

CHAPTER 3 LATE REQUEST FOR ENDORSEMENT

3-1 LATE ENDORSEMENT

A request for insurance endorsement is considered “late” and triggers additional documentation whenever the binder is received by the HOC more than 60 days after loan settlement or funds disbursement, whichever is later. The FHA believes that this is sufficient time for the lender to assemble the 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 upon the date the HOC actually *receives* the case binder. Mortgagees must consider mailing and processing times when submitting case binders to the HOC. Mortgagees may determine the date the case binder was received and logged in by the HOC by reviewing the case status screen using the FHA Connection.

Upon receipt of a case involving a late request for endorsement, the FHA will review the lender’s certification and make a determination to accept or reject the request. If the FHA’s review indicates that the degree of risk to the Department is not greater than 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 the FHA was demonstrably responsible for a delayed request for endorsement. If, in the appropriate HOC’s judgment, the delay in submission was entirely the FHA’s fault, the lender is not required to submit the item identified in Paragraph 3-3.

3-2 CASES SUBMITTED FOR RECONSIDERATION AFTER NOR

If the HOC returns a case binder to the lender by issuing a NOR (or subsequent NOR), the HOC must receive the reconsideration request for insurance endorsement within the original 60-day window, or 30 days from the date of issuance of the original NOR, whichever is greater. Cases resubmitted after the expiration of the applicable date must follow the late request instructions in paragraph 3-3. Also, should the issuance of a subsequent NOR result in the mortgage lender’s resubmission being received after the original 60 day period or the 30 day period set forth for the original NOR, whichever is later, the late endorsement instructions set forth in paragraph 3-3 must be complied with.

3-3 LATE REQUEST FOR ENDORSEMENT CERTIFICATIONS BY THE LENDER

When submitting a late request for endorsement, under the circumstances described below, the mortgagee is required to include a dated certification, signed by a representative of that mortgagee on company letterhead, which includes the mortgagee’s complete address and telephone number. This certification must be specific to the case being submitted, i.e., identify the FHA case number and the name(s) of the borrower(s) and state that:

1. At the time of this certification, no mortgage payment is currently unpaid more than 30 days and;
2. 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;
3. The mortgagee 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.

If the payment due for the month *before* the mortgagee submitted the loan for endorsement has yet to have been received, that mortgage is not eligible for endorsement. 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.

Examples of Late Endorsement Processing and Requirements

The following examples illustrate the procedures for late request for mortgage insurance endorsement:

1. Mortgage closed June 4th with first payment due August 1st.
 - a. No certification is required if the mortgage insurance application is received for endorsement on or before August 31st. Please note, however, if the mortgage case binder is sent back to the mortgagee due to a Notice of Return (NOR) and the mortgagee is not able to respond correctly before the later of 30 days or when the certification period begins (September 1st in this example), the certification will be required.

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