCTION	EXPENSE	INTEREST
(017) UNPAID PRINCIPAL BALANCE			
(107) ADJUSTED LOAN BALANCE			
(108) SALE/BID/APPRAISAL VALUE			
(109) ESCROW BALANCE	676.00		
(110) TOTAL DISBURSEMENTS P&P .127500		910.75	17.63
(111) TOTAL DISBURSEMENTS .127500		4,656.53	212.02
(112) ATTORNEY/TRUSTEE FEES PD .127500		200.00	14.67
(113) FORECL., ACQUIS., CONVY. .127500		674.40	32.72

(114) BANKRUPTCY FEE			
(115) RENTAL INCOME			
(116) RENTAL EXPENSE			
(117) TOTAL TAXES ON DEED			
(27 OR 118) AMOUNT OF DAMAGE			
(119) ADJUSTED DAMAGE			
(120) SPECIAL ASSESSMENTS			
(121) MORTGAGE NOTE INTEREST FORBEARANCE (COINS. ONLY)			
(122) MORT. INSURANCE PREMIUM	375.54		18.56
.127500			
(123) UNAPPLIED 235 ASSISTANCE			
(124) OVERPAID 235 SUBSIDY			
(125) OVERHEAD COST			
(126) UNCOLLECTED INTEREST			
(127) AMOUNT DUE FROM BUYER			
(128) AMOUNT OWED TO BUYER			
(129) CLOSING COSTS/ADMIN FEE			
(130) APPRAISAL FEE			
(131) DEF. JUDGMENT COST & FEES			
(999) COINSURANCE RESERVE AMT			
INT. FROM 07/22/94 TO 07/28/94			12.87
.127500			
TOTALS	676.00	6,817.22	308.47
FHA SETTLEMENT AMOUNT:	6,449.69		
LESS OFFSET AMOUNT:	0.00		
LESS RESERVE AMT (COINS):	0.00		
FHA DEBENTURE PAYMENT:	0.00		
FHA CASH PAYMENT:	6,449.69		

Appendix 2

4 of 8

SUBJECT: FHA CASE NO: ADVICE OF PAYMENT ADJUSTMENTS
MTGEE REF NO: SCHED: 0203C STTLDT: 07/28/94

ADJUSTMENTS HAVE BEEN MADE TO YOUR CLAIM FOR THE REASONS SHOWN BELOW:

ITEM NO: REASONS:

If you have any questions, please call (703) 235-9102.

Appendix 2

5 of 8

Assignment - Full Payment

DEAR SIR OR MADAM:

SUBJECT: FHA CASE NO. ADVICE OF PAYMENT

PROPERTY ADDRESS:
MORTGAGOR NAME :
SERVICERS' NAME :

PAYMENT TYPE : FULL

MORTGAGEE REF. NO:

SECTION OF THE ACT: 0734
SETTLEMENT DATE : 03/10/94
DATE CLAIM REC'D : 03/04/94

CLAIM TYPE : ASSIGNMENT
SCHEDULE NUMBER : 0106C
DUE DATE LAST INSTALLMENT: 05/01/93

(LINE NO.) *****DESCRIPTION*****
RATE

DEDUCTION EXPENSE INTEREST

(017) UNPAID PRINCIPAL BALANCE	79,356.12		
(107) ADJUSTED LOAN BALANCE			
(108) SALE/BID/APPRaisal VALUE			
(109) ESCROW BALANCE			
(110) TOTAL DISBURSEMENTS P&P			
(111) TOTAL DISBURSEMENTS	1,936.41		
(112) ATTORNEY/TRUSTEE FEES PD			
(113) FORECL., ACQUIS., CONVY.	13.00		
(114) BANKRUPTCY FEE			
(115) RENTAL INCOME			
(116) RENTAL EXPENSE			
(117) TOTAL TAXES ON DEED			
(27 OR 118) AMOUNT OF DAMAGE			
(119) ADJUSTED DAMAGE			
(120) SPECIAL ASSESSMENTS			
(121) MORTGAGE NOTE INTEREST			5,739.73
.100000			
FORBEARANCE (COINS. ONLY)			
(122) MORT. INSURANCE PREMIUM	203.87		
(123) UNAPPLIED 235 ASSISTANCE			
(124) OVERPAID 235 SUBSIDY			
(125) OVERHEAD COST			
(126) UNCOLLECTED INTEREST			
(127) AMOUNT DUE FROM BUYER			
(128) AMOUNT OWED TO BUYER			
(129) CLOSING COSTS/ADMIN FEE			
(130) APPRAISAL FEE			
(131) DEF. JUDGMENT COST & FEES			
(999) COINSURANCE RESERVE AMT			
INT. FROM 03/01/94 TO 01/20/94			

TOTALS	0.00	81,509.40	5,739.73
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FHA SETTLEMENT AMOUNT:	87,249.13
LESS OFFSET AMOUNT:	0.00
LESS RESERVE AMT (COINS):	0.00

FHA DEBENTURE PAYMENT:	0.00
FHA CASH PAYMENT:	87,249.13

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SUBJECT: FHA CASE NO: ADVICE OF PAYMENT ADJUSTMENTS
MTGEE REF NO: SCHED: 0106C STTLDT: 03/10/94

ADJUSTMENTS HAVE BEEN MADE TO YOUR CLAIM FOR THE REASONS SHOWN BELOW:

ITEM NO: REASONS:

20. THE DATE IN ITEM 10 IS MORE THAN 30 DAYS AFTER THE DATE
IN ITEM 20. INTEREST IS CURTAILED TO THE DATE IN ITEM 20
PLUS 30 DAYS.

IF YOU ENTERED DEBENTURE INTEREST IN COLUMN C, IT HAS BEEN DISALLOWED.

HUD HAS CALCULATED THE DEBENTURE INTEREST YOU ARE DUE.
IF YOU CLAIMED AMOUNTS IN COLUMNS A OR B WHICH WERE NOT PAID,
THE COSTS WERE NOT ALLOWABLE FOR ASSIGNMENTS.

If you have any questions, please call (703) 235-9102.

