

Chapter 8. Loan Endorsement

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Section A. Mortgage Loan Submission and Endorsement Process

Overview

In This Section This section contains the topics listed in the table below.

Topic	Topic Name	See Page
1	Overview of the Loan Submission and Endorsement Process	8-A-2
2	Requirements for LI Lender Pre Insurance Review	8-A-7

1. Overview of the Loan Submission and Endorsement Process

Change Date May 10, 2009

**4155.2 8.A.1.a
Loan
Submission and
Endorsement
Process for Non
LI Lenders**

The table below describes the stages in the process of submitting and endorsing a mortgage loan for FHA insurance for lenders who are not eligible for participation in the Lender Insurance (LI) Program.

Stage	Description
1	After closing a loan with a borrower, the lender completes the Insurance Application function in the FHA Connection (FHAC).
2	<p>The lender</p> <ul style="list-style-type: none"> • prepares the case binder, making sure that all necessary documents are placed in the case binder in the appropriate order, and • submits the case binder to the appropriate Home Ownership Center (HOC) in hard copy form in the appropriate FHA case binder (buff-colored for non-LI participants). <p>Reference: For more information on preparation and submission of the case binder, see HUD 4155.2 8.B.</p>
3	<p>Upon receipt of the case binder, the HOC</p> <ul style="list-style-type: none"> • logs receipt of the binder into the Computerized Home Underwriting System (CHUMS)/FHAC, and • performs a pre-endorsement review, ensuring that all necessary forms are present and executed, and that the binder is acceptable.

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1. Overview of the Loan Submission and Endorsement Process, Continued

4155.2 8.A.1.a Loan Submission and Endorsement Process for Non LI Lenders (continued)

Stage	Description
4	<p>If the loan/case binder is</p> <ul style="list-style-type: none"> • <i>acceptable</i>, the HOC, issues an electronic MIC in the FHAC (the lender may print the MIC as needed), or • <i>unacceptable/ineligible</i> for insurance endorsement as received, the HOC <ul style="list-style-type: none"> – issues an electronic Form HUD- 59100, <i>Non-Endorsement Notice</i>, (commonly known as the Notice of Return (NOR)) to the lender – prints a copy for the FHA case binder, and – mails the case binder back to the lender for corrective action. <p><i>Note:</i> The lender may resubmit the case binder for insurance endorsement reconsideration (and the process would begin again at Stage 2).</p> <p><i>Reference:</i> For more information on the</p> <ul style="list-style-type: none"> • MIC, see HUD 4155.2 8.C.6 • FHA Connection, see <ul style="list-style-type: none"> – HUD 4155.2 1.D, and – the FHA User Guide on the FHA Connection.
5	<p>To ensure that mortgage lenders understand and comply with FHA requirements, selected case binders are chosen for a post endorsement technical review (PETR) by the HOC.</p> <p>The HOC staff perform the PETR and rate the underwriting of mortgages as either Conforming, Deficient, or Unacceptable in two categories:</p> <ul style="list-style-type: none"> • mortgage credit underwriting; and • valuation underwriting. <p><i>Note:</i> The same process applies to all technical reviews, whether LI or non LI, when deficiencies are noted.</p> <p><i>Reference:</i> For more information on PETRs, see HUD 4155.2 9.B.1</p>

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1. Overview of the Loan Submission and Endorsement Process, Continued

4155.2 8.A.1.b Loan Submission and Endorsement Process for LI Lenders

The table below describes the stages in the process of submitting and endorsing a mortgage loan for FHA insurance for FHA-approved Direct Endorsement (DE) lenders who have been approved to participate in the Lender Insurance (LI) Program.

Reference: For more information on

- eligibility for the LI Program, see [HUD 4155.2 2.C.](#)
- endorsement processing for LI lenders, see [HUD 4155.2 8.C.3.](#)

Stage	Description
1	After closing a loan with a borrower, the lender completes the Insurance Application function in the FHA Connection (FHAC).
2	The lender completes a pre insurance review to ensure that the loan is in compliance with all applicable HUD requirements. Reference: For more information on lender pre-insurance reviews, see HUD 4155.2 8.A.2
3	As a Lender Insurance (LI) Program participant, after completing the Insurance Application function in the FHAC, the lender either <ul style="list-style-type: none"> • insures the mortgage and stores the origination file as required by regulations, or • if a severe warning prevents insurance endorsement and FHA requests the case binder, the lender prepares the case binder as instructed in Stage 4.

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1. Overview of the Loan Submission and Endorsement Process, Continued

4155.2 8.A.1.b Loan Submission and Endorsement Process for LI Lenders (continued)

Stage	Description
4	<p>The lender</p> <ul style="list-style-type: none"> • prepares the case binder, making sure that all necessary documents are placed in the case binder in the appropriate order, and • submits the case binder to the appropriate Home Ownership Center (HOC) either <ul style="list-style-type: none"> – in hard copy form in the appropriate FHA case binder (yellow for Lender Insurance participants), or – electronically, if the lender is approved for electronic submission. <p>Reference: For more information on preparation and submission of the case binder, see HUD 4155.2 8.B.7</p>
5	<p>Upon receipt of the hard copy or electronic case binder, the HOC routes the binder appropriately. If the case binder contains a loan that is</p> <ul style="list-style-type: none"> • <i>not insured</i> due to a severe warning <ul style="list-style-type: none"> – the HOC routes the binder for review and insurance, and – the process continues with Stage 6, or • <i>insured</i>, but requires technical review, then <ul style="list-style-type: none"> – the HOC forwards the binder for underwriting (technical) review, and – the process continues with Stage 7. <p>Reference: For more information on loan endorsement processing, see HUD 4155.2 8.C.</p>

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1. Overview of the Loan Submission and Endorsement Process, Continued

4155.2 8.A.1.b Loan Submission and Endorsement Process for LI Lenders (continued)

Stage	Description
6	<p>If, upon review, the loan/case binder is</p> <ul style="list-style-type: none"> • <i>acceptable</i>, the HOC, issues an electronic MIC in the FHAC (the lender may print the MIC as needed), or • <i>unacceptable/ineligible</i> for insurance endorsement as received, the HOC <ul style="list-style-type: none"> – issues an electronic Form HUD- 59100, <i>Non-Endorsement Notice</i>, (commonly known as the Notice of Return (NOR)) to the lender – prints a copy for the FHA case binder, and – mails the case binder back to the lender for corrective action. <p><i>Note:</i> The lender may resubmit the case binder for insurance endorsement reconsideration (and the process would begin again at Stage 2).</p> <p><i>Reference:</i> For more information on the</p> <ul style="list-style-type: none"> • MIC, see HUD 4155.2 8.C.5 • FHA Connection, see <ul style="list-style-type: none"> – HUD 4155.2 1.D, and – the FHA User Guide on the FHA Connection.
7	<p>To ensure that mortgage lenders understand and comply with FHA requirements, selected case binders are chosen for a post-endorsement technical review (PETR) by the HOC.</p> <p>The HOC staff perform the PETR and rate the underwriting of mortgages as either Conforming, Deficient, or Unacceptable in two categories:</p> <ul style="list-style-type: none"> • mortgage credit underwriting; and • valuation underwriting. <p><i>Note:</i> The same process applies to all technical reviews, whether LI or non LI, when deficiencies are noted.</p> <p><i>Reference:</i> For more information on PETRs, see HUD 4155.2 9.B.1</p>

2. Requirements for LI Lender Pre Insurance Review

Introduction This topic contains information on requirements for pre-insurance reviews conducted by lenders participating in the LI Program. It includes information on

- the FHA policy on LI lender responsibility for pre insurance review, and
 - required elements of the lender pre insurance review.
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Change Date May 10, 2009

**4155.2 8.A.2.a
FHA Policy on
LI Lender Pre
Insurance
Review** LI approval does not alleviate a lender's responsibility for completion of a pre insurance review, nor does the pre insurance review negate the lender's obligation to ensure that a loan is in compliance with all applicable HUD requirements.

