

## CHAPTER 4

### CANCELLING CASES AND TRANSFERRING CASE NUMBERS

- 4-1 **CANCELLING CASES.** The lender must notify the appropriate HOC via FHA Connection, or its functional equivalent, to close outstanding files and cancel the FHA case number if the origination and closing of a loan will not be completed or if FHA mortgage insurance endorsement will not be sought.
- 4-2 **TRANSFERS OF CASE NUMBERS BETWEEN LENDERS.**
- A. **New Lender.** Lenders are expected to cooperate in the transfer of case numbers. At the request of a borrower, the case number is to be assigned to the new lender using the Case Transfer function in FHA Connection. The transferring lender is not entitled to a fee for the transfer of a streamline refinance case number, regardless of the stage of processing the loan is in. The transferring lender may be entitled to any lock-in fee collected from the borrower at the time of application. The transferring lender is required to provide the new lender with the appraisal but is not required to provide any processing documents. If processing documents are transferred, the fee for providing these documents is to be negotiated between the lenders. No separate charge to the borrower is authorized for this transfer.
  - B. **New Borrower Using an Existing Appraisal.** If the transfer is made for a new borrower to use an existing appraisal, the new lender is to collect an appraisal fee from the new borrower. The appraisal fee is sent to the original lender who, in turn, is to refund the fee to the original borrower.
  - C. **Rejected Loan.** If the transfer involves a rejected loan, the original lender must complete the Mortgage Credit Reject function in FHA Connection prior to transferring the loan.
  - D. **Master Appraisal Report (MAR), Form HUD-91322.1.** In the case of a MAR, the transferring lender is only entitled to a pro-rata share of the cost of the MAR. For example, if the MAR is for 100 units and cost \$10,000, the new lender would pay the transferring lender \$100. While a lender may have provided resources to obtain the MAR in anticipation of capturing most – if not all – of the individual mortgage loans, it may not deny an appraisal assignment request to a borrower who wishes to use an alternative mortgage lender.