Appendix 2

7 of 8

Supplemental Payment

DEAR SIR OR MADAM:

SUBJECT: FHA CASE NO. ADVICE OF PAYMENT

PROPERTY ADDRESS:
MORTGAGOR NAME :
SERVICERS' NAME :

PAYMENT TYPE : SUPPLEMENTAL MORTGAGEE REF. NO:
SECTION OF THE ACT: 0703 CLAIM TYPE : CONVEYANCE
SETTLEMENT DATE : 04/06/94 SCHEDULE NUMBER : 0125C
DATE CLAIM REC'D : 05/07/93 DUE DATE LAST INSTALLMENT: 11/01/91

(LINE NO.) ****DESCRIPTION**** DEDUCTION EXPENSE INTEREST
RATE

(017)	UNPAID PRINCIPAL BALANCE			
(107)	ADJUSTED LOAN BALANCE			
(108)	SALE/BID/APPRAISAL VALUE			
(109)	ESCROW BALANCE			
(110)	TOTAL DISBURSEMENTS P&P			
(111)	TOTAL DISBURSEMENTS		173.00	
(112)	ATTORNEY/TRUSTEE FEES PD			
(113)	FORECL., ACQUIS., CONVY.			
(114)	BANKRUPTCY FEE			
(115)	RENTAL INCOME			
(116)	RENTAL EXPENSE			

(117) TOTAL TAXES ON DEED
 (27 OR 118) AMOUNT OF DAMAGE
 (119) ADJUSTED DAMAGE
 (120) SPECIAL ASSESSMENTS
 (121) MORTGAGE NOTE INTEREST
 FORBEARANCE (COINS. ONLY)
 (122) MORT. INSURANCE PREMIUM
 (123) UNAPPLIED 235 ASSISTANCE
 (124) OVERPAID 235 SUBSIDY
 (125) OVERHEAD COST
 (126) UNCOLLECTED INTEREST
 (127) AMOUNT DUE FROM BUYER
 (128) AMOUNT OWED TO BUYER
 (129) CLOSING COSTS/ADMIN FEE
 (130) APPRAISAL FEE
 (131) DEF. JUDGMENT COST & FEES
 (999) COINSURANCE RESERVE AMT
 INT. FROM 01/01/92 TO 00/00/00

TOTALS	0.00	173.00	0.00
FHA SETTLEMENT AMOUNT:	173.00		
LESS OFFSET AMOUNT:	0.00		
LESS RESERVE AMT (COINS):	0.00		
FHA DEBENTURE PAYMENT:	0.00		
FHA CASH PAYMENT:	173.00		

Appendix 2

8 of 8

SUBJECT: FHA CASE NO: ADVICE OF PAYMENT ADJUSTMENTS
 MTGEE REF NO: SCHED: 0125C STTLDT: 04/06/94

ADJUSTMENTS HAVE BEEN MADE TO YOUR CLAIM FOR THE REASONS SHOWN BELOW:

ITEM NO: REASONS:

HIP REFUND.

If you have any questions, please call (703) 235-9102.

APPENDIX 3: ERRORS FREQUENTLY MADE IN PREPARING CLAIMS

Mortgagees can avoid the inconvenience and expense resulting from erroneous entries on the claim form by determining that all entries and computations are correct before the claim is submitted. The following are the types of errors most frequently found in mortgagee claim reviews.

1. Incorrect dates. More than half of the reimbursement demanded by HUD

because of overpayment of mortgage insurance claims involve incorrect dates entered on the claim form.

Item 6 - Date Form Prepared

In some cases, the date of receipt of the Part A demonstrates that the mortgagee entered the date the deed was filed for record rather than the date of preparation and submission of Part A.

Item 8 - Due Date of Last Complete Installment Paid

Some mortgagees either transcribe the wrong date from the ledger or incorrectly compute the date resulting in an erroneous date of default.

Item 9 - Date of Possession and Acquisition of Marketable Title

Some mortgagees have incorrectly entered the date of the foreclosure sale, the date the property was secured, the date of vacancy although title had not been obtained or the date the redemption period began.

Item 10 - Date Deed Filed for Record

Some mortgagees have incorrectly entered the date the deed was mailed to the attorney, the date the redemption period expired, or the date Part A of the claim form was prepared.

Item 11 - Date Foreclosure Proceedings Instituted

Some mortgagees have incorrectly entered the date the case was referred to an attorney for foreclosure; the date the Mortgagor was notified, or the date a committee recommended foreclosure.

2 of 3

Item 18 - Date of Firm Commitment

Some mortgagees fail to enter a date although the case is not in the

Direct Endorsement Program or enter an incorrect date resulting in an incorrect debenture interest rate.

Item 19 - Date of Extension to Foreclosure

Some mortgagees have entered an extension date without obtaining HUD approval or meeting the extension requirements.

Item 20 - Date of Extension to Convey

Some mortgagees have entered an extension date without obtaining prior HUD approval.

Item 21 - Date of Release of Bankruptcy

Some mortgagees have incorrectly entered the date it learned of the release rather than the date of release, or entered a release date when the bankruptcy did not prevent timely foreclosure initiation or prosecution.

2.Hazard Insurance Recovery. Some mortgagees have failed to report actual or estimated hazard insurance recoveries in Item 27, resulting in an overpayment of insurance benefits.

3.Debenture interest is computed to the date in Item 104 when an earlier time frame was missed.

4.Debenture interest is computed from the date of an advancement although the mortgage was not in default.

5.Excessive or inappropriate protection and preservation expenses were claimed without prior HUD approval.

6.Protection and preservation expenses were incurred after the property was conveyed to HUD.

7.Incorrect amounts were entered in the escrow account in Item 109.

Some mortgagees have claimed disbursements in Items 305 and 311 when they were paid from the escrow account, claimed advances in Item 305 when escrow funds were available, deducted non-escrow disbursements from the escrow account or failed to enter the escrow balance, buydown and unapplied funds, or hazard insurance premium refunds in Item 109.

3 of 3

8.Incorrect Entry of Disbursement Amounts in Item 305

Claims have been made for taxes paid after conveyance to HUD resulting in double payment or for other expenses incurred after conveyance, for penalties and interest on disbursements and attorney fees and foreclosure costs which should have been claimed in Items 306 or 307 for two-thirds reimbursement.