FHA policy requires that the same staff that originated or underwrote the mortgage for insurance *cannot* complete the pre insurance review.

Reference: For more information on

- LI Program eligibility & application, see [HUD 4155.2 2.C](#)
 - LI endorsement processing, see [HUD 4155.2 8.C.3](#)
 - LI case binder submission, see [HUD 4155.2 8.B.7](#), and
 - LI lender submission requirements for case binders selected for PETR, see [HUD 4155.2 9.B.1.d](#).
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2. Requirements for LI Lender Pre Insurance Review, Continued

4155.2 8.A.2.b Required Elements of the Lender Pre Insurance Review

In addition to certifying that all origination documents are retained in either electronic or paper format, the pre-insurance review must consist of the following:

- verification that the loan is current for the month previous to submission for all loans logged by the lender for lender insurance more than 60 days after loan closing
 - review of the note and mortgage/security instrument ensuring that
 - the documents are executed upon forms which meet the requirements of the Secretary
 - the mortgage maturity meets the requirements of the applicable program, and
 - the stated mortgage amount does not exceed the maximum mortgage amount for the area
 - review of form [HUD-92900-A](#), Page 3 for execution of all appropriate certifications by the underwriter or lender representative
 - review of the property appraisal and any additional documentation supporting the appraised value
 - review of form [HUD-92544](#), Warranty of Completion, for proposed construction cases
 - inclusion of an executed form [HUD-92561](#), *Borrower's Contract With Respect to Hotel and Transient Use of Property*, for all 2-4 unit properties, when applicable
 - inclusion of a certificate of intent to occupy by military personnel, when applicable
 - inclusion of an approval letter from the local health authority indicating approval of the individual water or sewer system
 - inclusion on proposed construction, if the mortgage exceeds 90 percent loan-to-value ratio, of evidence that the lender qualifies for a higher ratio loan under one of the applicable provisions in the appropriate regulations
 - verification that no mortgage insurance premium (MIP), late charge or interest is due, and
 - clearance of all applicable case warning messages.
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Section B. Case Binder Preparation and Submission

Overview

In This Section This section contains the topics listed in the table below.

Topic	Topic Name	See Page
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3	Case Binder Assembly Requirements: DE Home Equity Conversion Mortgage (HECM) Cases	8-B-10
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6	Requirements for Case Binder Submission for HUD/FHA Employee Cases	8-B-17
7	Submission of Case Binders by Lenders Participating in the LI Program	8-B-18

1. General Information on Case Binder Preparation and Submission

Introduction This topic contains general information on preparing and submitting the case binder, including

- lender initiation of the endorsement process
 - timeframe for submitting the uniform case binder
 - requirements when there are delays in the uniform case binder submission
 - uniform case binder requirements
 - use of copies in the uniform case binder, and
 - HOC actions upon receipt and review of the uniform case binder.
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Change Date February 22, 2010

4155.2 8.B.1.a Lender Initiation of the Endorsement Process To initiate the insurance endorsement process, the lender must

- complete the Insurance Application function in the FHA Connection, and
- send the case binder, with all of the necessary documents, to the appropriate HOC.

Note: The lender is responsible for ensuring that the FHAC data is supported by file documentation provided in the case binder.

4155.2 8.B.1.b Timeframe for Submitting the Uniform Case Binder The appropriate HOC must receive the case binder for endorsement within 60 days of loan settlement or funds disbursement, whichever is later.

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1. General Information on Case Binder Preparation and Submission, Continued

4155.2 8.B.1.c Requirements When There Are Delays in Uniform Case Binder Submission

When there is a delay in submitting the case binder or in closing the loan, the lender must comply with FHA's policy on late requests for endorsement as described in [HUD 4155.2 8.C.7](#).

4155.2 8.B.1.d Uniform Case Binder Requirements

Lenders must prepare and submit a uniform case binder to the appropriate HOC. The case binder must be purchased from private sources and must meet FHA specifications and contain documents arranged as described in [HUD 4155.2 8.B.2](#). The lender must

- complete the front of the binder, and
- write the case number on the side and bottom tabs of the binder.

The lender may use the remaining space on the side tab for its own use (for example, for entering the borrower's name and address, and loan number).

Reference: For information on case binder assembly requirements for

- DE HECM cases, see [HUD 4155.2 8.B.3](#)
 - cases submitted by a lender other than the originating lender, see [HUD 4155.2 8.B.4](#)
 - cases submitted by a lender with conditional DE approval, see [HUD 4155.2 8.B.5](#), or
 - cases for HUD/FHA employees, see [HUD 4155.2 8.B.6](#).
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1. General Information on Case Binder Preparation and Submission, Continued

4155.2 8.B.1.e Use of Copies in the Uniform Case Binders

FHA considers all documents submitted in the uniform case binder as the certified and true copies of the original documents. Therefore, it is not necessary for the lender to

- stamp or otherwise mark that the documents in the case binder are certified and true copies, or
- submit any separate certification for the documents.

The lender may submit in the case binder legible photocopies of the original documents or legible printed copies of imaged or electronic documents.

4155.2 8.B.1.f HOC Actions Upon Receipt and Review of the Uniform Case Binder

Upon receipt of the uniform case binder, the HOC conducts a pre-endorsement review to determine if

- the request for endorsement and the case binder are complete, and
- all of the necessary documents are presented and signed.

The table below indicates the actions taken by the HOC upon conclusion of the pre endorsement review.

If the uniform case binder ...	Then the HOC ...
<i>meets</i> FHA guidelines	<ul style="list-style-type: none"> • completes endorsement processing, and • issues an electronic MIC, acknowledging that FHA has insured the mortgage. <p><i>Note:</i> The lender may print or download the MIC from the FHA Connection.</p>
<i>does not meet</i> FHA guidelines	<ul style="list-style-type: none"> • issues HUD- 59100, <i>Non-Endorsement Notice/Notice of Return (NOR)</i>, to the lender, specifying the deficiencies and corrective action needed, and • returns the case binder to the lender reflected in the FHAC unless special circumstances have been specified.

