

## **CHAPTER 1      PREPARATION AND SUBMISSION OF THE CASE BINDER**

### **1-1      THE FHA CONNECTION**

#### **A.      Overview**

The FHA Connection is an interactive portal on the Internet that gives approved FHA lenders real-time access to several FHA systems to originate loans. Direct Endorsement lenders must process case number assignments, inspector assignments, appraisal information, case cancellations, receive insurance, and retrieve loan data electronically. Homeownership Centers will not accept telephone or mail requests for case numbers, case status or other actions that can be performed by the lender through the FHA Connection.

The FHA Connection gives lenders the ability to do the following transactions electronically:

- Request FHA case number assignments
- Request appraiser reassignments
- Request case queries
- Request refinance authorizations
- Request insurance
- Request inspector assignments
- Request loan data
- Request case cancellations
- Transfer cases to other lenders
- Transfer cases to other sponsors
- Request CAIVRS authorizations
- Request reports
- Query approval lists
- Register underwriters
- Request HECM insurance
- Register automated underwriter systems
- Create Institutional Master File (IMF) sponsor relationships
- Add Title I branches
- Add Title II branches
- Create authorized agents for Title II
- Change IMF addresses
- Inquiry IMF addresses

#### **B.      Accessing the FHA Connection**

The FHA Connection is accessed on the Internet from either the HUD.gov webpage or at <https://entp.hud.gov/clas>. The FHA User Guide is on-line at this website with in-depth instructions on using the portal. The Mortgagee Packet is also available that describes the functions available to lenders.

A user ID is necessary to sign onto the portal. Two types of user ID's are issued, Application Coordinator and standard. A maximum of two Application Coordinator ID's may be issued per lender at the corporate level.

Each mortgagee at the corporate level must designate its Application Coordinators prior to requesting standard ID's. In order to get an Application Coordinator's ID, the designated Application Coordinator must complete the FHA Application Coordinator Registration form, which resides on FHA Connection's web site. Each Application Coordinator will provide:

Name, Social Security Number, Mortgagee ID, E-mail address, Mother's Maiden Name, Desired Password, and System Applying for.

After successfully completing the form, the system generates a user ID which is mailed to the President/CEO. The President/CEO gives the Application Coordinator his/her ID when it is received through the mail. If the President/CEO feels the applicant should not receive this ID, they may contact the help line to have the ID terminated.

The mortgagee's Application Coordinators will be responsible for supplying authorization for the different applications that are available on the FHA Connection to each employee. Assigning authorization for different applications is done through the FHA Connection's ID Maintenance screen which is accessible only to the Application Coordinators. The Application Coordinators give employees of their company access to the different applications (e.g. Case Query, Appraiser Reassignment, Insurance processing, etc.), and remove ID's on the ID Maintenance screen.

Once an Application Coordinator has his/her ID, the system allows other employees to request a standard ID for themselves. Employees can accomplish this through the FHA Connection ID Registration form. They will indicate that they are requesting a standard user ID, and similar information as the Application Coordinator. After successfully completing the registration, the FHA Connection system will generate an ID. The Application Coordinator will then be able to retrieve the ID's from the system and grant the proper authorizations to the individual staff for each user.

### **C. Information from Help Screen**

A help ? icon is located on the upper right hand corner of each screen to assist the user. The help window describes the functions, valid data entries, a description of the data entry fields, and a description of the information that will be returned. The help screens should be consulted prior to calling FHA for help with the data entry fields.

### **D. Appraisal Information on FHA Connection**

For all cases, including HECMs, appraisers are required to mail their appraisals and one copy to the lender. Appraisals should not be mailed to the HOCs by the appraiser. The lender is required to enter the appraisal information into the FHA connection prior to receiving insurance. When mailing the HUD case binder to the HOC, DE lenders will include the original appraisal and a copy provided by the appraiser. Lenders originating HECM loans enter the appraisal information in order for the system to calculate the MIP.

### **E. Correction of Error Messages**

FHA Connection users receive immediate feedback on reasons for possible non-insurance in the form of an electronic error message. Lenders will correct any errors before cases are submitted for insurance. The types of error messages that must be corrected by the lender prior to submitting the case binder for insurance can be found in Appendix XVIII.

## **1-2 UNIFORM CASE BINDER**

The case binder must meet the requirements specified in Appendix I. 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 (e.g., borrower's name, address and loan number). See Chapter 2 for submission timeframe.

### **1-3 USE OF COPIES IN CASE BINDER**

The Federal Housing Administration (FHA) will consider all documents submitted in the 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, nor submit any separate certification for the documents. The lender may submit in the case binder photocopies of the original documents or printed copies of imaged or electronic documents.