APPENDIX 4: DEBENTURE INTEREST RATES

DEBENTURE INTEREST RATES

APPENDIX 4

FROM	TO	RATE
March 1, 1941	May 14, 1950	2.750%
May 15, 1950	March 22, 1953	2.500%
March 23, 1953	July 7, 1953	2.750%
July 8, 1953	May 28, 1954	3.000%
May 29, 1954	August 31, 1954	2.750%
August 9, 1954	August 31, 1954	2.750%
September 1, 1954	December 31, 1954	2.500%
January 1, 1955	June 30, 1955	2.625%
July 1, 1955	June 30, 1956	2.875%
July 1, 1956	December 31, 1956	3.000%
January 1, 1957	June 30, 1957	3.250%
July 1, 1957	December 31, 1957	3.375%
January 1, 1958	June 30, 1958	3.500%
July 1, 1958	December 31, 1958	3.125%
January 1, 1959	June 30, 1959	3.750%
July 1, 1959	December 31, 1960	4.125%
January 1, 1961	June 30, 1961	3.875%
July 1, 1961	December 31, 1961	3.750%
January 1, 1962	June 30, 1962	4.000%
July 1, 1962	June 30, 1963	3.875%
July 1, 1963	December 31, 1963	4.000%
January 1, 1964	December 31, 1965	4.125%
January 1, 1966	June 30, 1966	4.375%
July 1, 1966	December 31, 1966	4.625%
January 1, 1967	December 31, 1967	4.750%
January 1, 1968	June 30, 1969	5.375%
July 1, 1969	December 31, 1969	5.875%
January 1, 1970	June 30, 1970	6.375%
July 1, 1970	December 31, 1970	6.875%
January 1, 1971	June 30, 1971	6.125%
July 1, 1971	December 31, 1971	5.875%
January 1, 1972	June 30, 1972	5.375%
July 1, 1972	December 31, 1972	5.500%
January 1, 1973	June 30, 1973	5.250%
July 1, 1973	December 31, 1973	6.000%
January 1, 1974	June 30, 1974	6.250%
July 1, 1974	June 30, 1975	6.875%
July 1, 1975	December 31, 1975	7.000%
January 1, 1976	June 30, 1976	7.125%
July 1, 1976	December 31, 1976	7.000%
January 1, 1977	June 30, 1977	6.625%
July 1, 1977	December 31, 1977	7.250%
January 1, 1978	June 30, 1978	7.125%
July 1, 1978	December 31, 1978	7.750%
January 1, 1979	June 30, 1979	8.000%
July 1, 1979	December 31, 1979	8.250%
January 1, 1980	June 30, 1980	9.500%
July 1, 1980	December 31, 1980	9.875%
January 1, 1981	June 30, 1981	11.750%

July 1, 1981	December 31, 1981	12.875%
January 1, 1982	December 31, 1982	12.750%
January 1, 1983	June 30, 1983	10.250%
July 1, 1980	December 31, 1980	9.875%

DEBENTURE INTEREST RATES

APPENDIX 4

(Cont'd)

FROM	TO	RATE
January 1, 1984	June 30, 1984	11.500%
July 1, 1984	December 31, 1984	13.375%
January 1, 1985	June 30, 1985	11.625%
July 1, 1985	December 31, 1985	11.125%
January 1, 1986	June 30, 1986	10.250%
July 1, 1986	December 31, 1986	8.250%
January 1, 1987	June 30, 1987	8.000%
July 1, 1987	December 31, 1987	9.000%
January 1, 1988	June 30, 1988	9.125%
July 1, 1988	December 31, 1988	9.375%
January 1, 1989	June 30, 1989	9.250%
July 1, 1989	December 31, 1989	9.000%
January 1, 1990	June 30, 1990	8.125%
July 1, 1990	December 31, 1990	9.000%
January 1, 1991	June 30, 1991	8.750%
July 1, 1991	December 31, 1991	8.500%
January 1, 1992	June 30, 1992	8.000%
July 1, 1992	December 31, 1992	8.000%
January 1, 1993	June 30, 1993	7.750%
July 1, 1993	December 31, 1993	7.000%
January 1, 1994	June 30, 1994	6.625%
July 1, 1994	December 31, 1994	7.750%
221 (G) (4)		
July 1, 1980	December 31, 1980	9.375%
January 1, 1981	June 30, 1981	10.875%
July 1, 1981	December 31, 1981	11.625%
January 1, 1982	June 30, 1982	11.625%
July 1, 1982	December 31, 1982	12.500%
January 1, 1983	June 30, 1983	9.750%
July 1, 1983	December 31, 1983	9.375%
January 1, 1984	June 30, 1984	10.500%
July 1, 1984	December 31, 1984	12.000%
January 1, 1985	June 30, 1985	10.625%
July 1, 1985	December 31, 1985	10.125%
January 1, 1986	June 30, 1986	9.250%
July 1, 1986	December 31, 1986	7.500%
January 1, 1987	June 30, 1987	7.000%
July 1, 1987	December 31, 1987	8.250%
January 1, 1988	June 30, 1988	8.375%
July 1, 1988	December 31, 1988	8.625%
January 1, 1989	June 30, 1989	8.625%
July 1, 1989	December 31, 1989	8.625%
January 1, 1990	June 30, 1990	7.750%
July 1, 1990	December 31, 1990	8.625%

January 1, 1991	June 30, 1991	8.250%
July 1, 1991	December 31, 1991	8.125%
January 1, 1992	June 30, 1992	7.500%
July 1, 1992	December 31, 1992	7.500%
January 1, 1993	June 30, 1993	6.875%
July 1, 1993	December 31, 1993	6.000%
January 1, 1994	June 30, 1994	5.750%
July 1, 1994	December 31, 1994	7.250%

Appendix 5: Mortgagee's Request for Extensions of Time

Mortgagee's Request for Extensions of Time

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form HUD-50012 (6/91)

ref. Handbook 4330.1

APPENDIX 6: AS THE FIRST LEGAL ACTION TO COMMENCE (INSTITUTE)
FORECLOSURE

ACTION CONSIDERED BY THE

APPENDIX 6

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
AS THE FIRST LEGAL ACTION TO COMMENCE (INSTITUTE) FORECLOSURE Page 1
of 2

STATE FORECLOSURE CODE STATE		TYPE OF HUD SECURITY INSTRUMENT	TYPICAL NORMAL METHOD OF FORECLOSURE	FIRST ACTION
01	Alabama	Mortgage	Non-Judicial	
Publication				
11	Alaska	Deed of Trust	Non-Judicial	Recording
of				Notice of
Default				
02	Arizona	Deed of Trust	Non-Judicial	Recording
of				
Notice of Sale				
03	Arkansas	Deed of Trust	Non-Judicial	Recording
of				
Notice of Default				
04	California	Deed of Trust	Non-Judicial	Recording
of				
Notice of Default				
05	Colorado	Deed of Trust	Non-Judicial	Filing
of				
Foreclosure				
with				Documents
Trustee				Public
06	Connecticut	Mortgage	Judicial	
Delivering				
Complaint to				