2. Case Binder Assembly Requirements: Direct Endorsement (DE) Cases

Introduction	<p>This topic contains information on case binder assembly requirements for Direct Endorsement (DE) cases, including</p> <ul style="list-style-type: none">• when to submit DE cases, and• requirements for the right and left sides of the DE case binder.
Change Date	February 22, 2010
4155.2 8.B.2.a When to Submit DE Cases	<p>The lender submits DE cases for insurance endorsement after the loan is closed. The submitting lender has the duty to ensure that all documentation is appropriate and conforms to the requirements of this handbook. The lender must</p> <ul style="list-style-type: none">• assemble the processing and closing documents, and• place the documents in the case binder in the order depicted in HUD 4155.2 8.B.2.b.

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2. Case Binder Assembly Requirements: Direct Endorsement (DE) Cases, Continued

4155.2 8.B.2.b The table below describes the order of documents in the DE case binder.
DE Case Binder Document Requirements

Left Side of Binder	Right Side of Binder
Form HUD-92300 , <i>Mortgage Assurance of Completion</i>	<ul style="list-style-type: none"> • Screen print of Insurance Application screen from FHA Connection showing that the insurance information was accepted by FHA Connection. • <i>Automated Underwriting Feedback Certificate/Findings Report</i>, if applicable
<ul style="list-style-type: none"> • Form HUD-92051, <i>Compliance Inspection Report</i>, or other applicable documentation, and • evidence of satisfaction of valuation conditions, if applicable. 	<i>Request for Late Endorsement</i> , if applicable. Note: The request must be in compliance with HUD 4155.2 8.C.7 .
<ul style="list-style-type: none"> • Form NPCA-1, <i>Wood Destroying Insect Infestation Report</i>, or • State mandated infestation report, if applicable 	HUD-92900-LT , <i>FHA Loan Underwriting and Transmittal Summary</i> , with supporting documents, such as <ul style="list-style-type: none"> • Section 203(k) – HUD-92700, <i>Maximum Mortgage Worksheet</i> • Energy Efficient Mortgage (EEM) and/or 203 (h) program documentation, if applicable • Secondary lien exhibits • Buydown agreements • Attachments, memos and clarifications, if applicable

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2. Case Binder Assembly Requirements: Direct Endorsement (DE) Cases, Continued

4155.2 8.B.2.b DE Case Binder Document Requirements (continued)

Left Side of Binder	Right Side of Binder
<p>Local Health Authority’s Approval for individual water and sewer systems, if applicable</p>	<ul style="list-style-type: none"> • Copy of the Mortgage Note and all applicable riders and allonges • Copy of the Security Instrument with all applicable riders
<p>New Construction Exhibits:</p> <ul style="list-style-type: none"> • Form HUD-92541, <i>Builder’s Certification</i> • Form HUD-92544, <i>Builder’s Warranty of Completion</i> • Evidence of 10-Year Warranty Plan Coverage, if applicable • Inspection Report(s) <ul style="list-style-type: none"> – Form HUD-92051, <i>Compliance Inspection Report</i> – VA-26-1839 for the Department of Veteran Affairs (VA), <i>Certificate of Reasonable Value (CRV)</i> – VA 26-1843a, <i>Master Certificate of Reasonable Value (MCRV)</i>, or – HUD-approved local building authority inspection, if applicable • NPCA-99a and NPCA-99b, <i>Subterranean Termite Treatment Report</i> 	<ul style="list-style-type: none"> • Form HUD-1 <i>Settlement Statement</i> • HUD-1 Addendum (for purchases) that comply with HUD 4155.2 6.A.4 • Good Faith Estimate (GFE) <p><i>Note:</i> When more than one GFE is issued, all prior GFEs must also be contained in the case binder. This additional documentation will become part of the pre-endorsement review conducted by FHA staff or the lender (Lender Insurance Program).</p>

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2. Case Binder Assembly Requirements: Direct Endorsement (DE) Cases, Continued

4155.2 8.B.2.b DE Case Binder Document Requirements (continued)

Left Side of Binder	Right Side of Binder
<p>Form HUD-92800.5b, <i>Statement of Appraised Value</i> (Conditional Commitment)</p>	<ul style="list-style-type: none"> • Uniform Residential Loan Application (URLA), and • Form HUD-92900-A, <i>Addendum to URLA</i>
<p>Comprehensive Valuation Package (CVP):</p> <ul style="list-style-type: none"> • Uniform Residential Appraisal Report (URAR) • Location map, and photographs of properties, building sketch • Form HUD-91322, <i>Master Appraisal Reports</i> (MAR), and all attachments, if applicable. • VA CRV-VA-26-1841 and MCRV-VA-26-1843a, including all attachments and endorsements, if applicable <p><i>Note:</i> Staple a second copy of the complete CVP and place loose in the binder. However, a second copy of the appraisal report is no longer required, as per the revision to FHA Appraisal Protocol – ML 05-48.</p>	<p>Credit and Capacity Documentation</p> <ul style="list-style-type: none"> • Credit history documentation • Asset Verification documentation (including gift letters and relevant documents) • Income verification documentation
<p>---</p>	<p>Evidence of</p> <ul style="list-style-type: none"> • Social Security Number (SSN) (such as on a printed pay stub, W-2, 1099, SS card, Medicare card, etc), or • Tax Identification Number for non-profit borrowers.

Continued on next page

2. Case Binder Assembly Requirements: Direct Endorsement (DE) Cases, Continued

4155.2 8.B.2.b DE Case Binder Document Requirements (continued)

Left Side of Binder	Right Side of Binder
<p>Specialized Eligibility Documents (to include, but not limited to):</p> <ul style="list-style-type: none"> • 203(k): Rehabilitation Agreement, Plans, Work Write-ups, Cost Estimates, Initial Draw Request • <i>Form HUD-92561, Borrower’s Contract with Respect to Hotel and Transient Use of Property</i> • Condominiums–Occupancy Certification regarding 51 percent owner occupancy, and Spot Condominium documents, if applicable 	<p style="text-align: center;">---</p>
<p>Purchase Contract (if applicable)</p> <ul style="list-style-type: none"> • Amendatory Clause executed by all parties • Real Estate Certification executed by all parties • All other contract addenda • Escrow Instructions, if applicable. 	<p style="text-align: center;">---</p>

3. Case Binder Assembly Requirements: DE Home Equity Conversion Mortgage (HECM) Cases

Change Date February 22, 2010

4155.2 8.B.3.a HECM Case Binder The table below describes the order of documents for the DE HECM case binder.

Document Requirements

Notes:

- When recorded originals are received after endorsement, the appropriate HOC should forward these documents to the Asset Management staff to be joined with the certified copy previously provided by the lender.
- HOCs may *not* delay endorsement by requesting additional documents.

