CHAPTER 5: COINSURED MORTGAGES

5-1 GENERAL.

A. Claims on loans which were originated under the coinsurance provisions of Section 244 of the National Housing Act, 12USC 1715Z-9 and are still within the period of coinsurance must be filed in accordance with the provisions of this Chapter, unless the mortgage has been accepted by HUD for assignment.

Under the coinsurance program the mortgagee does not convey the property to HUD in exchange for insurance benefits. After acquiring the property by foreclosure or deed-in-lieu of foreclosure, the mortgagee sells the property for the best price obtainable. The unpaid principal balance of the mortgage is reduced by the purchase price in computing insurance benefits. If the property is not sold within 6 months after acquisition, the unpaid principal balance is reduced by the appraised value of the property. HUD and the mortgagee share any loss arising out of the mortgage transaction. The lender exposure will be 10% of the actual loss subject to a "stop loss" of one percent of the total face amount of coinsured loans originated by the lender in same calendar year.

B. HUD maintains a Coinsurance Reserve Account for each mortgagee by calendar year. A percentage of the annual mortgage insurance premium is credited, and the mortgagee's share of the loss is debited, to this account.

C. Claims for insurance benefits under the coinsurance program may be filed only by an approved coinsuring mortgagee (See 24 CFR 204.5). During the coinsurance period servicing functions must be performed by an approved coinsuring mortgagee. An "approved coinsuring mortgagee" is a mortgagee approved for participation in HUD's mortgage insurance programs and meeting certain special requirements relating to the coinsurance program.

5-2 PERIOD OF COINSURANCE. A mortgage endorsed for coinsurance is coinsured from the date of endorsement to the date the 60th monthly amortization payment is made by the mortgagor. During this period an insurance claim must be filed as provided in this Chapter. After the mortgagor makes the 60th amortization payment, the mortgage becomes fully insured and the coinsurance provisions of the insurance contract terminate. Mortgages in default would be handled as any other fully insured mortgage.
HUD may also agree, on request, to fully insure the mortgage on the date of the 60th scheduled payment if the mortgagee provides forbearance or recasting relief and payments are current under the forbearance or recasting agreement.

If a coinsured mortgage is accepted by HUD for assignment, an insurance claim is filed under the Assignment Claim procedures (Chapter 3).

5-3 TIME REQUIREMENTS. The mortgagee must comply with the following time requirements when submitting a claim during the coinsurance period. Failure to comply will result in curtailment of interest to the date the action should have been taken or to the date to which it was extended by HUD (24 CFR 204.322(j)).

A. Foreclosure Initiation. Institute foreclosure proceedings or other action to acquire the mortgaged property within one year from the date of default, unless an extension of time is approved in writing. (See paragraph 2-2A for more detailed information).

B. Notice to HUD. Provide written notice to HUD that foreclosure has been instituted. The notice must be provided within 30 calendar days of the institution of foreclosure. This requirement is satisfied only by submission of complete and correct HUD Form 92068A, the monthly Single Family Default Monitoring System (SFDM5) report.

C. Prosecuting Foreclosure. 24 CFR 204.302 requires the mortgagee to "exercise reasonable diligence in prosecuting such proceedings to completion." The provisions of paragraph 2-2 relating to reasonable diligence in prosecuting foreclosure in conveyance claims are applicable to coinsurance claims.

D. Notice of Acquisition. Submit the notice of acquisition of title to the local HUD office within 15 calendar days of acquisition of good and marketable title to the property. A copy of the notice shall be included in the claim review file.

E. Sale of Property. Take possession of, repair and sell the property for the best price obtainable within 6 months after date of acquisition of marketable title. If the property is not sold, notify the local HUD office at least 15 calendar days prior to the expiration of the six-month period. A copy of the notice, if applicable, shall be included in the audit file. The local HUD office will provide an appraised amount that must be used when the property has not been sold.

F. Submit Claim to HUD. Complete all Parts of Form HUD-27011 within 15 calendar days after the sale of the property, or within 15 calendar days of
receipt of the notice of the appraised value for properties not sold within six months after the date of acquisition of marketable title. The following distribution must be made:

1. Forward Parts A, B, the MIC (originals) and copies of Part C, D and E to HUD Headquarters, no later than 15 days from the date of sale or appraisal (Item 10).

2. Forward copies of Parts A and B and the original of Parts C, D and E to the attention of the Single Family Loan Management Branch in the local HUD office on the same day the originals are forwarded to Headquarters.


5-4 EXTENSION OF TIME REQUIREMENTS. If the mortgagee cannot comply with the above requirements for a particular action because of circumstances beyond its control, it should submit a request for an extension of time to the local HUD office. The request should be made as soon as possible before the time limit for that action expires (See paragraph 1-6). The time for filing a claim will not be extended.