Sheriff

07 Delaware
Complaint

Mortgage

Judicial

08 District of
of Columbia
Default

Deed of Trust

Non-Judicial

Recording
Notice of

09 Florida
Complaint

Mortgage

Judicial

10 Georgia
Publication

Security Deed

Non-Judicial

14 Hawaii
Complaint

Mortgage

Judicial

12 Idaho
of

Deed of Trust

Non-Judicial

Recording

Notice of Default

13 Illinois
Complaint

Mortgage

Judicial

15 Indiana
Complaint

Mortgage

Judicial

16 Iowa
Petition

Mortgage

Judicial

18 Kansas
Complaint

Mortgage

Judicial

20 Kentucky
Complaint

Mortgage

Judicial

22 Louisiana
for

Mortgage

Judicial

Petition

Executory Process

23 Maine
Complaint

Mortgage

Judicial

24 Maryland
Petition

Mortgage

Judicial

in Equity
Order

Deed of Trust

Non-Judicial

Filing an

to Docket

25	Massachusetts of	Mortgage	Non-Judicial	Filing
	Complaint Relative to Soldiers' and Sailors' Relief Act			
26	Michigan Publication	Mortgage	Non-Judicial	
27	Minnesota Publication	Mortgage Deed	Non-Judicial	
28	Mississippi Publication	Deed of Trust	Non-Judicial	
29	Missouri Publication	Deed of Trust	Non-Judicial	
31	Montana of	Trust Indenture	Non-Judicial	Recording
	Notice of Sale			
32	Nebraska Petition	Mortgage	Judicial	
		Deed of Trust	Non-Judicial	
	Publication of Notice of Sale			
33	Nevada Notice	Deed of Trust	Non-Judicial	Recording
	of Default			
34	New Hampshire Publication	Mortgage	Non-Judicial	
35	New Jersey Complaint	Mortgage	Judicial	
36	New Mexico Complaint	Mortgage	Judicial	
37	New York Complaint	Mortgage	Judicial	
38	North Carolina Hearing	Deed of Trust	Non-Judicial	Notice of

40	North Dakota	Mortgage	Judicial	
Complaint				
41	Ohio	Mortgage Deed	Judicial	
Complaint				
42	Oklahoma	Mortgage	Judicial	Petition
43	Oregon	Deed of Trust	Non-Judicial	Recording
Notice				
of Default				
44	Pennsylvania	Mortgage	Judicial	
Complaint				
45	Rhode Island	Mortgage	Non-Judicial	
Publication				
46	South Carolina	Mortgage	Judicial	
Complaint				
47	South Dakota	Mortgage	Judicial	
Complaint				
48	Tennessee	Deed of Trust	Non-Judicial	
Publication				
49	Texas	Deed of Trust	Non-Judicial	Posting
and				
Filing of the				
Notice of Sale				
52	Utah	Mortgage	Judicial	
Complaint				
		Deed of Trust	Non-Judicial	
Recording Notice				
of Default				
53	Vermont	Mortgage	Judicial	
Complaint				
54	Virginia	Deed of Trust	Non-Judicial	
Publication				
56	Washington	Mortgage	Judicial	
Complaint				
		Deed of Trust	Non-Judicial	Recording
of				
Notice of Sale				

57	West Virginia	Deed of Trust	Non-Judicial
Publication			
58	Wisconsin	Mortgage	Judicial
Complaint			
59	Wyoming	Mortgage	Non-Judicial
Publication			
50	Puerto Rico	Mortgage	Judicial
Complaint			

APPENDIX 7: FORECLOSURE TIME FRAMES

FORECLOSURE TIME FRAMES

Mortgagees are expected to complete foreclosure within the following time frames. Documented delays which are found to be beyond the control of the mortgagee shall be taken into consideration before any determination is made that reasonable diligence was not followed.

These requirements shall apply to all foreclosure actions commenced on or after March 1, 1990.

=====

STATE MONTHS	MONTHS	STATE	MONTHS	STATE
Alabama 10	4	Kentucky	7	North Dakota
Alaska 12	7	Louisiana	6	Ohio
Arkansas 7	5	Maine	22	Oklahoma
Arizona 7	4	Maryland	6	Oregon
California 10	7	Massachusetts	8	Pennsylvania
Colorado 14	7	Michigan	9*	Puerto Rico
Connecticut 3	9	Minnesota	12	Rhode Island
Delaware 7	8	Mississippi	4	South Carolina
District of Columbia 10	7	Missouri	3	South Dakota
Florida 4	9	Montana	9	Tennessee
Georgia 3	4	Nebraska	6	Texas
Hawaii 5	9	Nevada	7	Utah
Idaho 17	9	New Hampshire	4	Vermont
Illinois 5	13	New Jersey	14	Virginia
Indiana 6	12	New Mexico	7	Washington

Iowa	17	New York	13	West Virginia
5				
Kansas	12	North Carolina	5	Wisconsin
12				
				Wyoming
6				

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The time frames are measured from the initiation to the completion of foreclosure. Initiation of foreclosure is the first public action required by law, such as filing a compliant or petition, recording a notice of default, or publication of a notice of sale. Completion of foreclosure shall be considered to be the data on which the Sheriff's, Trustee's, etc. deed is recorded. The deed is generally executed after the expiration of the redemption period and before eviction of the occupant. However, if a redemption period runs after the foreclosure deed is recorded (e.g., in Michigan), the foreclosure is considered completed only after the redemption period has expired. If the property will be directly conveyed to the Secretary, these time frames are extended an additional thirty days.

*This includes the most common redemption period, which can run after the foreclosure deed is recorded.

Appendix 8: DAILY INTEREST RATE FACTORS NORMAL YEAR

(1 of 2)

DAILY INTEREST RATE FACTORS NORMAL YEAR

INSTRUCTIONS: Locate the whole number of the interest rate in the "Percent" column, then locate the fractional part of the interest rate shown at the top of the columns to the right of the "Percent" column (if no fractional part, use the 0/8 column). Where the two meet, you will find the factor.

Example: The daily factor for 10 5/8% is .0002910959.

The daily factor for 13% is .0003561644.