Left Side of Binder	Right Side of Binder
Choice of insurance options (Assignment or Shared)	If required, late submission explanation
Certified True Copy of Form HUD-92561 , <i>Borrower's Contract with Respect to Hotel and Transient Use of Property</i> required on 2-, 3-, or 4-unit properties	Certified true copy of Form HUD-92902 , <i>Certificate of HECM Counseling</i> – received from a HUD approved counseling agency and signed by the borrower. If the case involves a HECM refinance, and the borrower opts out of counseling, evidence in accordance with ML 04-18 that the borrower meets the waiver requirements must be included.
Certified true copy of Form HUD-92800.5b , <i>Conditional Commitment Direct Endorsement Statement of Appraised Value</i>	If the case involves a HECM refinance, original Form HUD-92901 , <i>Home Equity Conversion Mortgage (HECM) Anti-Churning Disclosure</i>
If applicable, certified true copy of Form HUD-92051 , <i>Compliance Inspection Report</i> . <i>Note:</i> This form is used in conjunction with the Repair Rider and certifies that required repairs have been completed	Certified true copy of original First (1 st) Note <i>Note:</i> Original maintained by mortgagee.

Continued on next page

3. Case Binder Assembly Requirements: DE Home Equity Conversion Mortgage (HECM) Cases, Continued

4155.2 8.B.3.a HECM Case Binder Document Requirements (continued)

Left Side of Binder	Right Side of Binder
<p>Certified true copy of <i>Fannie Mae Form 1004, Comprehensive Valuation Package</i> (all pages)</p> <p>Uniform Residential Appraisal Report (URAR) prepared in accordance with FHA minimum property standards/ requirements.</p>	<p>Certified true copy of original First (1st) Security Instrument (mortgage or Deed of Trust) and all applicable riders</p> <p>Note: Original maintained by mortgagee.</p>
<p>Title insurance commitment or other acceptable title evidence at least equal to the maximum claim amount</p>	<p>Original Second (2nd) Note</p>
<p>---</p>	<p>Original of Second (2nd) Security Instrument (Mortgage or Deed of Trust) and all applicable riders.</p> <p>Note: A Certified Copy of the 2nd security instrument is acceptable if the original 2nd Security instrument is not available from the recorder’s office at the time endorsement request package is prepared. Once received, forward the original recorded 2nd Security Instrument to HUD when obtained from the recorder’s office.</p>
<p>---</p>	<p>Certified true copy of <i>Form HUD-1, Settlement Statement</i> and <i>HUD-1 Addendum, Good Faith Estimate</i> (GFE)</p> <p>Note: When more than one GFE is issued, all prior GFEs must also be contained in the case binder.</p>
<p>---</p>	<p>Notice to Borrower</p>
<p>---</p>	<p>One original and two certified true copies of the Loan Agreement and the following related exhibits:</p> <ul style="list-style-type: none"> • Schedule of Closing Costs and Liens • Payment Plan

Continued on next page

3. Case Binder Assembly Requirements: DE Home Equity Conversion Mortgage (HECM) Cases, Continued

4155.2 8.B.3.a HECM Case Binder Document Requirements (continued)

Left Side of Binder	Right Side of Binder
---	<p>If applicable, one original and two certified true copies of the Repair Rider.</p> <p><i>Note:</i> Required if repairs are escrowed.</p>
---	<ul style="list-style-type: none"> • Certified true copy of <i>Fannie Mae Form 1009, Residential Loan Application for Reverse Mortgages, or</i> • certified true copy of <i>Fannie Mae Form 1003, Uniform Residential Loan Application</i>
---	<p>Certified true copy of <i>Form HUD-92900-A, HUD/VA Addendum to the Uniform Residential Loan Application (all pages)</i></p>
---	<p>Evidence of calculations for Principal Limit and Monthly Payment Amount</p> <p><i>Note:</i> A screen print is acceptable.</p>
---	<p>Evidence of Credit Alert Interactive Voice Response System (CAIVRS) that states the borrower does not have any credit issues. A printout for the GSA/LDP check.</p>
---	<p>Credit report</p> <p><i>Note:</i> A merged in file report, containing the information currently available from three consumer credit information repositories.</p>

Continued on next page

3. Case Binder Assembly Requirements: DE Home Equity Conversion Mortgage (HECM) Cases, Continued

4155.2 8.B.3.a HECM Case Binder Document Requirements (continued)

Left Side of Binder	Right Side of Binder
	Identification of the borrower. Evidence of a SSN and DOB is required. Acceptable documents may include, but are not limited to <ul style="list-style-type: none"> • Social Security card • birth certificate, or • 1099.
	If applicable, verification of assets. <i>Note:</i> To be used when borrowers need additional monetary funds to close.

4. Requirements for Case Binder Submission by a Lender Other Than the Originating Lender

Introduction This topic contains information on the case binder submission requirements from a lender who is not the originator, including

- submission by the assignee in the name of the originating lender
- submission requirement for all approved lenders, and
- executing certifications.

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4155.2 8.B.4.a Submission by Assignee in the Name of the Originating Lender If the originating lender assigns the mortgage to another approved lender before submitting the case for endorsement, the assignee may submit the case for endorsement in the name of the originating lender. However, special handling should be requested to prevent correspondence from being sent to the closing lender, rather than the servicing (submitting) lender.

4155.2 8.B.4.b Submission Requirement for All Approved Lenders All approved lenders, including loan correspondents, may originate process, close, fund, and submit loans for endorsement in their own name. A loan may close in either the Loan Correspondent or Sponsor name. However, loans must close in the Principal's name when a Principal/Agent relationship is used. Regulation Section 202.3(a) (3) permits this relationship and requires the loan to close in the name of the principal, and allows the authorized agent to submit the closed loan for insurance on behalf of the principal.

Either the originating or underwriting lender (the Loan Correspondent or Sponsor) may

- complete the Mortgage Insurance Premium (MIP) Transmittal Form, send the MIP to the FHA, and receive the Statement of Account
- submit evidence of assignment of the case for endorsement in the name of the originating lender, and
- transfer the case number to another lender prior to closing, complete the lender transfer screen in the FHA Connection, and complete the assignment of mortgage after endorsement to a new holding or servicing lender via the FHA Connection.

Reference: For more information on the principal-authorized agent relationship, see [ML 05-37](#).

Continued on next page

4. Requirements for Case Binder Submission by a Lender Other Than the Originating Lender, Continued

4155.2 8.B.4.c Executing Certifications

The originating lender, or his/her underwriter if appropriate, must execute all certifications. The purchasing lender may pay any required MIP, late charges, and interest.

The FHA will *not* endorse an ineligible mortgage for insurance, or waive MIP payments in any case.

5. Requirements for Case Binder Submission by a Lender With Conditional DE Approval

Introduction This topic contains information on the case binder submission requirements made by a lender with conditional DE approval, including

- underwriting pre close or test cases, and
 - submitting a test case closing package.
-

Change Date May 10, 2009

4155.2 8.B.5.a Requirement for Obtaining Firm Commitment An underwriting lender who is not yet unconditionally approved for DE must submit their loans to the appropriate HOC for review and issuance of a Firm Commitment prior to closing. The property and credit documents must be submitted in an FHA case binder, in the order specified in [HUD 4155.2 8.B.2](#) (excluding the closing documents). After FHA staff issues a Firm Commitment, the loan may be closed.

Note: The lender may, at its own risk, choose to close a loan prior to FHA issuing a Firm Commitment. In this circumstance, FHA is not obligated to issue a Firm Commitment or endorse the loan.