### **1-4 SUBMISSION OF CASE BINDER BY A LENDER OTHER THAN THE ORIGINATING LENDER**

If the originating lender assigns the mortgage to another approved lender before it submits the case for endorsement, the assignee may submit the case for endorsement in the name of the originating lender. All approved lenders (including loan correspondents) must process, close, fund, and submit loans for endorsement in their own name. Any approved lender (including a loan correspondent's sponsor) may:

- Complete the Mortgage Insurance Premium (MIP) Transmittal Form, send the MIP to the FHA, and receive the Statement of Account; and

- Submit evidence of assignment of the case for endorsement in the name of the originating lender.

All certifications must be executed by the originating lender (or its underwriter, if appropriate). The purchasing lender may pay any required MIP, late charge, and interest. The FHA will not endorse an ineligible mortgage for insurance or waive MIP payments in any case.

### **1-5**

**SUBMISSION OF CASE BINDER – DIRECT ENDORSEMENT (DE) CASES**

Direct Endorsement (DE) cases are submitted for insurance endorsement after the loan is closed. The submitting lender has the duty to ensure all documentation is appropriate and conforms to the requirements of this handbook. The lender must assemble the processing and closing documents and place them in the case binder in the order depicted in Table 1.1, Binder Assembly.

**Table 1.1 Binder Assembly**

<b><i>LEFT SIDE OF BINDER</i></b>	<b><i>RIGHT SIDE OF BINDER</i></b>
<b>Mortgage Assurance of Completion, *Form HUD-92300.</b>	Screen print of Insurance Application Screen from FHA Connection showing that the insurance information was accepted by FHA Connection. <b>Automated Underwriting Feedback Certificate/Findings Report.*</b>
<b>Compliance Inspection Report, Form HUD-92051 or other applicable documentation AND evidence of satisfaction of valuation conditions (as applicable).</b>	<b>Request for Late Endorsement*</b> in compliance with Chapter 3 of this handbook.
<b>Wood Destroying Insect Infestation Report, Form NPCA-1 or State mandated infestation report (as applicable).</b>	<b>Mortgage Credit Analysis Worksheet</b> (HUD-92900-PUR or 92900-WS, as applicable) with any supporting documents. <ul style="list-style-type: none"> <li>• Section 203(k) HUD-92700, Maximum Mortgage Worksheet*</li> <li>• Energy Efficient Mortgage (EEM) and/or 203(h) program documentation*</li> <li>• Secondary Lien Exhibits</li> <li>• Buydown Agreements</li> <li>• Attachments, memos, and clarifications*</li> </ul>
<b>Local Health Authority’s Approval*</b> for individual water and sewer systems.	<b>Copy of the Mortgage Note</b> and all applicable riders and allonges. <b>Copy of Security Instrument</b> with all applicable riders.
<b>New Construction Exhibits:</b> <ul style="list-style-type: none"> <li>• Builder’s Certification, Form HUD-92541</li> <li>• Builder’s Warranty of Completion Form HUD-92544</li> <li>• Evidence of 10-Year Warranty Plan Coverage*</li> <li>• Inspection Report(s)- HUD-92051, VA-26-1839 for the Department of Veteran Affairs</li> </ul>	<b>HUD-1 Settlement Statement.</b> <b>HUD-1 Addendum</b> (for purchases) that comply with Section 2-14 of this handbook.

<b>LEFT SIDE OF BINDER</b>	<b>RIGHT SIDE OF BINDER</b>
(VA), Certificate of Reasonable Value (CRV), and Master Certificate of Reasonable Value (MCRV), or HUD-approved local building authority inspections* • Subterranean Termite Treatment Report-NPCA-99a and NPCA-99b*	
<b>Statement of Appraised Value, Form HUD-92800.5b (Conditional Commitment).</b>	<b>Uniform Residential Loan Application (URLA) HUD/VA Addendum to URLA, Form HUD-92900-A.</b>
<b>Comprehensive Valuation Package (CVP)</b> • Uniform Residential Appraisal Report (URAR) • Form HUD-92564-VC (Notice to the lender) • Form HUD-92564-HS (Homebuyers Summary) • Location map, photos of properties, building sketch <b>Master Appraisal Reports (MAR) HUD-91322, including all attachments.*</b> <b>VA CRV-VA-26-1841 &amp; MCRV-VA-26-1843a, including all attachments and endorsements.*</b>	<b>Credit and Capacity Documentation</b> • Credit Reports(s) • Asset Verification documentation [including gift letter(s) and relevant documents] • Income Verification documentation
<b>NOTE:</b> Second copy of complete CVP to be stapled and placed loose in binder.	<b>Evidence of Social Security Number</b> (if not shown on printed pay stubs or W-2s) or, for non-profit borrowers, Tax Identification Number.
<b>Specialized Eligibility Documents</b> (such as, but not limited to): • 203(k): Rehabilitation Agreement, Plans, Work Write-ups, Cost Estimates, Initial Draw Request • Form HUD-92561—Borrower’s Contract with Respect to Hotel and Transient Use of Property • Condominiums - Occupancy Certification regarding 51% owner occupancy. Spot Condo documents, etc.*	