PERCENT	0/8	1/8	1/4	3/8
2	.0000547945	.0000582192	.0000616438	.0000650685
3	.0000821918	.0000856164	.0000890411	.0000924658
4	.0001095890	.0001130137	.0001164384	.0001198630
5	.0001369863	.0001404110	.0001438356	.0001472603
6	.0001643836	.0001678062	.0001712329	.0001746575
7	.0001917808	.0001952055	.0001986301	.0002020548
8	.0002191781	.0002226027	.0002260274	.0002294521
9	.0002465753	.0002500000	.0002534247	.0002568493
10	.0002739726	.0002773973	.0002808219	.0002842466
11	.0003013699	.0003047945	.0003082192	.0003116438
12	.0003287671	.0003321918	.0003356164	.0003390411
13	.0003561644	.0003595990	.0003630137	.0003664383
14	.0003835616	.0003869863	.0003904110	.0003938356
15	.0004109589	.0004143836	.0004178082	.0004212329
16	.0004383562	.0004417808	.0004452055	.0004486301
17	.0004657534	.0004691781	.0004726027	.0004760274
18	.0004931507	.0004965753	.0005000000	.0005034246

PERCENT	1/2	5/8	3/4	7/8
2	.0000684931	.0000719178	.0000753425	.0000787671
3	.0000958904	.0000993151	.0001027397	.0001061644
4	.0001232877	.0001267123	.0001301370	.0001335616
5	.0001506849	.0001541096	.0001575342	.0001609589
6	.0001780822	.0001815068	.0001849315	.0001883562
7	.0002054794	.0002089041	.0002123288	.0002157334
8	.0002328767	.0002363014	.0002397260	.0002431507
9	.0002602740	.0002636986	.0002671233	.0002705479
10	.0002876712	.0002910959	.0002945205	.0002979452
11	.0003150685	.0003184931	.0003219178	.0003253424
12	.0003424657	.0003458904	.0003493151	.0003527397
13	.0003698630	.0003732877	.0003767123	.0003801370
14	.0003972603	.0004006849	.0004041096	.0004075342
15	.0004246575	.0004280822	.0004315068	.0004349315
16	.0004520548	.0004554794	.0004589041	.0004623287
17	.0004794520	.0004828767	.0004863014	.0004897260
18	.0005068493	.0005102740	.0005136986	.0005171233

DAILY INTEREST RATE FACTORS

LEAP YEAR

INSTRUCTIONS: See instructions for Normal Year, Daily Interest Rate Factors.

PERCENT	0/8	1/8	1/4	3/8
2	.0000546448	.0000580601	.0000614754	.0000648907
3	.0000819672	.0000853825	.0000887978	.0000922131
4	.0001092896	.0001127049	.0001161202	.0001195355
5	.0001366120	.0001400273	.0001434426	.0001468579
6	.0001639344	.0001673497	.0001707650	.0001741803
7	.0001912568	.0001946721	.0001980874	.0002015027
8	.0002185792	.0002219945	.0002254098	.0002288251
9	.0002459016	.0002493169	.0002527322	.0002561475
10	.0002732240	.0002766393	.0002800546	.0002834699
11	.0003005464	.0003039617	.0003073770	.0003107923
12	.0003278689	.0003312842	.0003346994	.0003381147
13	.0003551913	.0003586066	.0003620218	.0003654371
14	.0003825137	.0003859290	.0003893443	.0003927596
15	.0004098361	.0004132514	.0004166667	.0004200820
16	.0004371585	.0004405738	.0004439891	.0004474044
17	.0004644809	.0004678962	.0004713115	.0004747268
18	.0004918033	.0004952186	.0004986339	.0005020492

PERCENT	1/2	5/8	3/4	7/8
2	.0000683060	.0000717213	.0000751366	.0000785519
3	.0000956284	.0000990437	.0001024590	.0001058743
4	.0001229508	.0001263661	.0001297814	.0001331967
5	.0001502732	.0001536885	.0001571038	.0001605191
6	.0001775956	.0001810109	.0001844262	.0001878415
7	.0002049180	.0002083333	.0002117486	.0002151639
8	.0002322404	.0002356557	.0002390710	.0002424863
9	.0002595628	.0002629781	.0002663934	.0002698087
10	.0002868852	.0002903005	.0002937158	.0002971311
11	.0003142076	.0003176229	.0003210382	.0003244535
12	.0003415300	.0003449453	.0003483606	.0003517759
13	.0003688524	.0003722677	.0003756830	.0003790983
14	.0003961749	.0003995901	.0004030054	.0004064207
15	.0004234973	.0004269126	.0004303279	.0004337431
16	.0004508197	.0004542350	.0004576503	.0004610656
17	.0004781421	.0004815574	.0004849727	.0004883880
18	.0005054645	.0005088798	.0005122951	.0005157104

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JULIAN DATE CALENDAR

(PERPETUAL)

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JULIAN DATE CALENDAR

(LEAP YEARS)

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Appendix 10: CONVEYANCES

CONVEYANCES

EARLIEST TIME REQUIREMENT MISSED

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Appendix 12: Mortgagee Notice of Foreclosure Sale

Page 1 of 2

Mortgagee Notice
of Foreclosure Sale

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Appendix 12, Page 1 of 2

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Appendix 13: HUD REGIONAL OFFICES

HUD REGIONAL OFFICES
ATTENTION: DIRECTORS OF HOUSING

BOSTON REGIONAL OFFICE
Thomas P. O'Neil, Jr., Federal Bldg.
10 Causeway St., Room 375
Boston, MA 02222-1092
(617) 565-5102

NEW YORK REGIONAL OFFICE
26 Federal Plaza
New York, NY 10278-0068
(212) 264-4771

PHILADELPHIA REGIONAL OFFICE
OFFICE
Liberty Square Building
Building
105 South Seventh St.
Philadelphia, PA 1910-3392
(215) 597-2645

3448
ATLANTA REGIONAL OFFICE
Richard B. Russell Federal Building
75 Spring Street, S.W.
Atlanta, GA 30303-3388
(404) 331-4127

CHICAGO REGIONAL OFFICE
Ralph Metcalfe Federal Building
77 West Jackson Boulevard
Chicago, IL 60604
(312) 353-6950

FORT WORTH REGIONAL OFFICE
1600 Throckmorton
P.O. Box 2905
Fort Worth, TX 76113-2905
(817) 885-5531

KANSAS CITY REGIONAL OFFICE
Gateway Tower II
400 State Avenue
Kansas City, KS 66101-2406
(913) 551-6812

