

ESTABLISHING DATES FOR REQUIRED RECERTIFICATIONS (SECTION 235)

1. Anniversary Date of the First Payment Due Under the Mortgage. This date remains constant for the life of the mortgage. If the mortgagee chooses to use this date as the mortgage anniversary date for recertification purposes, the recertification workload should remain constant throughout the year, regardless of the number of mortgages being serviced, but it might prove necessary to adjust assistance payments more than once a year because of changes in the mortgage payment at other than the anniversary date.

2. An Arbitrary Anniversary Date Selected by the Mortgagee. The mortgagee may establish a mortgage anniversary date of its choice, to be applied to all Section 235 mortgages serviced by the mortgagee or its branch offices. If this option is selected, all recertifications will be processed during the same 90-day period each year, regardless of the number of mortgages being serviced. The system may prove beneficial to mortgagees with small portfolios or portfolios representing relatively restricted geographic areas, where all escrow accounts are analyzed at the same time. A mortgagee which chooses to establish an arbitrary anniversary date must meet the following conditions:

a. A single arbitrary anniversary date must be selected to replace the anniversary of the first payment due under the mortgage, but only for the specific purposes described in b below.

b. This date must be substituted for the anniversary of the first payment due under the mortgage, for the purpose of all actions required by Chapter 10 of this Handbook and any subsequent instructions relating to the administration of mortgages insured under Section 235.

c. The date must be the first day of a month before the first anniversary of the mortgagee's acquisition of servicing of its first mortgage insured under Section 235.

d. The establishment of an arbitrary anniversary date for recertification purposes may not be accomplished in such a way as to result in a period of more than 15 months elapsing between recertifications.

e. A statement referring to this Handbook and including evidence of

the established anniversary date must be made a permanent part of the file related to each affected mortgage. The following is suggested as acceptable language for such a statement: "For the purpose of annual recertifications of income and related actions, (date) has been established as the anniversary date of this mortgage, in accordance with the permission granted by Appendix 23 of HUD Handbook 4330.1 REV."

f.If the servicing of any affected mortgage is transferred to another servicer, the losing servicer must notify the mortgagor, no later than ten days after the transfer, that the servicing has been transferred and that he will subsequently be required to recertify according to a schedule used by the new servicer.

g.Once an arbitrary anniversary date has been established, it may not be changed without the written permission of the local HUD office in the area where the mortgagee is located. Requests for permission to change anniversary dates must include a full justification for the change and a statement as to the number of Section 235 mortgages which were being serviced when the arbitrary date was established and the number being serviced when the request for change is submitted. Normally, requests for a change from one arbitrary date to another will be disapproved, and requests for a change from an arbitrary date to the anniversary date of the first payment due under the mortgage will be approved only if there has been a significant increase in the size of the Section 235 portfolio since the arbitrary date was established.