<b>LEFT SIDE OF BINDER</b>	<b>RIGHT SIDE OF BINDER</b>
Purchase Contract* <ul style="list-style-type: none"> <li>• Amendatory Statement executed by all parties</li> <li>• Real Estate Certification executed by all parties</li> <li>• All other contract addenda</li> <li>• Escrow Instructions*</li> <li>• Form HUD-92564-CN,* (For Your Protection: Get a Home Inspection)</li> </ul>	

- \* Indicates “when/if applicable”

**Table 1.2 Revised FHA Case Binder for Home Equity Conversion Mortgages (HECM)  
(For Direct Endorsement Cases ONLY)**

<b>RIGHT SIDE OF BINDER</b>
The FHA does not require any documents on the left side of the binder.
<b>Request for Insurance Endorsement</b> (HUD-54111). This form need only be included in the binder by those lenders that do not use one of the FHA’s electronic systems to request insurance.
<ul style="list-style-type: none"> <li>• <b>First Security Instrument and Note.</b> Certified copy of the First Security Instrument and note and all applicable riders.</li> </ul>
<b>Second Security Instrument and Note.</b> <i>Original</i> Second Security Instrument and Note and all applicable riders. If the original Second Security Instrument is not back from the recorder’s office at the time endorsement is requested, submit a certified copy of the document sent for recording.  * The <i>original</i> recorded Second Security Instrument should be forwarded to the FHA when returned by the recorder’s office.
<b>HUD-1 Settlement Statement.</b>
<b>Notice to Borrower.</b>
<b>Loan Agreement and Repair Rider if applicable</b> (3 originals).
<ul style="list-style-type: none"> <li>• Choice of Insurance Options (assignment or shared).</li> </ul>
<b>Certification Regarding Hotel and Transient Use</b> (On all two-, three-, and four-unit properties).
<b>Evidence of Calculations</b> for principal limit and monthly payment amount, if any. (Screen Print)
<b>Uniform Residential Loan Application</b> (all pages) <b>and HUD/VA Addendum</b> (HUD-92900-A, pages 1 and 2).

<b><i>RIGHT SIDE OF BINDER</i></b>
<b>Credit Report</b> (for federal debts).
<b>Evidence the borrower received counseling.</b>
<b>Evidence of Social Security Number.</b>
<b>Title Insurance Commitment</b> or other acceptable title evidence.
<b>Statement of Appraised Value</b> (HUD-92800.5b) and the Valuation Condition (VC) Sheet and any VC not listed on the repair Rider.
<b>Uniform Residential Appraisal Report.</b> Only includes the actual two-page form, the photographs of the subject property and comparables, and sketch of the subject property.
<b>Evidence HUD LDP, CAIVRS &amp; GSA</b> list are clear.

- \* 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.

#### **1-6 SUBMISSION OF CASE BINDER – DE PRE-CLOSING**

A lender that is not yet unconditionally approved for DE, and is processing and underwriting pre-closing or “test” cases must submit their case to the HOC for issuance of a Firm Commitment prior to closing the loan. Closing loans prior to issuance of an FHA Firm Commitment is at the lender’s own risk. After the lender closes the loan, the lender executes and submits the closing documents for insurance endorsement. The lender submits the closing documents in a binder in accordance with the requirements of this handbook, clearly marking the outside of the case “TEST CASE CLOSING PACKAGE.”

#### **1-7 SUBMISSION OF CASE BINDER –FHA/HUD EMPLOYEE CASES**

In certain instances, such as when the borrower is an FHA/HUD employee, the loan application is required to be underwritten and approved by the FHA. The lender prepares and immediately sends the case binder to the appropriate HOC after making the request for an FHA case number. It is not necessary for the lender to submit additional binders with the lender’s subsequent submissions of processing documents in these cases. After the lender closes the loan, the lender submits the closing documents, (two-hole punched and fastened together with a metal fastener), in the following order:

- A. Transmittal letter indicating that the package contains closing documents for an FHA/HUD processed case, and a screen print of the Insurance Application Screen from FHA Connection showing that insurance information was accepted by FHA Connection.
- B. Late Request for Endorsement, if required.
- C. Mortgage Payment History, if required.

- D. Special certifications or forms, if any (e.g., Closing certification (see Paragraph 2-16), Hotel and Transient Use Form HUD-92561, well and septic certifications, etc.)
- E. Copy of Note with appropriate riders, if any.
- F. Copy of Mortgage Instrument, with appropriate riders.
- G. Settlement Statement, Form HUD-1.
- H. Required Certifications to the Form HUD-1.
- I. Proof of Satisfaction of Firm Commitment, Architectural and/or Valuation Conditions.
- J. Miscellaneous documents, no particular order.