5-5 ACQUISITION OF TITLE. The mortgagee shall initiate and complete foreclosure (or shall acquire title by voluntary conveyance) and two-thirds of the costs will be included in insurance benefits as in Conveyance Claims (Chapter 2) except that the title will not be conveyed to the Secretary by the mortgagee nor by direct conveyance.

5-6 PROTECTION AND PRESERVATION OF PROPERTY. The mortgagee shall protect and preserve the property, as provided in paragraph 2-11, from the time it acquires title to date the property is sold by the mortgagee or to six months after the date of acquisition, whichever first occurs.

5-7 REPAIRS TO THE PROPERTY. The mortgagee may make necessary repairs prior to the sale of the property (or prior to the six month sale limitation) but the repairs shall not exceed:

A. Repairs required by local law.

B. Repairs required to meet the objectives of the FHA Minimum Property Standards.

C. Repairs specifically approved in advanced by HUD.
5-8 SALE OF THE PROPERTY. The mortgagee must sell the property (with settlement completed) for the best price obtainable no later than six months after the date it acquired title. Reasonable and customary closing costs may be included in computing insurance benefits and should be entered in Item 408 of Part E.

5-9 UNSOLD PROPERTIES. If the property is not expected to be sold within six months after acquisition of title, the mortgagee must notify the local HUD office at least 15 days prior to the expiration of the six month period. The field office will arrange for an independent appraisal of the property. The appraised value reported to the mortgagee will be used in lieu of the sale price for purposes of claim settlement.

5-10 COSTS. Expenditures made by the mortgagee in acquiring, protecting and repairing the property will be entered in Parts C and D as in conveyance claims. Items 405 through 408 of Part E will be used to claim costs and reimbursements at the closing of the sale or on the date of the appraisal notice if the property is not sold. Expenses claimed in Parts C and D should not be entered in Part E. If the claim settlement is based on appraised value rather than sales price, there should be no entry in Item 408.

5-11 INTEREST. HUD will compute the amount of debenture interest and mortgage interest to be paid to the mortgagee. The interest will be computed on the unpaid principal balance of the mortgage. No interest is paid on expenses or advances.

A. Debenture interest will be computed at the rate in effect on the date of the Mortgage Insurance Certificate. It will be computed from the date of default to the date the mortgagee acquires title to the property.

B. Mortgage note interest will be computed from the date the mortgagee acquires title to the property to the date the claim for insurance benefits is processed for payment. If the property is sold, mortgage note interest will be calculated on the full unpaid principal balance from the date of acquisition of title (Item 9) to the date of the sale (Item 10) and will be paid on the unpaid principal balance minus the sale proceeds from the date of the sale to claim settlement.

C. If the mortgagee fails to meet any of the time requirements identified in paragraph 5-3, debenture interest will be computed only to the date on which the action should have been taken or to which it was extended in writing by HUD.

5-12 CLAIM PAYMENT.

A. Upon receipt of Parts A and B, Form HUD-27011, and the required attachments in Headquarters, HUD will pay (subject to a reserve account
limitation described below) to the mortgagee the unpaid principal balance of the mortgage and amount determined by:

1. Adding the following items:
   a. Allowable costs and advances.
   b. Debenture interest on the unpaid principal balance from the date of default to the date of acquisition of marketable title.
   c. Mortgage interest on the unpaid principal balance from the date of acquisition of marketable title to the date the claim is paid. (The unpaid principal balance is reduced by the sale price when calculating interest from the date of the sale to settlement).
   d. Payments made by the mortgagor for allowable repairs, preservation and maintenance.
   e. Allowable sales expense.
   f. Allowable overhead costs from the date of acquisition of title to the date of disposition or appraisal of the property.

2. Deducting the following items:
   a. All amounts received by the mortgagee on account of the mortgage after institution of foreclosure or deed-in-lieu of foreclosure.
   b. All amounts received by the mortgagee from any source relating to the property on account of rent or other income after deducting handling expenses.
   c. All cash retained by the mortgagee for the account of the mortgagor that have not been applied to reduction of principal.
   d. All amounts received by the mortgagee relating to the sale of the property or the appraisal value of the property.

B. HUD is responsible for 90% of approved claim and the coinsuring mortgagee is responsible for 10%. HUD will pay 90% of the calculated claim amount immediately upon approval of the claim. Then HUD will check the appropriate reserve account to see if it contains a sufficient cash balance to cover the originating mortgagee's 10% share. If it does, HUD will transfer the funds out
of the reserve account and pay the mortgagee the remaining 10% of the claim. If there is not sufficient cash in the reserve account, HUD will disburse an amount equal to the reserve balance only, if any. However, since the mortgagee's liability is limited to one percent of the total amount of coinsurance loans insured for each calendar year, if the reserve account has already been charged with one percent of the total principal balance of all loans for that year, HUD will pay the remaining 10% of the claim.

5-13 DOCUMENTS TO BE SUBMITTED.

It is very important that all required documentation be forwarded to the appropriate locations in a timely manner. Failure to meet any of the documentation requirements could jeopardize all or part of the claim reimbursement. The various documentation requirements imposed on the mortgagee are designed to provide critical control and notification functions which enable HUD to expedite the payment of a claim.

