

APPENDIX 4

MORTGAGEE'S CERTIFICATIONS

The mortgagee executing form HUD-54113 has personally reviewed the mortgage documents and the application for insurance endorsement and certifies that the mortgage is eligible for mortgage insurance under HUD's Direct Endorsement program. The mortgagee has submitted all appropriate documents, properly executed, as required by all outstanding HUD handbooks and Mortgagee Letters. This mortgagee certification is in addition to any certifications required of the mortgagee, the mortgagor, or both on forms HUD-92800 or 92900-A. If a requirement from 24 CFR Part 203 is incorporated in a different regulation by cross-reference (e.g., 203.17 in Certification 1 is cross-referenced in 222.1), a reference to the Part 203 requirement in a certification shall also be deemed a reference to each instance where the requirement is incorporated by reference. Each of the below-listed certifications apply to the loan submitted for endorsement, except to the extent the certification itself defines the situation to which it applies.

GENERAL CERTIFICATIONS. The following general certifications apply to all mortgage loans categories eligible for insurance under the Direct Endorsement program. Variations from the general certifications for mortgages with special features are listed here as alternative certifications. Additional requirements are listed below as specific certifications.

- (1) The mortgage is a first lien and contains the mortgage provisions required by 24 CFR 203.17 (except as provided in 203.50(i) for rehabilitation loans under Section 203(k) of National Housing Act); or

221.25, 221.30, 221.32, 221.35 or 221.40, and 221.45 for low- and moderate income mortgagors under Section 221(d)(2) of National Housing Act; or

234.25 for condominiums; or

235.22 for refinancing mortgages insured under Section 235(r) of the National Housing Act.
- (2) The mortgage is on real estate held in fee simple or on a leasehold under a lease for not less than 99 years which is renewable, or under a lease which otherwise meets the requirements of 24 CFR 203.37 or

234.65 for condominiums.
- (3) The stated mortgage amount satisfies the requirements of:
203.18, 203.18a, 203.18b, or 203.29; or

203.50(f) or (g) for rehabilitation loans; or

221.10, 221.11, 221.20, 221.50, for low- and moderate-income mortgages; or

234.27 or 234.49 for condominiums; or

235.1202(b)(1) for refinancing mortgages under Section 235(r) of the National Housing Act; or

240.5 for fee title purchasers; or

For a mortgage given to refinance an existing HUD-insured mortgage pursuant to Section 223(a)(7) of the National Housing Act, the stated amount satisfies the limitations set forth in 203.43(c) and 234.52; or

If the mortgage involves refinancing to be insured under 24 CFR 221.21, the mortgage, in addition to the limitations contained in 221.10, 221.11, and 221.20, does not exceed the estimated cost of repair and rehabilitation and the amount required to refinance the existing indebtedness secured by the property; or

If the mortgage is on property sold by HUD, the mortgage amount is that determined by the Secretary under 24 CFR 203.43(k) and Part 291.

- (4) The mortgagor has made the minimum investment required by 24 CFR 203.19; or

220.35 (urban renewal); or

221.50 (low- and moderate income); or

234.28 (condominiums); or

203.43(k) for properties sold by HUD where the Secretary has determined the minimum cash investment; and

no prepaid expenses, other than those listed in 24 CFR 221.54 were included in determining the mortgagor's minimum investment.

- (5) If the mortgaged property is in a flood plain, the mortgage meets the flood insurance requirements set forth in 203.16a or 234.17.

- (5A) The property is free of legal restrictions on conveyance as required by 24 CFR 203.41, 203.512 or 234.66, except for restrictions specifically permitted by those regulations.

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SPECIFIC CERTIFICATIONS. The following specific certifications reflect additional special features of the mortgage loan categories eligible for insurance under the Direct Endorsement program.

- (6) If the property is located in an older declining urban area and the mortgage is to be insured under Section 223(e) of National Housing

Act, it also meets the requirements of 24 CFR 203.43a or 234.68.

- (7) If the mortgage is an adjustable rate mortgage it also meets the requirements established under 24 CFR 203.49 or 234.79.
- (8) If the mortgage is a graduated payment mortgage it also meets the requirements established under 24 CFR 203.45 or 234.75; if a growing equity mortgage it also meets the requirements established under 24 CFR 203.47 or 234.77;
- (9) If the property is located in an outlying area and is insured under Section 203(i) of the National Housing Act, the mortgage also meets the requirements of 24 CFR 203.18(d).
- (10) If the property to be insured is for a borrower who is a disaster victim under Section 203(h) of the National Housing Act, it also meets the requirements of 24 CFR 203.18(e).
- (11) If the mortgage loan is for rehabilitation under Section 203(k) of the National Housing Act, the mortgage also meets the requirements of 24 CFR 203.50.
- (12) If the mortgage to be insured is on a property in an area determined to be a federally impacted area under Section 238(c) of National Housing Act, it also meets the requirements of 203.43e.
- (13) If the mortgage to be insured is on Indian lands and is insured pursuant to Section 248 of the National Housing Act, it also meets the requirements set forth in 24 CFR 203.43h.
- (14) If the mortgage to be insured is on Hawaiian Home Lands property and is insured pursuant to Section 247 of the National Housing Act, the mortgage also meets the requirements of 203.43i including the eligibility requirements set forth in 203.43(i).
- (15) If the mortgage to be insured is eligible as an openend advance, it also meets the requirements of 203.44 or 234.70 (condominiums).
- (16) If the mortgage is a service person's mortgage to be insured under Section 222 of the National Housing Act, it also meets the requirements of 24 CFR Part 222.

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- (17) If the mortgage to be insured is for fee title purchases under Section 240 of the National Housing Act, it also meets the requirements of 24 CFR Part 240.
 - (18) If the mortgage to be insured is for loans for urban renewal under Section 220(d) of the National Housing Act, or if for a home improvement loan under Section 220(h) of the National Housing Act, it also meets the requirements of 24 CFR Part 220, Subpart A.
 - (19) If a refinance from a Section 235 mortgage to a Section 203(b) Streamline mortgage and the recapture mortgage has been subordinated

to the Section 203(b) Streamline mortgage that is submifled for insurance, that the recapture mortgage is a second lien; provided that in the case where there is a loan made, held or insured by a Federal, State or local governmental agency which was approved by the Secretary as a second lien and which has been subordinated to the mortgage being submitted for insurance, the recapture mortgage may be a third lien.

SPECIFIC CERTIFICATIONS FOR SECTION 235(r) MORTGAGES. The certifications shown as Items (4), and (6) through (19), do not apply to mortgages insured under Section 235(r) of the National Housing Act. The certifications in addition to Item (1) through (3) and (5) herein, are the following:

- (20) The mortgage term meets the requirements of 24 CFR 235.1202(b)(2).
- (21) The interest rate on the mortgage does not exceed the maximum rate as computed in accordance with 24 CFR 235.1202(b)(3) and such interest rate is less than the interest rate shown on the mortgage being refinanced.
- (22) The refinancing costs paid by the mortgagee, if any, meet the requirements of 24 CFR 235.1202(b)(4).
- (23) The mortgagor has not received payments for the costs of refinancing, nor have the payments been made on his behalf, for the period set forth in 24 CFR 235.1202(b)(6)(iii).
- (24) The recapture second mortgage, if applicable, has been modified and subordinated to the mortgage being submitted for insurance and the recapture mortgage is a second lien; provided that in the case where there is a loan made, held or insured by a Federal, State or local governmental agency which was approved by the Secretary as a second lien and which has been subordinated to the mortgage being submitted for insurance, the recapture mortgage may be a third lien.