4155.2 8.B.5.b Submitting a Test Case Closing Package After the loan is closed, the lender ensures required certifications are executed, assembles the closing package, and submits the package to the appropriate HOC for endorsement processing.

Do NOT

- submit in an FHA case binder, or
- submit a duplicate property/credit pack.

DO

- submit a complete closing package in the order specified in [HUD 4155.2 8.B.2](#)
 - include credit and property approval conditions (place at the bottom of the closing package), and
 - place a cover sheet identifying the loan as a Pre-Closing (test) Case, along with the FHA Case Number, on the top of the package.
-

6. Requirements for Case Binder Submission for HUD/FHA Employee Cases

Change Date May 10, 2009

**4155.2 8.B.6.a
FHA
Underwriting
and Approval
Required for
Employee
Loans**

The lender

- pulls the case number
- follows the pre-closing case instructions (for both the property/credit package, as well as the closing package)
- submits the case binder to the appropriate HOC, to the attention of the Processing and Underwriting Director

The HOC

- completes the underwriting review
 - issues a Firm Commitment or declination, as appropriate
-

7. Submission of Case Binders by Lenders Participating in the LI Program

Introduction

This topic contains information on the submission of case binders by lenders participating in the Lender Insurance (LI) Program, including

- requirements for electronic case binder (eCB) submission by LI lenders, and
 - lender requirements for record keeping.
-

Change Date

May 10, 2009

**4155.2 8.B.7.a
When an LI
Lender May
Need to Submit
a Case Binder**

While a lender participating in the LI Program generally does not need to submit case binders for endorsement, there may be occasions when the lender may be required to submit a case binder, such as instances in which

- a loan-level data submission does not clear FHA system edits and the lender is unable to correct the deficiency, or
 - a case binder is selected by FHA for PETR.
-

Continued on next page

7. Submission of Case Binders by Lenders Participating in the LI Program, Continued

4155.2 8.B.7.b LI Lender eCB Submission Requirements

Lenders participating in the LI Program may choose to submit either paper or electronic case binders (eCB) to HUD when a case binder is requested.

Once a lender chooses the electronic case binder option, the first five requests for endorsement that the lender submits result in a request from FHA for the digitized case binder. This quality control measure is used to make certain that the lender is able to transmit an acceptable digitized case binder for FHA review.

The eCB must include all of the documents previously required in hard copy binders submitted for endorsement, as discussed in

- [HUD 4155.2 8.B.2.b](#), and
- the LI Program page at <http://www.hud.gov/offices/hsg/sfh/lender/lendins.cfm>

Note: The standards for indexing requirements of the documents within the eCB may also be found in the eCB Developers Guide.

Reference: For more information on

- LI Program eligibility and approval, see [HUD 4155.2 2.C](#)
- LI endorsement processing, see [HUD 4155.2 8.C.3](#)
- requirements for LI lender pre insurance review, see [HUD 4155.2 8.A.2](#), and
- LI lender submission requirements for case binders selected for PETR, see [HUD 4155.2 9.B.1.d](#).

Continued on next page

7. Submission of Case Binders by Lenders Participating in the LI Program, Continued

**4155.2 8.B.7.b
Lender
Requirements
for Record
Keeping**

Each LI lender must maintain their origination binder in either hard copy or electronic format for two years from the date of endorsement. Servicing lenders must maintain the case binder for a period of two years beyond the life of the loan.

Lenders retaining electronic case binders (eCB) need not maintain a separate version of the eCB indexed for electronic submission to HUD. However, if HUD requests a case binder which is maintained electronically, the lender must follow standards and procedures set forth in the eCB Developers' Guide for submission of the eCB to HUD.

Section C. Insurance Endorsement Processing

Overview

In This Section This section contains the topics listed in the table below.

Topic	Topic Name	See Page
1	General Information on FHA Loan Processing and Review	8-C-2
2	Non LI Loan Endorsement Processing	8-C-6
3	LI Loan Endorsement Processing	8-C-8
4	Pre Closing (Test) Case Processing Overview	8-C-11
5	Excessive Loan Amounts	8-C-13
6	Mortgage Insurance Certificates	8-C-16
7	Late Requests for Endorsement	8-C-20

1. General Information on FHA Loan Processing and Review

Introduction This topic contains overview information on FHA loan processing, including

- HOC loan processing tasks
 - timeframe for case binder receipt by the HOC
 - types of loan endorsement reviews
 - the purpose of the pre endorsement review, and
 - the purpose of the post endorsement technical review (PETR).
-

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**4155.2 8.C.1.a
HOC Loan
Processing
Tasks** The table below describes the stages of loan processing performed by the HOC upon receipt of a uniform case binder from the lender.

Stage	Description
1	The HOC logs receipt of the uniform case binder into the Computerized Home Underwriting Management System (CHUMS).
2	The HOC checks to ensure that the case has been submitted in an acceptable case binder that meets FHA requirements. If not, the HOC returns the case binder to the mortgage lender. <i>Note:</i> At this point in processing, the HOC does not do any processing or analysis of the case file.

Continued on next page

1. General Information on FHA Loan Processing and Review, Continued

4155.2 8.C.1.a HOC Loan Processing Tasks (continued)

Stage	Description
3	<p>The HOC routes the case binder to the appropriate personnel for pre-endorsement review and insurance endorsement.</p> <p>References: For more information on</p> <ul style="list-style-type: none"> • the loan submission and endorsement process, see HUD 4155.2 8.A.1, and • pre-endorsement reviews, see HUD 4155.2 8.C.1.d.

4155.2 8.C.1.b Timeframe for Case Binder Receipt by the HOC

FHA should receive the uniform case binder from the lender within 60 days of loan closing.

If the HOC is closed on the 60th day, the first business day thereafter is considered the 60th day.

Note:

- Receipt of the case is indicated by the date of entry into CHUMS.
- Cases received after the 60th day after loan closing must follow procedures for late requests for endorsement as described in [HUD 4155.2 8.C.7](#).

Continued on next page

1. General Information on FHA Loan Processing and Review, Continued

4155.2 8.C.1.c Types of Loan Endorsement Reviews

Lender compliance with FHA criteria is monitored via

- pre endorsement reviews, which are performed by either
 - FHA staff or contractors, or
 - lender staff, for participants in the Lender Insurance program, and
- post endorsement technical reviews (PETRs), which are performed
 - after loan closing and endorsement, and
 - by FHA staff or contractors.

Notes:

- FHA determines a specific percentage of endorsed lender files on which to conduct a PETR and selects lender files by computer based on
 - risk factor indicators, and
 - other HOC-identified factors.
- FHA also uses pre closing “test” case reviews to ensure lender compliance. Pre closing “test” files are subject to underwriting review and approval by HOC staff prior to loan closing.

References: For more information on

- pre endorsement reviews, see [HUD 4155.2 8.C.1.d](#), and
- PETRs, see
 - [HUD 4155.2.8.C.1.e](#)
 - [HUD 4155.2.9.B.1.](#)
- DE Program lender approval, see [HUD 4155.2 2.A](#)
- the DE Lender pre-closing phase, see [HUD 4155.2 2.B.3](#), and
- processing pre closing cases, see [HUD 4155.2 8.C.4.](#)

Continued on next page

1. General Information on FHA Loan Processing and Review, Continued

4155.2 8.C.1.d Purpose of the Pre Endorsement Review

During pre endorsement review, files are reviewed to ensure

- that they comply with FHA documentation requirements
- that forms and certifications are properly executed, and
- the integrity of the data (FHAC and AUS when applicable).