The following documents must be sent to HUD Headquarters or the local HUD office within one of the following time requirements (whichever is applicable): Within 15 days after the Sale of the Property; or Within 15 Calendar Days of the Receipt of the Notice of the Appraised Value for Properties Not Sold Within 6 Months After the Date Marketable Title Was Acquired:

A.TO HUD HEADQUARTERS

1. The original Parts A and B
2. The original Mortgage Insurance Certificate (MIC)

B.TO THE LOCAL HUD OFFICE, ATTN: SINGLE FAMILY LOAN MANAGEMENT BRANCH

1. Copies of Parts A and B
2. The original Parts C, D and E

Note: A copy of Parts A, B, C, D and E and all supporting documents must be retained in the audit file (See paragraph 1-8).

The following Table (Table 5-1) illustrates the document submission requirements for conveyance claims.
5-14 CLAIM PREPARATION - COINSURANCE. A coinsured mortgage becomes fully insured on the date the 60th monthly amortization payment is made by the mortgagor. If it becomes necessary for the mortgagee to foreclose upon a defaulted coinsured mortgage prior to becoming fully insured and the mortgagee chooses to file a claim for insurance benefits, the mortgagee must follow the requirements outlined in this chapter. After the mortgagor has made the 60th monthly payment, the loan becomes fully insured and the claim is filed as a conveyance or assignment, as applicable (24 CFR 204.251(k),(l)). For further reference, see Handbook 4205.1, Single Family Coinsurance Program.

The claim must be completed as described below using Form HUD-27011, Single Family Application for Insurance Benefits. In order to avoid delay in payment, the claim must be complete and accurate and contain all information requested. Note paragraph 1-3 concerning pre-screening of applications.

In many instances the instructions provided in Chapter 2, Conveyances, apply equally in coinsurance cases. When this occurs the words "Same As Conveyance" appear after the Item title and the conveyance instructions for that item are repeated verbatim for convenience.

A. Instructions for the Completion of HUD Form 27011, Part A, Initial Application. The following item by item instructions are to be used when completing HUD Form 27011, Part A, for coinsurance claims.

PART A

INITIAL APPLICATION

Item 1  Claim Type. Place an "X" in the space for Claim Type 04 = Coinsurance unless the claim is submitted as a fully insured Conveyance (01) or Assignment (02).

Items 2  
and 3  FHA Case Number and Section of Act Code (Same as
Conveyance). Enter the FHA Case Number and the ADP code for the Section of the National Housing Act under which the mortgage was insured. There are five acceptable FHA case number formats which are illustrated below, including the Section of the Act (SOA) ADP codes. The format of each FHA insured case number appears on the

Mortgage Insurance Certificate or the advanced notice of S/F Annual MIP unless the case is included in CHUMS, in which case, see "5" below.

(1)  X X X - X X X X X X X X  X X X
    FHA Case No.           SOA ADP Code

(2)  X X - X X X X X X X X  X X X
    FHA Case No.           SOA ADP Code

(3)  X X X X X X X X - X X  X X X
    FHA Case No.           SOA ADP Code

(4)  X X X - X X X X X X X X  X X X
    FHA Case No.           SOA ADP Code

(5)  X X X X X X X X X X X X  X X X
    FHA Case No.           SOA ADP Code
    (used in CHUMS)

Item 4 Default Reason Code (Same As Conveyance). Enter the applicable code number from the default reasons listed below. If code 15 is used, explain the reason on the reverse of Part A under "Mortgagee's Comments."

<table>
<thead>
<tr>
<th>CODE</th>
<th>REASON</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>=Death of a principal mortgagor</td>
</tr>
<tr>
<td>02</td>
<td>=Illness of a principal mortgagor</td>
</tr>
<tr>
<td>03</td>
<td>=Illness of mortgagor's family member</td>
</tr>
<tr>
<td>04</td>
<td>=Death of mortgagor's family member</td>
</tr>
<tr>
<td>05</td>
<td>=Marital difficulties</td>
</tr>
<tr>
<td>06</td>
<td>=Curtailment of income (Reduction of income of a borrower)</td>
</tr>
</tbody>
</table>
07 =Excessive obligations - Same income, including habitual non-payment of debts

08 =Abandonment of property
09 =Distant employment transfer
10 =Neighborhood problem
11 =Property problem
12 =Inability to sell property
13 =Inability to rent property
14 =Military service
15 =Other

Item 5  Endorsement Date (Same as Conveyance).  Enter the endorsement date that appears on the Mortgage Insurance Certificate.

Item 6  Date Form Prepared.  Enter the date this form is completed and submitted to HUD.  To avoid debenture interest curtailment, Part A must be submitted within 15 days of the date of sale closing or receipt of the appraisal if the property is not sold.