DENVER REGIONAL OFFICE
633 - 17th Street
Denver, CO 80202-3607
(303) 672-5343

SAN FRANCISCO REGIONAL
Phillip Burton Federal
and U.S. Courthouse
450 Golden Gate Avenue
P.O. Box 36003
San Francisco, CA 94102-
(415) 556-0796

SEATTLE REGIONAL OFFICE
Federal Office Building
909 First Avenue, Suite 200
Seattle, WA 98104-1000
(206) 220-5200

Appendix 14: REQUEST TO EXCEED COST LIMIT(S) FOR PRESERVATION AND PROTECTION

REQUEST TO EXCEED COST LIMIT(S) FOR PRESERVATION AND PROTECTION

Department of Housing and Urban Development

Dear _____:

SUBJECT: Request for Variance from Regional Preservation and Protection Schedule

FHA Case No.: _____
Mtg Loan No.: _____
Mortgagor's Name: _____
Property Address: _____

Permission is requested to perform the following services (all applicable estimates and required documentation are attached):

Service	Cost
_____	\$ _____
_____	\$ _____
_____	\$ _____
(1) TOTAL	\$ _____

Preservation and Protection Costs Expended to Date (excluding inspections):

Expenses	Service	Cost	(NOTE:
(2)	_____	\$ _____	listed in item
consistent	_____	\$ _____	must be
P&P	_____	\$ _____	with regional
	_____	\$ _____	limits and/or
guidance and are			
(2) TOTAL		\$ _____	subject to
further			

verification.)

Signature: _____ Title: _____ Phone: (_____)
[] Please fax your response to Fax No.: () _____

HUD APPROVAL/DISAPPROVAL:

For the subject case, HUD authorizes additional expenditures
for:

debris removal up to a maximum of

\$ _____

boarding up to a maximum of

\$ _____

winterization up to a maximum of

\$ _____

other: _____

\$ _____

(3) Total Additional Expenditures Approved Not to Exceed:

\$ _____

(4) Total Authorization Not To Exceed [item (2) + item (3)]:

\$ _____

Date Mortgagee's Request Received:

Date of Approval:

Date of this Response:

Approved By:

APPENDIX 15: SHORT RATE METHOD

SHORT RATE METHOD

DAYS OF POLICY ONE-YR IN FORCE PREMIUM	% OF ONE-YR PREMIUM	DAYS POLICY IN FORCE PREMIUM	% OF ONE-YR PREMIUM	DAYS POLICY IN FORCE PREMIUM	% OF ONE-YR PREMIUM	DAYS POLICY IN FORCE	%
77%	1 5%	66 - 69	29%	154 - 156	53%	256 - 260	
78%	2 6%	70 - 73	30%	157 - 160	54%	261 - 264	
79%	3 - 4 7%	74 - 76	31%	161 - 164	55%	265 - 269	
80%	5 - 6 8%	77 - 80	32%	165 - 167	56%	270 - 273	
81%	7 - 8 9%	81 - 83	33%	168 - 171	57%	274 - 278	
82%	9 - 10 10%	84 - 87	34%	172 - 175	58%	279 - 282	
83%	11 - 12 11%	88 - 91	35%	176 - 178	59%	283 - 287	
84%	13 - 14 12%	92 - 94	36%	179 - 182	60%	288 - 291	
85%	15 - 16 13%	95 - 98	37%	183 - 187	61%	292 - 296	
86%	17 - 18 14%	99 - 102	38%	138 - 191	62%	297 - 301	
87%	19 - 20 15%	103 - 105	39%	192 - 196	63%	302 - 305	
88%	21 - 22 16%	106 - 109	40%	197 - 200	64%	306 - 310	
89%	23 - 25 17%	110 - 113	41%	201 - 205	65%	311 - 314	
90%	26 - 29 18%	114 - 116	42%	206 - 209	66%	315 - 319	

30 - 32 91%	19%	117 - 120	43%	210 - 214	67%	320 - 323
33 - 36 92%	20%	121 - 124	44%	215 - 218	68%	324 - 328
37 - 40 93%	21%	125 - 127	45%	219 - 223	69%	329 - 332
41 - 43 94%	22%	128 - 131	46%	224 - 228	70%	333 - 337
44 - 47 95%	23%	132 - 135	47%	229 - 232	71%	338 - 342
48 - 51 96%	24%	136 - 138	48%	233 - 237	72%	343 - 346
52 - 54 97%	25%	139 - 142	49%	238 - 241	73%	347 - 351
55 - 58 98%	26%	143 - 146	50%	242 - 246	74%	352 - 355
59 - 62 99%	27%	147 - 149	51%	247 - 250	75%	356 - 360
63 - 65 100%	28%	150 - 153	52%	251 - 255	76%	361 - 365

Appendix 16: TITLE SUBMISSION CERTIFICATION

TITLE SUBMISSION CERTIFICATION

Mortgagor Name _____ Loan No. _____

FHA Case No. _____ Log No. _____

I certify that the title evidence and related documents for the above referenced mortgage have been forwarded to the appropriate HUD Field Counsel as set forth in Mortgagee Letter 84-7, Supplemental, dated June 7, 1984, and Mortgagee Letter 86-21, dated November 14, 1986, on the same day that the completed Form HUD-27011, Parts A and B (original), and the original Mortgage Insurance Certificate were forwarded to HUD, Office of Finance and Accounting, Insurance Claims Division.

Certifying Official - Name and Title

Signature

Appendix 17: LETTER

Date _____ FHA Case Number _____

Loan Number _____

Dear (Mortgagor's Name),

Pursuant to Section 221 (g) (4) of the National Housing Act, as amended, we are planning to exercise an option to transfer (assign) your mortgage to the Department of Housing and Urban Development (HUD) as of its twentieth year. The transfer is not a reflection on your payment history or credit, in fact, your mortgage must be current to be eligible.

THIS LETTER SERVES AS YOUR 60 DAYS NOTICE. YOU ARE NOT REQUIRED TO DO ANYTHING AT THIS TIME. WE WILL SEND YOU A SECOND NOTICE APPROXIMATELY 15 DAYS PRIOR TO THE FIRST PAYMENT THAT WILL BE DUE TO HUD OR 15 DAYS PRIOR TO THE TRANSFER OF YOUR MORTGAGE. THE SECOND NOTICE WILL GIVE SPECIFIC INSTRUCTIONS ON WHAT YOU WILL NEED TO DO.