The pre-endorsement review results in approval and endorsement of the mortgage after a satisfactory review of specific documents.

Notes:

- Additional review and documentation may be required if FHA has reason to suspect fraud or misrepresentation (including negligent misrepresentation) in any of the documents submitted.
 - The pre endorsement review is performed in accordance with
 - the requirements for case binder submission described in [HUD 4155.2 8.B](#), and
 - the requirements for loan endorsement described in this section.
-

4155.2 8.C.1.e Purpose of the PETR

The PETR is one of several monitoring tools that FHA uses to measure lender compliance with FHA risk analysis and underwriting approval criteria as well as closing conditions and regulations. The PETR includes a review of

- property underwriting (a Field Review of the appraiser/appraisal may be generated as a result of the property underwriting/desk review)
- credit underwriting and loan approval
- risk analysis
- closing, in accordance with loan approval
- documentation, and
- data integrity (FHAC and AUS, if applicable).

Reference: For more information on PETRs, see [HUD 4155.2 9.B.1](#).

2. Non LI Loan Endorsement Processing

Introduction This topic contains information on loan endorsement processing for lenders who do *not* participate in the Lender Insurance (LI) Program. It includes information on

- FHAC loan endorsement processing
 - the date of loan insurance, and
 - handling loans that are ineligible for endorsement.
-

Change Date May 10, 2009

**4155.2 8.C.2.a
FHAC Loan
Endorsement
Processing** Upon successful completion of a pre-endorsement review, the HOC uses the logging and endorsement functions in FHAC to

- verify data integrity
- complete loan endorsement processing, and
- issue an electronic MIC.

References: For more information on

- pre endorsement reviews, see [HUD 4155.2 8.C.1.d](#)
 - FHAC, see
 - [HUD 4155.2 1.D](#), and
 - the FHAC User Guide on the FHAC, and
 - MICs, see [HUD 4155.2 8.C.6](#).
-

**4155.2 8.C.2.b
Date of Loan
Insurance** A case submitted for endorsement is considered an insured loan as of the date that FHA electronically issues the Mortgage Insurance Certificate (MIC).

Reference: For more information on MICs, see [HUD 4155.2 8.C.6](#).

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2. Non LI Loan Endorsement Processing, Continued

4155.2 8.C.2.c Handling Loans That Are Ineligible for Endorsement

If it is determined that the mortgage is ineligible for insurance endorsement, FHA issues an electronic Non-Endorsement Notice/Notice of Return (NOR) on the Case Query screen in the FHAC and includes the reasons for non-endorsement and any corrective actions that the lender must take.

If the case is permanently rejected for insurance endorsement, the NOR must include an instruction to the lender to notify the borrower

- that he/she does not have an FHA-insured loan, and
- about the circumstances that made the loan ineligible for FHA insurance.

The lender must also

- obtain a refund of both the Upfront Mortgage Insurance Premium (UFMIP) and any periodic MIP paid by the borrower, or on behalf of the borrower, and
- apply the refund to the principal balance of the loan.

Note: Space is limited on the Case Query screen, so it is possible that the complete reason for the NOR may not be visible. The lender must wait to receive the return case binder prior to responding to the NOR. Responses are not acceptable without the case binder.

3. LI Loan Endorsement Processing

Introduction This topic contains information on insurance endorsement processing for lenders who have been approved to participate in the Lender Insurance (LI) Program. It includes information on

- endorsement processing for approved LI lenders, and
 - categories for LI mortgage endorsement processing.
-

Change Date May 10, 2009

4155.2 8.C.3.a Endorsement Processing for Approved LI Lenders Once a lender is approved for the LI Program, the lender must process and endorse for insurance all of the loans it originates or underwrites through LI.

Reference: For more information on

- LI Program eligibility and approval, see [HUD 4155.2 2.C](#)
 - requirements for LI lender pre-insurance review, see [HUD 4155.2 8.A.2](#)
 - LI case binder submission, see [HUD 4155.2 8.B.7](#), and
 - LI lender submission requirements for case binders selected for PETR, see [HUD 4155.2 9.B.1.d](#).
-

4155.2 8.C.3.b Categories for LI Mortgage Endorsement Processing The table below describes the three mortgage endorsement processing categories under the LI Program.

Endorsement Processing Category	Description
LI Eligible/No Binder Request	<p>The lender endorses the mortgage and FHA</p> <ul style="list-style-type: none"> • generates an electronic mortgage insurance certificate (eMIC), which the lender may view on-line, and • does <i>not</i> request that a case binder be sent to FHA.

Continued on next page

3. LI Loan Endorsement Processing, Continued

4155.2 8.C.3.b Categories for LI Mortgage Endorsement Processing (continued)

Endorsement Processing Category	Description
LI Eligible/Binder Request	<ul style="list-style-type: none"> • The lender endorses the mortgage • FHA generates an eMIC, and • FHA requests the case binder for PETR purposes. <p><i>Notes:</i></p> <ul style="list-style-type: none"> • The case binder request appears on <ul style="list-style-type: none"> – the FHAC Binder List screen or B2G function, and – on the Insurance Application screen. • The Case Inquiry screen <ul style="list-style-type: none"> – indicates if FHA has requested a binder, and – after sending the binder, indicates when FHA received the binder. <p><i>Reference:</i> For information on lender requirements when FHA requests a case binder, see HUD 4155.2 9.B.1.</p>

Continued on next page

3. LI Loan Endorsement Processing, Continued

4155.2 8.C.3.b Categories for LI Mortgage Endorsement Processing (continued)

Endorsement Processing Category	Description
LI Deficient	<p>A high level case warning was triggered (for example, a CAIVRS exception) or the system edits reject the case (for example, the mortgage amount exceeds the statutory limit).</p> <p>FHAC/CHUMS does not request that deficient cases be sent to the HOCs, but informs the lender that it must resolve any rejection message. Only cases that FHA's data system detects have severe case warnings (for example, a CAIVRS exception, SSN not verified, some text messages) are requested for FHA review.</p> <p>Under this exception processing procedure, the case binder must be submitted to FHA for a pre-endorsement review, unless the lender is able to correct the deficiency and resubmit the endorsement data through the automated data verification. If the resubmission is successful, the mortgage is eligible to be processed through LI, and the lender can endorse it for insurance and generate an eMIC. If the lender cannot correct the deficiency, the system withholds the lender's ability to endorse the mortgage loan until the stated deficiencies are corrected.</p> <p>Note: For those mortgage insurance applications that the lender is unable to endorse due to system edits or other reasons, FHA requires the case binder for FHA to conduct a pre-endorsement review of the file. Such mortgage insurance applications cannot be approved until FHA has reviewed the case binder and determined insurance eligibility.</p>

4. Pre Closing (Test) Case Processing Overview

Introduction This topic contains information on pre-closing (test) case processing, including

- the purpose of using pre closing (test) cases
 - the timeframe for processing pre closing (test) cases, and
 - an overview of pre closing (test) case processing.
-

Change Date May 10, 2009

4155.2 8.C.4.a Purpose of Using Pre Closing (Test) Cases The purpose of using pre closing (test) cases is to review loans made by a lender, who is applying for DE Lender approval, to ensure that the lender is complying with FHA underwriting (property and credit) requirements.