Item 7  Due Date of First Payment to Principal and Interest (Same as Conveyance).  Enter the date the first payment to Principal and Interest is due. Obtain this date from the mortgage note.

Item 8  Due Date of Last Complete Installment Paid (Same as Conveyance).  Enter the date the last complete installment paid was due, not the date it was paid.  This item should be taken from the payment ledger.  If no payments have been made, enter the date in Item 7 (Due Date of the First Payment to Principal and Interest).
Note that the date in this item will always be the first of the month.

Item 9 Date of Possession and Acquisition of Marketable Title. Enter the date of acquisition of good and marketable title to the property.

Item 10 Date Deed or Assignment Filed for Record or Date of Closing or Appraisal. Enter the date of sale closing or the date of receipt of notice of the appraised value. If the date exceeds 6 months from the date in Item 9, an extension should be obtained from the local HUD office and entered into Item 20.

Item 11 Date Foreclosure Proceedings (a) Instituted or (b) Date of Deed In Lieu (Same As Conveyance). Check the appropriate box and enter the date of the first public action taken which was required by law to initiate foreclosure (e.g., filing a complaint or petition, recording a notice of default, or publication of a notice of sale) or the date the deed-in-lieu was recorded, whichever is applicable. If foreclosure was instituted and a deed-in-lieu was then obtained, check both blocks and enter both dates. If the foreclosure action was nullified under state law by the filing of a bankruptcy petition, enter the date on which the foreclosure action was re-instituted.

Item 12 Holding Mortgagee Number (Payee) (Same as Conveyance). Enter the complete 10-digit mortgagee number of the holding mortgagee.

Note: This number determines the payee's name and the address to which the insurance benefits check and claim payment data are mailed.

Item 13 Servicing Mortgagee Number (Same as Conveyance). Enter the complete 10-digit mortgagee number of the servicing mortgagee.

Note: This number determines the name and address to which all computer generated letters and claim payment
data is mailed. Information will be mailed only to the holding mortgagee if this item is not completed.

Item 14 Mortgagee Reference Number (Same as Conveyance). Enter the loan number (maximum 15 digits) used by the mortgagee for identifying the case if any. This number will be printed on the benefits check. If the mortgagee is FNMA or GNMA, the FNMA or GNMA loan number must be entered.

Item 15 Original Mortgage Amount (Same as Conveyance). Enter the original mortgage amount. This figure should be taken from the mortgage note. If there has been a recast of the mortgage, make a notation of the recasting on the reverse side of Part A under "Mortgagee's Comments" and make reference to 24 CFR 203.342.

Item 16 Holding Mortgagee EIN (Same as Conveyance). Not applicable.

Item 17 Unpaid Loan Balance as of Date in Item 8 (Item 11 if coinsurance) (Same as Conveyance). Enter the unpaid mortgage balance after crediting the last complete monthly installment paid. This figure is taken from the mortgagee's payment ledger. Partial payments insufficient to complete a full monthly installment are to be reported in Part B, Item 109 as escrow funds.

Item 18 Date of Firm Commitment. Not applicable.

Item 19 Expiration Date of Extension of Foreclose/Assign (Same As Conveyance). If an extension of time is requested by the mortgagee and granted by the local HUD office, enter the expiration date of that extension. The extension must be in writing. See paragraph 1-6.

If bankruptcy is involved or if state or local laws delay action, the mortgagee need not obtain approval to extend the date to begin foreclosure, enter the date 60 days after the date of the release of bankruptcy, unless an additional extension period is approved by the local HUD office. The latest extension date must always be entered. This 60 day extension is only applicable...
when the bankruptcy precluded initiation of foreclosure within the timeframe. See paragraph 2-16.

Item 20 Date of Notice/Extension to Convey. Enter the date of the extension of time for closing or for requesting appraisal, if applicable.

Item 21 Date of Release of Bankruptcy. If Applicable

Item 22 Is Property Vacant? Yes or No - Not applicable.

Item 23 If Item 22 is "No," Date of Local HUD Office Approval - Not applicable.

Item 24 Is Property Conveyed Damaged? Yes or No - Not applicable.

Item 25 If Item 24 is "Yes," Date of (a) Local HUD Office Approval (Pursuant to 203.379(a)) or (b) Certification (pursuant to 203.379(b)) - Not applicable.

Item 26 Type of Damage - Not applicable.

Item 27 Recovery or Estimate of Damage - Not applicable.

Item 28 Is Mortgagee Successful Bidder? Yes or No - Not applicable.

Item 29 Deficiency Judgment Code. Not applicable.

Item 30 Authorized Bid Amount. - Not applicable.

Item 31 Mortgagee Reported Curtailment Date (Same as Conveyance. If the mortgagee failed to comply with a time requirement for any of the following circumstances a) reasonable diligence, b) notice of foreclosure, or c) failure to initiate foreclosure within one year of default and subsequent payments advance the default date, enter
the date the action should have been taken. If there was more than one failure, enter the earliest date on which a required action should have been taken.