When your mortgage is transferred, HUD will require that you continue paying the principal and interest to them and have adequate hazard insurance coverage (and flood insurance if it is presently required) to protect their interest in the mortgage. In addition, you will be responsible for the payment of your tax bills and insurance premiums which are associated with the hazard, flood and other insurance coverage. HUD will not escrow for any item. You will also be required to verify your payment of taxes and hazard (and flood) insurance within 30 days of the due date by sending copies of the paid receipts to HUD. HUD reserves the right to escrow for taxes or advance funds to pay taxes if you fail to do so. The monies in your escrow account and (if applicable) any advanced monthly payments will be refunded to you after the transfer of your mortgage occurs.

If you prefer to pay your mortgage off rather than have it transferred to HUD, you may request a pay off statement from us and remit payment in full before the transfer occurs. Please contact our Pay Off Department at XXX-XXX-XXXX. If you have any questions concerning your account on this matter, please call XXX-XXX-XXXX.

Appendix 18: LETTER

1 of 2

Date _____ FHA Case Number _____
Loan Number _____

Dear (Mortgagor's Name),

As we advised you approximately forty-five days ago, we are transferring your mortgage to the Department of Housing and Urban Development (HUD). THIS LETTER SERVES AS YOUR SECOND NOTICE AND SETS FORTH THE INSTRUCTIONS THAT YOU WILL NEED TO FOLLOW.

Beginning with your next monthly payment which is due on the first of each month you will send to HUD the amount of __ (dollars)__. This is your monthly payment to HUD (it is equivalent to your scheduled monthly principal and interest). You will make checks or money orders payable to the Department of Housing and Urban Development. It is important that you write your name, property address and FHA case number, which is ____ (number) ____, on your checks or money orders, otherwise, HUD may not be able to properly identify your monthly payment. HUD will send you each month a billing statement and self-addressed envelopes. Send your next payment to: Department of Housing and Urban Development, Payment Processing Center, P. O. Box 105652, Atlanta, GA 30348.

We will refund the monies in your present escrow account and any advanced monthly payments shortly after the transfer occurs. Also, we have contacted all third parties, such as, taxing authorities and insurance carriers to inform them that you are responsible for the payment of tax bills and premiums. Your hazard insurance carrier (and flood) has been requested to change the named beneficiary in the mortgagee clause to HUD.

If you have any questions, please contact us at XXX-XXX-XXXX. If you have any questions after the transfer of your mortgage, you should contact the local Office of the Department of Housing and Urban Development. Their address is ____ (street or P.O. Box, City, __ State, ZIP) __. The telephone number of the Single Family Loan Management Branch is XXX-XXX-XXXX. You should address all correspondence to the local HUD Office, as the Payment

Processing Center in Atlanta, Georgia, is only HUD's banking facility, and any inquiries sent to them will be delayed or may not be answered at all.

We hope these instructions will assist you. PLEASE SEE THE ATTACHED INSTRUCTIONS AND NOTICE.

Appendix 18

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TRANSFER OF 221 (g) (4)

SPECIAL INSTRUCTIONS AND NOTICE

PLEASE BEGIN MAKING YOUR MONTHLY PAYMENTS TO HUD. IF YOU DO NOT REMIT YOUR PAYMENT TO HUD, YOU MAY BE CONSIDERED DELINQUENT IF THE PAYMENT IS NOT RECEIVED. YOUR MONTHLY PAYMENT WILL BE APPLIED FIRST TO ANY DELINQUENCY, THEN TO CURRENT INTEREST DUE, WITH THE REMAINDER TO PRINCIPAL. DO NOT SEND MORE THAN THE AMOUNT DUE UNLESS YOU DESIRE TO REPAY ANY DELINQUENCY, OR TO REDUCE THE PRINCIPAL BALANCE. ANY AMOUNT IN EXCESS OF THIS MONTHLY PAYMENT WILL BE APPLIED AS DESCRIBED ABOVE. YOU WILL RECEIVE A STATEMENT EVERY MONTH UNTIL THE MORTGAGE IS PAID IN FULL.

IN ADDITION, YOU ARE REQUIRED TO HAVE ADEQUATE HAZARD INSURANCE COVERAGE (AND FLOOD INSURANCE IF IT IS PRESENTLY REQUIRED) TO PROTECT HUD'S INTEREST IN THE MORTGAGE. HUD MUST BE THE NAMED BENEFICIARY AND MUST RECEIVE THE ORIGINAL POLICY. YOU ARE RESPONSIBLE FOR THE PAYMENT OF YOUR INSURANCE PREMIUMS WHICH ARE ASSOCIATED WITH THE HAZARD, FLOOD OR OTHER INSURANCE COVERAGE AND TAX BILLS. HUD WILL NOT ESCROW FOR ANY ITEM. YOU ARE ALSO REQUIRED TO VERIFY YOUR PAYMENTS OF HAZARD (AND FLOOD) INSURANCE PREMIUMS AND TAXES WITHIN 30 DAYS AFTER THE DUE DATE BY SENDING COPIES OF THE PAID RECEIPTS TO THE LOCAL HUD OFFICE. HUD RESERVES THE RIGHT TO ESCROW FOR TAXES OR ADVANCE FUNDS TO PAY TAXES IF YOU FAIL TO DO SO. HUD ALSO RESERVES THE RIGHT TO CHANGE ITS SERVICING POLICIES AND PROCEDURES AS THEY RELATE TO YOUR MORTGAGE.

Appendix 19: PRE-FORECLOSURE SALE PROGRAM INSTRUCTIONS TO MORTGAGEE

PRE-FORECLOSURE SALE PROGRAM
INSTRUCTIONS TO MORTGAGEE

Mortgagee Name _____ Date _____

Program Office _____ Control Number _____

Homeowner Name(s) _____

Property Address _____

Account Number _____

The subject homeowners have been accepted into the Pre-Foreclosure Sale Program. In order to facilitate their participation in the program, you are requested to service this mortgage as follows:

() - Do not schedule the foreclosure sale date before _____

() - Other _____

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EXTENSION REQUEST

It has been determined that it is in HUD's interest to extend the delay of foreclosure activity as indicated below:

() - Continue delay of foreclosure sale. Do not schedule before _____

() - Other _____

- Date

Program Coordinator

Appendix 20: PRE-FORECLOSURE SALE PROGRAM TITLE SEARCH \ DISCHARGE OF LIEN(S)

PRE-FORECLOSURE SALE PROGRAM
TITLE SEARCH \ DISCHARGE OF LIEN(S)

Mortgagee Name _____ Acct. No.