References: For more information on the

- DE Lender application and approval process, see [HUD 4155.2 2.A.1](#), and
 - DE Lender pre closing phase, see [HUD 4155.2 2.B.3](#).
-

4155.2 8.C.4.b Timeframe for Processing Pre Closing (Test) Cases The HOCs must give pre closing (test) cases priority processing. The Processing and Underwriting Division must review the case within 3 business days of receipt.

Continued on next page

4. Pre Closing (Test) Case Processing Overview, Continued

4155.2 8.C.4.c Pre Closing (Test) Case Processing

The table below describes the stages of pre closing case processing.

Stage	Description
1	<p>Upon receipt of the case, FHA staff</p> <ul style="list-style-type: none"> • logs the file into the HOC's internal tracking system • logs the case into FHAC/CHUMS, and • routes the file for underwriting (property and credit)
2	<p>After completion of underwriting, FHA staff</p> <ul style="list-style-type: none"> • updates FHAC/CHUMS with the underwriting decision, and • completes the Underwriting Report System (URS) report in the FHAC.
3	<p>The lender is notified through FHAC of the decision.</p> <p><i>Note:</i> Requests for a ratings change must</p> <ul style="list-style-type: none"> • be directed to the FHA staff underwriter's supervisor, and • include documentation to support the request.
4	FHA documents the case and the lender file with the decision.
5	<p>The HOC retains the case binder.</p> <p><i>Reference:</i> For instructions on submitting the closing package, see HUD 4155.2 6.A.</p>

Note: The same process is followed for a reconsideration of a file that was either rejected (with an unacceptable rating) or was returned in FHAC/CHUMS due to an incomplete file being submitted. The processing time for the HOC on a reconsideration package is 5 business days from the date or receipt.

5. Excessive Loan Amounts

Introduction

This topic contains information on handling excessive loan amounts when submitting a case for endorsement, including

- obtaining an MIC when there is an excessive loan amount
 - loans exceeding the statutory loan limit
 - loans exceeding the maximum allowable amount, and
 - lender advancement of the principal loan reduction.
-

Change Date

May 10, 2009

**4155.2 8.C.5.a
Obtaining an
MIC When
There Is an
Excessive Loan
Amount**

An excessive loan amount occurs when the lender closes a loan in an amount higher than what is permitted by FHA requirements. In order to obtain a Mortgage Insurance Certificate (MIC), the lender may choose to either

- pay down the principal amount, or
- re close the loan to an insurable amount.

Note: The lender must provide a copy of the payment ledger, showing that the principal balance has been paid down to an insurable amount.

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5. Excessive Loan Amounts, Continued

4155.2 8.C.5.b Loans Exceeding the Statutory Loan Limit

For loans in which the loan amount exceeds the statutory loan limit

- FHAC/CHUMS automatically rejects the case for endorsement
- FHA issues a Non-Endorsement Notice, commonly known as a Notice of Rejection (NOR), to the lender and returns the uniform case binder to the lender with instructions to provide evidence that the principal balance is reduced to an insurable amount, and
- upon receipt of the evidence that the principal balance has been reduced to an insurable amount, FHA electronically issues the MIC with the reduced mortgage amount.

Note: Depending upon the size of the principal reduction, the monthly principal and interest payment amount on the MIC may or may not match the Note. The MIC must *not* be manually changed to agree with the Note. If the lender wants the MIC to match the Note, the loan must be reclosed or amended to an insurable amount.

4155.2 8.C.5.c Loans Exceeding the Maximum Allowable Amount

If, during the post endorsement technical review, FHA determines that a loan amount exceeds the maximum allowable (but does not exceed the statutory limit), or exceeds the maximum allowable LTV ratio, the appropriate HOC must require the lender to provide, within 30 days of the date of the letter or notification, evidence that the principal loan balance has been paid down to an insurable amount.

If the lender does not respond within 30 days (does not return the MIC to FHA for correction), the HOC may take appropriate sanctions.

If a claim is presented to FHA, only the existing principal balance and other permissible costs will be considered by FHA for payment of the claim.

Reference: For more information on lender sanctions, see [HUD 4155.2 9.D.](#)

Continued on next page

5. Excessive Loan Amounts, Continued

4155.2 8.C.5.d
Lender
Advancement
of the Principal
Loan Reduction

If the lender advances the principal loan reduction on behalf of the borrower, the lender cannot require the borrower to repay the amount, either in a lump sum or monthly payment, if the payment would

- jeopardize the borrower's ability to repay the mortgage, and
 - potentially cause a default.
-

6. Mortgage Insurance Certificates

Introduction This topic contains information on mortgage insurance certificates, including

- confirming status of the MIC
 - requesting and downloading the MIC
 - requesting corrected and duplicate MICs
 - MIC section of ACT Codes
 - correcting case numbers or ADP Codes on the note and security instrument
 - ARM suffix codes for tracking ARM activity
 - DE case suffix codes, and
 - ARM type indicators.
-

Change Date May 10, 2009

4155.2 8.C.6.a Confirming Status of the MIC Lenders may confirm the endorsement status using the FHA Connection, or the FHA Connection Business to Government (FHAC-B2G) application. The B2G application allows lenders to submit case level data from their loan origination system, directly to FHA without rekeying information.

The table below describes how an originator or sponsor can confirm the endorsement status of a loan.

When confirming the endorsement status of ...	Use the ...	And ...
individual loans	<ul style="list-style-type: none"> • FHAC, or • FHAC-B2G Case Query transaction 	<p>determine if the mortgage was endorsed by examining the <i>last action</i> field for <i>INSURED</i>.</p> <p>Note: ECHO Connection Plus (EPC) users should call 1-888-711-2500 for information.</p>

Continued on next page

6. Mortgage Insurance Certificates, Continued

4155.2 8.C.6.a Confirming Status of the MIC (continued)

When confirming the endorsement status of ...	Use the ...	And ...
multiple loans	<ul style="list-style-type: none"> • FHAC MIC/NOR List transaction, or • FHAC-B2G Mass Case Query transaction 	<p>obtain a list of cases endorsed within a specific time period at the branch or corporate level.</p> <p><i>Note:</i> This function provides a list of all case numbers endorsed within a specified date parameter. Users of ECHO Connection Plus (EPC) should call 1-888-711-2500 for information.</p>

4155.2 8.C.6.b Requesting and Downloading the MIC

When requesting the MIC, the lender is required to specify whether the MIC is to be prepared in the name of the

- Originator (Loan Correspondent), or
- Sponsor.

When FHA endorses a loan and issues the MIC, the lender downloads the electronic MIC from the FHAC.