Item 32 Schedule of Tax Information. Not applicable.

Item 33 Mortgagor's Name, Social Security Number and Property Address (Same as Conveyance). Enter the name of the mortgagor in default as it appears on the ledger record. Enter the property address as it appears on the security instrument or the mortgage insurance certificate.

Enter the social security numbers of all mortgagors, if known. At least one social security number is required. See paragraph 1-8 for additional information.

Item 34 Brief Legal Description of Property (Same as Conveyance). Enter a brief description of the property. This information is found on the mortgage which should agree with the deed to HUD.

Item 35 Name and Address of Mortgagee (Same as Conveyance). Enter the name and address of the mortgagee, including the ZIP code.

Item 36 Name and Address of Mortgagee's Servicer (Same as Conveyance). Enter the name and address of the mortgagee's servicer, including the ZIP code, if applicable. Include the name and telephone number of a contact person who can answer questions about the claims.

Items 37 and 38 Mortgagee Official Signature, Date and Title, and Servicer Signature, Date and Title (Same as Conveyance). The claim must be signed and dated by an official of the holding mortgagee if the holding mortgagee is filing the claim. If a servicer is filing the claim on behalf of the mortgagee, an official of the servicer must sign and date the form. The application must be
complete when signed and the actual date signed must be entered by the signing official. The application will be returned if it is not signed or if it contains a stamped or duplicated signature.

* Note to signing official: Please be sure you have read and understand the certifications on the HUD Form-27011 before signing and dating. If your system prints the date in items 37 and 38, check to ensure this is the date you are signing the form. Also check the submission date in item 6 to ensure it does not reflect an earlier date. The date in item 6 should be the same date as item 37 or item 38. *

Item 39 Amount of Monthly Payment to: (a) FHA insurance, (b) Taxes, (c) Hazard Insurance and (d) Interest and Principal. Not applicable to coinsurance claims.

Item 40 If Bankruptcy Filed, Enter Date (Same as Conveyance). Enter the date of the last bankruptcy action. This is required if Item 21 is completed.

Note: If foreclosure is not commenced within one year from the date of default because of bankruptcy, the mortgagee is granted an extension of sixty days after release of bankruptcy to initiate foreclosure.

Item 41 If Conveyed/Assigned Damaged, Date Damage Occurred. Not applicable.

Item 42 Date HIP Canceled or Refused, if Applicable. Not applicable.

Item 43 Number of Living Units. Not applicable.

Item 44 Status of Living Units. Not applicable.

Mortgagee's Comments, if Any. Use this area to justify unusual circumstances as well as other information required by the instructions.

HUD's Comments, if any. HUD USE ONLY.
B. Instructions for the Completion of HUD Form 27011, Part B, Fiscal Data. The following item-by-item instructions are to be used when completing HUD Form 27011, Part B, for coinsurance claims. Prepare this Part after Parts C, D and E have been completed. The information entered in this Part is transferred from Parts C, D and E.

PART B

FISCAL DATA

Item 100        Mortgagor's Name and Property Address. (Same as Conveyance) Enter the mortgagor's name and property address as they appear in Item 33 of Part A.

Items 101 and 102 FHA Case Number and Section of Act Code (Same as Conveyance). Enter the FHA Case Number and Section of the Act Code as they appear in Items 2 and 3 of Part A.

Item 103        Mortgagee's Reference Number (Same as Conveyance). Enter the mortgagee's Reference Number as it appears in Item 14 of Part A.

Item 104        Date Form Prepared (Same as Conveyance). Enter the date Part B is prepared and submitted to HUD.

Item 105        Expiration Date to Submit Title Evidence, if Applicable. Not applicable.

Item 106        Check if Supplemental. Not applicable.

Item 107        Adjustment to Loan Balance (if different from block 17 on Part A). Not applicable.

Item 108        Sale/Bid Price or Appraisal Value. Enter the sales price or the appraised value of the property, as applicable.

Item 109        Escrow Balance (as of Date in Block 10, Part A). Enter the amount remaining in the escrow account as of the date of closing or appraisal notice, partial payments, hazard insurance premium refunds, escrows for on-site repairs, buydown money, etc. Do not enter a negative balance.

Item 110        Total Disbursements for Protection and
Preservation from Line 264, Part C (Same as Conveyance). Enter the total amount of disbursements appearing in Part C, Item 264. Note on the reverse side of this Part any authorization obtained from the local HUD office for approvals to exceed allowable amounts.

Item 111        Total Disbursements from line 305, Part D. Enter the total amount appearing in Part D, Item 306.

Item 112        Attorney/Trustee Fees Paid From Line 306, Part D. Enter the total amount appearing in Part D, Item 306. HUD WILL CALCULATE THE TWO-THIRDS ALLOWANCE.

Item 113        Foreclosure, Acquisition, Conveyance and Other Costs from Line 307, Part D. Enter the total amount appearing in Part D, Item 307. HUD WILL CALCULATE THE TWO-THIRDS ALLOWANCE.