HUD Ofc/Coordtr _____ Control No.

Homeowner Name(s)

Property Address

Part A: TITLE SEARCH

Title Search performed? () YES () NO
If Yes, Date _____ By

Liens and Encumbrances Discovered:

1.

2.

Part B: DISCHARGE OF LIENS

The mortgagee is hereby requested to satisfy the following liens against the property to facilitate the following Pre-foreclosure Sale program activity:

- () - Anticipated sale of the property
() - Acceptance of a deed-in-lieu of foreclosure

Liens and Other Encumbrances:

1.

2.

The Department authorizes mortgagees to negotiate a compromise settlement in resolving liens and encumbrances. Reimbursement will be made through the Single Family Claims for Insurance Benefits.

Date _____ Program Coordinator: Signature - _____

"FHA Single Family Insurance Claims" REV-1

Appendix 21: PRE-FORECLOSURE SALE PROGRAM SALES CONTRACT REVIEW

PRE-FORECLOSURE SALE PROGRAM
SALES CONTRACT REVIEW

Date:

HUD Ofc/Coordtr: _____

Control Number:

Mortgagor Name(s) and Property Address:

FHA Case Number:

HUD APPROVAL OF THE SALES CONTRACT IS A PRE-CONDITION OF THE SALE

Date of Sales Contract: _____

Agent:

Date Received by Program Coordtr: _____

Offered By: _____

Address: _____

Listing Price: \$ _____

APPRAISED VALUE \$

Price Offered: \$ _____

90% of APPRAISED VALUE \$

Estimated Net Sales Proceeds: \$ _____

The Sales Contract offered by the individuals listed above
is:

() Accepted ()

Rejected

(List reasons below)

This sales contract is rejected for the following reason(s):

Coordtr/Local HUD Office: Signature -
Date

cc: Mortgagee

Appendix 22: PRE-FORECLOSURE SALE PROGRAM CLOSING WORKSHEET\RECAP

1 of 2

PRE-FORECLOSURE SALE PROGRAM
CLOSING WORKSHEET\RECAP

HUD Ofc/Coordtr: _____ Date:

Control Number: _____ FHA Case Number:

Mortgagor Name(s) and Property Address: Mortgagee Name and Address:

Date Enrolled: _____ Outstanding Indebtedness:
_____/_____/_____/ \$ _____

Orig'l Appraised Value: \$ _____ Date:
_____/_____/_____

No. of Sales Contracts Submitted: _____ Date Contract Approved:

Name(s) of
Purchaser(s): _____

No. of Liens Satisfied: _____ Amount Paid to Lienholders \$

Percentage of "As-Is" Appraised Value Value	Selling Price	Appraised
\$ _____ _____ %	\$ _____	

Name of Broker Date*	Sales Commission/Rate	Broker's Sig. &
_____ _____	\$ _____ / _____ %	

Type of financing: () FHA () VA
[check one] () Conventional () Other

(Attach copy of Settlement Statement)

Appendix 23; TERMINATION OF PARTICIPATION

PRE-FORECLOSURE SALE PROGRAM
TERMINATION OF PARTICIPATION

Date: _____

Control Number:

Dear _____:

This is to advise you that your participation in the HUD
Pre-Foreclosure Sale Program has been terminated for the following
reasons:

() - Failure to put forth a "good faith" effort to
sell the _____
property

() - Title search revealed liens and/or other
encumbrances _____
which cannot be dissolved. Therefore, HUD
cannot _____
the _____
lender to accept a deed-in-lieu of foreclosure.

() - Participant withdrew from the program.

OTHER COMMENTS:

Coordinator - Date

Program

cc: Mortgagee

Appendix 24: REQUEST FOR DEED-IN-LIEU OF FORECLOSURE

PRE-FORECLOSURE SALE PROGRAM
REQUEST FOR DEED-IN-LIEU
OF FORECLOSURE

Mortgagee Name: _____ Acct.
No: _____

HUD Ofc/Coordtr _____ Control
No: _____

Homeowner Name(s)

Property Address

A "good faith" effort has been made to sell the subject property prior to foreclosure, but without positive results. The homeowner is prepared to tender the deed at the conclusion of his/her participation in the program, which is imminent. HUD strongly recommends that you accept a deed-in-lieu of foreclosure.

Under program procedures, HUD authorizes the payment of \$500 to the homeowner as an inducement to tender the deed. This fee is fully reimbursable through the Single Family Claims for Insurance Benefits.

Date Program Coordinator: Signature -

Appendix 25: Submitting Single Family Claims For Insurance Benefits
Form

For use when submitting Single Family Claims For Insurance Benefits,
Form
27011, via courier service.

Holding Mortgagee Name:

Mortgagee No: _____

Name of Courier Service:

Tracking Number: _____

FHA Case Number	FHA Case Number
1. _____	11. _____
2. _____	12. _____
3. _____	13. _____
4. _____	14. _____
5. _____	15. _____
6. _____	16. _____
7. _____	17. _____
8. _____	18. _____
9. _____	19. _____
10. _____	20. _____

FOR HUD USE ONLY

Attachment For Form 27011

Appendix 26: SPECIAL FORBEARANCE CHECKLIST

SPECIAL FORBEARANCE CHECKLIST

Special Forbearance relief has been granted under authority of
24 CFR
203.614 (b) to:

Mortgagor: _____

Address: _____

FHA Case No: _____

Loan No: _____

Date of oldest paid installment _____

Date of HUD # 1 _____

Date of HUD # 2 or # 3 _____

Date Mortgagor provided financial info _____

Dates of Forbearance from _____ to _____

Date Mortgagor broke the forbearance _____

Date of Management Review _____

The following have been confirmed and documented: (Yes or No)

- (1) The mortgagor does not own any other property subject
to a mortgage insured by the Secretary.

- (2) The default was due to circumstances beyond the
mortgagors control. _____

- (3) The written agreement meets all requirements and is properly
signed and dated by both the mortgagor and an
approved representative of the mortgagee. _____

(To be completed by approving official)

I certify that I have completed a thorough review of the
subject case.

All of the requirements of 24 CFR 203.614(b) have been met.

Approving Official _____

Title _____

Date _____

Appendix 27: Compliance Inspection Report

Compliance Inspection Report

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