Note: The name on the MIC is the name of either the originator or sponsor as it appears on HUD’s systems.

4155.2 8.C.6.c Requesting Corrected and Duplicate MICs

The electronically issued MIC eliminates the need to request duplicate MICs because lenders can download and print copies as needed.

Lenders *cannot* obtain corrected MICs through the FHA Connection.

Reference: For instructions for obtaining a corrected MIC, see [HUD 4155.2 12.E.3](#).

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6. Mortgage Insurance Certificates, Continued

4155.2 8.C.6.d The section of the Act Automated Data Processing (ADP) Code is an
MIC Section of important item on the MIC, which FHA verifies for accuracy. The ADP
ACT Code Code

- identifies the insuring section and the applicable FHA insurance fund
- indicates an assistance payment contract, if any, and
- identifies the mortgages that do not require payment of UFMIP.

Reference: For the Home Mortgage ADP Codes, see [HUD 4155.2.12.B.1](#).

4155.2 8.C.6.e The lender must show the HUD case number and the section of the Act ADP
Correcting Code on the Note and security instrument. The ADP Code must be the same
Case Numbers as that shown on the Addendum to the loan application ([HUD-92900-A](#)).
or ADP Codes
on the Note and Documents do *not* need to be redrawn to correct the case number or ADP
Security Code. The lender may draw a line through incorrect numbers, and write in
Instrument the correct number. The borrower does not need to initial changes to the case
 number of the ADP Code.

The lender should provide the borrower with a copy of the documents containing the correct case number.

4155.2 8.C.6.f In order to track ARM activity, case number suffix codes (Section of the Act
ARM Suffix ADP Codes) are
Codes for
Tracking ARM • indicated on all HUD application addendums (Form [HUD-92900-A](#)), and
Activity • printed on computer-generated MICs (Form [HUD- 59100](#)).

Continued on next page

6. Mortgage Insurance Certificates, Continued

4155.2 8.C.6.g
DE Case Suffix
Codes

The table below lists some of the suffix codes for DE cases.

Note: A complete list can be obtained via the FHAC.

Eligible Program	Section of the Act Suffix Code
203(b)	729
223(e)	829
203(k)	730
234(c)	731
247 Hawaiian Homelands	780
248 Indian Lands	788
203(k) Condominium	815

4155.2 8.C.6.h
ARM Type
Indicators

In addition to the ADP suffix codes assigned to ARMs, a hybrid ARM-type indicator has been added to the FHA Connection.

When submitting loan data to FHA via the FHAC, or its functional equivalent, if an ARM is indicated by an ADP code, the lender must also identify the type of ARM by selecting the one-, three-, five-, seven-, or ten-year ARM-type indicator.

Note: Using this process is likely to result in fewer errors than adding additional ADP codes for each individual hybrid ARM offering.

7. Late Requests for Endorsement

Introduction This topic contains information on late requests for insurance endorsement, including

- FHA criteria for determining late requests for insurance endorsement
 - evaluating a late endorsement request
 - requirements for the late endorsement request certification
 - sanctions for false certifications
 - cases submitted for reconsideration after receiving an NOR, and
 - examples of late endorsement request processing/certification requirement.
-

Change Date May 10, 2009

**4155.2 8.C.7.a
FHA Criteria
for
Determining
Late Requests
for Insurance
Endorsement**

A request for insurance endorsement is considered “late” when the case binder is received by the HOC more than 60 days after loan settlement or funds disbursement, whichever is later.

Late requests trigger the need for additional documentation. FHA believes that the 60 day timeframe is sufficient for the lender to

- assemble the uniform case binder
- obtain any final documents or signatures, and
- ship the binder to the appropriate HOC for endorsement processing.

FHA determines whether a mortgage is received late based on the date that the HOC actually receives the case binder. Lenders must consider mailing and processing times when submitting case binders to the HOC

Note: Lenders can determine the date of that the case binder was received and logged into FHAC/CHUMS by the HOC by reviewing the Case Status screen using the FHA Connection.

Continued on next page

7. Late Requests for Endorsement, Continued

4155.2 8.C.7.b Evaluating a Late Endorsement Request

When a case involving a late request for endorsement is received, FHA reviews the lender's certification and determines whether to accept or reject the request. If the FHA review indicates that the degree of risk to HUD is not greater than what existed at the time of closing, the mortgage may be endorsed.

A mortgage that is in default when submitted for endorsement will *not* be insured *except* in those instances where FHA was demonstrably responsible for a delayed request. If the appropriate HOC determines that the delay in submission was FHA's fault, the lender is *not* required to submit the additional documentation described in [HUD 4155.2 8.C.7.c](#).

4155.2 8.C.7.c Requirements for Late Endorsement Request Certification

When submitting a late request for endorsement under the circumstances described below, the lender is required to include a dated certification, with an original signature of a representative of the lender on company letterhead, which includes the lender's complete address and telephone number.

The certification must be specific to the case being submitted, identifying the FHA case number and the name(s) of the borrower(s) and must state that

- at the time of the certification, no mortgage payment is currently unpaid more than 30 days
- all escrow accounts for taxes, hazard insurance and mortgage insurance premiums are current and intact, except for disbursements that may have been made to cover payments for which the accounts were specifically established, and
- the lender or its agents did not provide the funds to bring and/or keep the loan current or to bring about the appearance of an acceptable payment history.

Important: If the payment due for the month *before* the lender submitted the loan for endorsement has yet to have been received, the loan is *not* eligible for endorsement.

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7. Late Requests for Endorsement, Continued

4155.2 8.C.7.d Sanctions for False Certifications

Individuals found making false certifications may have administrative sanctions taken against them, including, but not limited to

- debarment from participation in HUD's and other Federal agency programs
- civil money penalties, and
- Program Fraud Civil Remedies Act sanctions.

Reference: For more information on lender sanctions, see [HUD 4155.2 9.D.](#)

4155.2 8.C.7.e Cases Submitted for Reconsideration After Receiving an NOR

If the appropriate HOC returns a uniform case binder to the lender by issuing an NOR or subsequent NOR, the HOC must receive the reconsideration request for insurance endorsement within the original 60-day period, or 30 days from the date of issuance of the original NOR, whichever is greater.

The lender must comply with the procedures for late requests for endorsement found in [HUD 4155.2 8.C.7.c](#) if either

- the lender's reconsideration request is received after the expiration of the applicable date, or
 - the issuance of a subsequent NOR results in the lender's resubmission being received after the applicable date.
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4155.2 8.C.7.f Examples: Late Endorsement Processing/ Certification Requirement

Mortgage Loan Details:

Mortgage closed on June 4th with first payment due on August 1st.

Lender Case Submission Scenario 1:

No certification is required if the mortgage insurance application is received for endorsement on or before August 31st. However, the certification *is* required if

- the mortgage case binder is sent back to the lender due to a NOR, and
- the lender is not able to respond correctly before the later of 30 days or when the certification period begins (September 1st, in this example).

Lender Case Submission Scenario 2:

If the mortgage is received for endorsement in the HOC on or after September 1st (or the first business day after that date), then the lender must provide the endorsement certification.