4330.4                                                 COINSURANCE

Page 5-179/94

Item 114        Bankruptcy Fee (if applicable) from Line 310, Part D. Enter the amount of bankruptcy fees appearing in Part D, Item 310. HUD WILL CALCULATE THE TWO-THIRDS ALLOWANCE.

Item 115        Rental Income (Same as Conveyance). Enter any income from the rent of the property between the date foreclosure proceedings were instituted (or property otherwise acquired) and the date of closing.

Item 116        Rental Expense (Same as Conveyance). Enter rental expenses incurred, if any. If there is no entry in Item 115, make no entry in this item.

Item 117        Total Taxes on Deed from Line 308, Part D (Same as Conveyance). Enter the total amount paid and shown in Item 308, Part D.

Item 118        Recovery or Damage (if not reported on Part A). Use Line 119 if Reported on Part A. If insurance recovery has been received and all funds have not been expended, enter the amount of remaining funds.

Item 119        Estimate or Recovery from Part A. Not applicable.

Item 120        Special Assessments (DO NOT USE FOR COINSURANCE) from Line 309, Part D. Not applicable.
Item 121  Mortgage Note Interest. Mortgage note interest from the date of acquisition of title to the date of settlement will be computed by HUD. It should not be claimed on this line. An entry should be made on line 121 only if a mortgagor fails to meet the requirements of a special forbearance agreement and the failure continues for at least 60 calendar days. See Paragraph 2-18.

From. Enter the date of the last completely paid installment after all funds received under the agreement are applied according to the terms of the mortgage (Item 8, part A). If no mortgage payments were made, enter a date 30 days prior to the due date of the first scheduled payment (Item 7, Part A).

To. Enter the earliest of the following dates:

1. the date of institution of foreclosure proceedings;

2. the date of acquisition of title and possession by deed-in-lieu of foreclosure;

3. 90 calendar days following the date the mortgagor fails to meet the requirement of the forbearance agreement; or

4. such other date as the local HUD office may approve in writing prior to expiration of the 90 calendar day period (24 CFR 203.402a).

Rate. Enter the mortgage interest rate as it appears on the mortgage note.

Compute the amount of mortgage interest due as instructed in Paragraph 2-19 and enter in Column C.

Coinsurer are also entitled to mortgage interest on the unpaid principal balance from the date of acquisition of title to the date of the insurance benefits payment (203.322(k)) but the coinsurer should not enter this amount. HUD will calculate the mortgage interest on the principal balance.

Item 122  Mortgage Insurance Premiums (Same as Conveyance).
Enter total from Item 311, Part D.

Item 123        Unapplied Section 235 Assistance Payments. Not applicable.

Item 124        Overpaid Section 235 Assistance Payments.

Page 5-199/94

4330.4                                                 COINSURANCE

Not applicable.

Item 125        Overhead Costs. Enter the amount paid for overhead costs from Item 405, Part E.

Item 126        Uncollected Interest (Approved Forbearance Agreements Only). Not applicable.

Item 127        Amount Due from Buyer in Column A Closing or at Appraisal Notice Date. Enter the amount due from buyer, or would be due from buyer, if the property was sold, from Item 406, Part E.

Item 128        Amount Owed to Buyer in Column B Closing or at Appraisal Notice Date. Enter the amount due to the buyer, or would be due to the buyer, if the property was sold, from Item 407, Part E.

Item 129        Additional Closing Costs. Enter additional expenses incurred at closing from Item 408, Part E.

Item 130        Appraisal Fee. Not applicable.

Item 131        Deficiency Judgment Costs/Fees. Not applicable.

Item 132        Reserved.

Item 133        Contact: Holding Mortgagee, Name and Telephone Number; or Contact: Servicing Mortgagee, Name and Telephone Number (Same as Conveyance). Enter the name and telephone number of a person in the holding or servicing mortgagee's office who can answer questions concerning the information reported on this claim form. Include the Holding Mortgagee number which you entered in Item 12 of Part A. Reserved.

Items 134 and 136        Enter the totals of Columns A - Deductions; B - Additions; and C - Interest.
Item 137  Net Claim Amount (Columns B - A + C). The amount HUD actually pays will differ from what the mortgagee enters here because of possible curtailments, disallowed expenses, HUD's calculation of two-thirds allowances on attorney/trustee fees, foreclosure costs and bankruptcy fees, and additional debenture interest calculated by HUD to the date of claim settlement.

Items 138 and 139 Mortgagee's Official Signature, Date and Title (signature not necessary if signed by a servicer) and Servicer Signature, Date, and Title. A signature must appear in at least one of these blocks, however, it is acceptable if both the mortgagee and the service wish to sign this form.

