CHAPTER 1. GENERAL

1-1 General
1-2 Use of this Handbook
1-3 Authorities and Responsibilities
1-4 Quotas

CHAPTER 2. ELIGIBILITY CRITERIA

2-1 General
2-2 Mortgages Ineligible for Assignment Consideration
2-3 Who May Apply for Assignment?
2-4 Criteria to Determine Eligibility
   A. Criterion One - Lender informed the borrower that it
      intends to foreclose
   B. Criterion Two - At least three full monthly installments
      are due and unpaid ....
   C. Criterion Three - Property is the borrower's principal
      residence
   D. Criterion Four - Borrower does not own other property
      subject to a mortgage insured or held
      by the Secretary
   E. Criterion Five - Circumstances beyond the borrower's
      control caused the default ....
   F. Criterion Six - There is a reasonable prospect that
      the borrower will be able to resume
      full mortgage payments....
2-5 Documentation of Eligibility Criteria
2-6 Assignment Recommendation and Acceptance
2-7 Automatic Assignment of Defaulted Mortgages
   on Indian Reservations

CHAPTER 3. INITIAL APPLICATION PROCESS REQUIREMENTS

3-1 General
3-2 Housing Counseling Availability
3-3 Responsibilities of Housing Counseling Agencies
3-4 Responsibilities of HUD Field Offices
3-5 Lender Initial Processing Requirements
3-6 Lender Evaluation of Case
3-7 Lender Assignment Decision
3-8 Overview of Scenarios

CHAPTER 4. SCENARIO ONE REQUIREMENTS
   Lender Recommends Borrower for Assignment

4-1 Scenario One Lender Requirements
4-2 Scenario One Field Office Requirements
4-3 Assignment Decision

CHAPTER 5. SCENARIO TWO REQUIREMENTS
   Lender Does Not Recommend Borrower for Assignment
CHAPTER 6. SCENARIO THREE REQUIREMENTS
Borrower Does Not Respond to Lender Assignment Packet
- Applies Directly to HUD

6-1 Scenario Three Lender Requirements 6-1
6-2 Scenario Three Field Office Requirements 6-2
6-3 Assignment Decision 6-6

CHAPTER 7. ASSIGNMENT DECISION NOTIFICATION

7-1 Positive Decision Notification 7-1
7-2 Negative Decision Notification 7-1

CHAPTER 8. APPEAL PROCESS

8-1 Scheduling the Appeal 8-1
8-2 Telephone and Mail-in Appeals 8-1
8-3 Pre-Appeal Conference Responsibilities 8-1
8-4 Conducting the Appeal Conference 8-2
8-5 Failure to Appear 8-3
8-6 Final Appeal Decisions 8-3

CHAPTER 9. GENERAL PROCESSING GUIDELINES

9-1 Returning Cases to Mortgagees for Additional Servicing 9-1
9-2 Time Limits 9-2
9-3 Good Cause 9-2
9-4 Communication With Borrowers 9-4
9-5 Date of Default 9-5
9-6 Verification of FHA-insurance 9-6
9-7 Inspection for Damage 9-7
9-8 Assignment Processing and Bankruptcy 9-8
9-9 Assigning the Mortgage 9-9
9-10 Changed Circumstances After Assignment is Authorized 9-10

CHAPTER 10. FIELD OFFICE RECORD KEEPING AND REPORTING REQUIREMENTS

10-1 Importance of Accurate Records 10-1
10-2 Workload/Controls 10-1
10-3 Organization of Case Files 10-1
10-4 Reporting Requirements 10-2
10-5 File Retention 10-2
APPENDIX A - LETTERS

<table>
<thead>
<tr>
<th>ASGN#</th>
<th>LETTER NAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Borrower Information Packet Cover Letter</td>
</tr>
<tr>
<td>2.</td>
<td>Lender Assignment Packet Cover Letter</td>
</tr>
<tr>
<td>3.</td>
<td>Status Letter #1 - Positive Recommendation to HUD</td>
</tr>
<tr>
<td>4.</td>
<td>Status Letter #2 - No Recommendation to HUD</td>
</tr>
<tr>
<td>5.</td>
<td>Lender Follow-up Assignment Packet Cover Letter</td>
</tr>
<tr>
<td>6.</td>
<td>HUD Assignment Packet Cover Letter</td>
</tr>
<tr>
<td>7.</td>
<td>Letter to the Lender - Mortgage is not FHA-insured</td>
</tr>
<tr>
<td>8.</td>
<td>Field Office Letter to Lender Requesting Missing Documentation</td>
</tr>
<tr>
<td>9.</td>
<td>Letter to Lender when Requested Documentation has not been Received within the Specified Time Frame</td>
</tr>
<tr>
<td>10.</td>
<td>Field Office Request for Additional Information from Borrower</td>
</tr>
<tr>
<td>11.</td>
<td>HUD Assignment Program Flyer</td>
</tr>
<tr>
<td>12.</td>
<td>Letter to Lender Terminating Assignment Evaluation</td>
</tr>
<tr>
<td>13.</td>
<td>Field Office Request for Documentation from Lender (for Scenario Three)</td>
</tr>
<tr>
<td>14.</td>
<td>Field Office Positive Decision Letter</td>
</tr>
<tr>
<td>15.</td>
<td>Assignment Acceptance Letter to Lender</td>
</tr>
</tbody>
</table>
16. Field Office Negative Decision Letter
17. Field Office Appeal Confirmation Letter
18. Post-Appeal Negative Decision Letter to Borrower
19. Post-Appeal Negative Decision Letter to Lender
20. Letter Returning Case to Lender
21. Bankruptcy Conditional Approval Letter to Lender

APPENDIX B - PAMPHLET AND FORMS

<table>
<thead>
<tr>
<th>Form #</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.Pamphlet HUD PA-426-H</td>
<td>Saving Your Home</td>
</tr>
<tr>
<td>2.HUD-92004-G</td>
<td>Request for Verification of Employment</td>
</tr>
<tr>
<td>3.HUD-92068-F</td>
<td>Request for Financial Information</td>
</tr>
<tr>
<td>4.HUD 92201</td>
<td>Appeal/Payment Plan Conference Long</td>
</tr>
<tr>
<td>5.HUD-92203</td>
<td>Lender Transmittal to HUD</td>
</tr>
<tr>
<td>6.HUD-92204</td>
<td>Field Office Checksheet for Positive Lender Recommendations</td>
</tr>
<tr>
<td>7.HUD-92206</td>
<td>Background Data for HUD Assignment of Mortgage</td>
</tr>
<tr>
<td>8.HUD-92207</td>
<td>Mortgage Assignment Program Application</td>
</tr>
<tr>
<td>9.HUD-92208</td>
<td>Analysis of Borrower's Income and Expenses</td>
</tr>
<tr>
<td>10.HUD-92209</td>
<td>Analysis and Documentation of Assignment Eligibility Criteria</td>
</tr>
<tr>
<td>11.HUD-92212</td>
<td>Date of Default Analysis</td>
</tr>
<tr>
<td>12.HUD-92219</td>
<td>Assignment Request Case History Sheet</td>
</tr>
</tbody>
</table>

APPENDIX C - CASE STUDIES

APPENDIX D - FLOWCHARTS OF ASSIGNMENT APPLICATION PROCESS

1.Scenario One: Lender Recommends Borrower for Assignment
2. Scenario Two: Lender Does Not Recommend Borrower for Assignment

3. Scenario Three: Borrower Does Not Respond to Lender Assignment
   Packet - Applies Directly to HUD

APPENDIX E - Government Printing Office (GPO) Bookstores

03/95iv