PART C

SUPPORT DOCUMENT

The general instructions for the preparation of Part C in conveyance claims are applicable in coinsurance claims except that the property is not conveyed to the Secretary and debenture interest is not paid on expenses. The mortgagee must enter the Date Paid, the Description, Amount Paid and the Total but no entry should be made in the Debenture Interest Columns. Disbursement should include payments from the last completely paid installment to the date of closing or appraisal.

Item 200  Mortgagor's Name and Property Address (Same As Conveyance). Enter the mortgagor's name and property address as they appear in Item 33 of Part A.

Item 201 and 202  FHA Case Number and Section of Act Code (Same As Conveyance). Enter the FHA case number.
and Section of the Act Code as they appear in
Items 2 and 3 of Part A.

Item 203 Mortgagee's Reference Number (Same As Conveyance).
Enter the mortgagee's reference number as it
appears in Item 14 of Part A.

Item 204 Date (Same as Conveyance). Enter the date entered
in Part B, Item 104 if all actions taken by the
mortgagee are within the time requirements or the
automatic extensions specified in Paragraph 2-13
or within the extended time requirements (See
Paragraph 1-3). If the mortgagee failed to comply
with a time requirement (including actions
reported in Part A) or its approved extension,
enter the date the actions should have been taken.
Debenture interest will be computed to this date.
If there was more than one failure, enter the
earliest date on which a required action should
have been taken (See paragraph 2-5c).

Item 205 Debenture Interest Rate. Make no entry.

Item 206 through

Item 261 Disbursements for Protection and Preservation.
Enter all inspection, protection and preservation
expenses for which the mortgagee is not
responsible. This includes debris removal,
replacing broken glass, protecting plumbing and
other operating systems against damage by
freezing, care of lawns and shrubs, repair of
leaking roof, etc. Describe the service
performed, the date it was completed and the date
paid. See paragraph 2-10 and 2-11 for the nature
of reimbursable expenditures and cost limits.
Enter expenses paid to board up the property if
the field office gave prior approval.

Enter the date of each inspection and indicate
whether it is an Initial, Occupancy or Vacancy
inspection. See paragraph 2-11. A copy of an
inspection report must be maintained by the
mortgagee for each inspection itemized.

9/94                          Page 5-22

9/94                          Page 5-22

COINSURANCE                                            4330.4

Date Paid - A separate entry must be made for
each payment. Enter the date the check was
disbursed. If an expenditure or advancement
was made prior to the date of default, enter
the date of default and enter the actual date paid in parentheses following the description (See Paragraph 1-7c).

oDate Work Completed - If date is not available on the invoice, obtain this date from vendor or contractor. This is not necessarily the date of billing, but the actual date the work was completed.

oDescription of Service Performed - Enter a description of the items or types of repairs and services performed, i.e., inspections. Additional space is provided on reverse of form.

oAmount Paid - Actual payment amounts are to be entered. This information will be transferred to Part B, Fiscal Data.

oDebenture Interest - Make no entry. HUD WILL CALCULATE THE DEBENTURE INTEREST.

Item 262 Subtotals (Same As Conveyance). If reverse side of form is used to list protection and preservation costs, add amount paid and debenture interest columns.

Item 263 Subtotals Brought Forward (Same As Conveyance). If reverse side of form is used, bring subtotals appearing in Item 262 to this line.

Item 264 Totals. Total the "amount paid" and "debenture interest" column. Enter the total on Part B, Item 110, Column C when completing Part B, Fiscal Data.

Item 265 and 266 Contact: Holding Mortgagee, Name and Telephone Number; or Contact: Servicing Mortgagee, Name and Telephone Number

___________________________________________________________________________

Page 5-239/94

4330.4 COINSURANCE

___________________________________________________________________________

(Same as Conveyance). Enter the name and telephone number of a person in the holding or servicing mortgagee's office who can answer questions concerning the information reported on this claim form. Include the Holding Mortgagee number which you entered in Item 12 of Part A.

Item 267
and 268 Mortgagee Official Signature, Date and Title (not necessary if signed by servicer) or Servicer Signature, Date and Title (Same As Conveyance). A signature must appear in at least one of these blocks, however, it is acceptable if both the mortgagee and the servicer wish to sign this form.

Mortgagee's Comments, if any - HUD USE ONLY.

D. Instructions for the completion of HUD Form 27011, Part D, Support Document (Continuation 1). The general instructions for the preparation of Part D in conveyance claims are applicable in coinsurance claims except that the property is not conveyed to the Secretary and debenture interest is not paid on expenses. The mortgagee must enter the Date Paid, the Description, Amount Paid and the Total but no entry should be made in the Debenture Interest Column. Disbursements should include payments from the last completely paid installment to the date of closing or appraisal.

PART D

SUPPORT DOCUMENT (CONTINUATION 1)

Items 300 and 301 FHA Case Number and Section of Act Code (Same As Conveyance). Enter the FHA case number and Section of the Act Code as they appear in Items 2 and 3 of Part A.

Item 302 Mortgagee's Reference Number (Same As Conveyance). Enter the mortgagee's reference number as it appears in Item 14 of Part A.

9/94 Page 5-24

COINSURANCE 4330.4

Item 303 Debenture Interest Rate. Make no entry.

Item 304 Date (Same As Conveyance). Enter the date entered in Part B, Item 104 if all actions taken by the mortgagee are within the time requirements or the automatic extensions specified in Paragraph 2-13 or within the extended time requirements (See Paragraph 1-3). If the mortgagee failed to comply with a time requirement (including actions reported in Part A) or its approved extension, enter the date the action should have been taken. Debenture interest will be computed to this date. If there was more than one failure, enter the earliest date on which a required action should
Item 305  Disbursement for HIP, Taxes, Ground Rents and Water Rates (which were liens prior to mortgage), Eviction Costs and Other Disbursements Not Shown Elsewhere. (Do not include any penalties for late payment). Itemize all disbursements in these categories, including for each item the date paid, the period covered, the description, and the amount paid. Do not include disbursements which were paid from available escrow funds. No expense should be incurred after the date of sale or appraisal notice date.

Item 306  Attorney/Trustee Fee. Itemize the fees paid to attorneys and trustees in connection with foreclosure or acquisition of title in the name of the coinsurer. Do not enter fees for bankruptcy or eviction in this item. If the fee for acquisition and conveyance is within the amount HUD approved for the area, do not itemize the elements of the fee. If attorney fees exceed those approved by HUD for routine foreclosures, see paragraph 1-10. HUD WILL CALCULATE THE TWO-THIRDS ALLOWANCE.

Item 307  Foreclosure and/or Acquisition, Conveyance and Other Costs. Enter all disbursements required to vest title to and possession of the property in the name of ____________________________________________________________________________

Page 5-259/94

4330.4  COINSURANCE

___________________________________________________________________________

the coinsurer. These costs must be itemized. If additional space is needed, attach a separate sheet to Part D. HUD WILL CALCULATE THE TWO-THIRDS ALLOWANCE.

Item 308  Taxes on Deed. Enter amounts paid for taxes imposed upon any deeds or other instruments by which the property was acquired by the coinsurer. (Note: Deed taxes should not be included in Item 307).

Item 309  Special Assessments (Do not use for Coinsurance, see Part E). Not applicable. Use items 406 or 407 for special assessments.

Item 310  Bankruptcy. Itemize the bankruptcy fees paid. There must be an entry in Item 40. If the bankruptcy fees exceed those approved by HUD for
routine bankruptcies, see paragraph 1-10. HUD will calculate the two-thirds allowance.

Item 311 Mortgage Insurance Premiums. Itemize all MIP disbursements, including the period covered. Only include the "advanced" MIP disbursements paid after the due date of the last completely paid installment to the date of closing or appraisal notice.

E. Instructions for the Completion of HUD Form 27011, Part E Support Document (Continuation 2). The following item by item instructions are to be used when completing HUD Form 27011, Part E for coinsurance claims.

PART E

SUPPORT DOCUMENT (Continuation 2)

Items 400 and 401 FHA Case Number and Section of Act code (Same As Conveyance). Enter the FHA case number and Section of the Act Code as they appear in Items 2 and 3 of Part A.

Item 402 Mortgagee's Reference Number (Same As Conveyance). Enter the mortgagee's reference number as it appears in Item 14 of Part A.

Item 403 Debenture Interest Rate. Not applicable.

Item 404 Date (Same As Conveyance). Enter the date entered in Part B, Item 104 if all actions taken by the mortgagee are within the time requirements or the automatic extensions specified in Paragraph 2-13 or within the extended time requirements (See Paragraph 1-3). If the mortgagee failed to comply with a time requirement (including actions reported in Part A) or its approved extension, enter the date the action should have been taken. Debenture interest will be computed to this date. If there was more than one failure, enter the earliest date on which a required action should have been taken (See paragraph 2-5C).

Item 405 Overhead Costs. The coinsurance regulations authorize payment to the mortgagee of an amount to compensate for overhead costs not to exceed $40 plus $15 per month, or a part thereof, from the
date of acquisition of title to the date of disposition or appraisal of the property, whichever first occurs.

One Time Charge. _____ Enter an overhead charge not to exceed $40.

Number of Months. _____ Enter the number of months from the date of acquisition of title to the date of sale or appraisal notice date, whichever occurs first, rounded upward to the nearest full month.

Amount $. _____ Enter the monthly charge not to exceed $15. Multiply the monthly charge by the number of months and enter the result in the space provided.

__________________________________________________________

Page 5-279/94

4330.4 COINSURANCE

__________________________________________________________

Total. _____ Add the one-time charge and the total monthly charges and enter the sum.

Item 406 Amounts Due from Buyer at Closing or at Appraisal Notice Date. Enter in the appropriate spaces amounts due from the buyer at closing for taxes, water and special assessments. If the property is not sold, enter the amounts that would be due from a buyer at the appraisal notice date. Do not include any special assessments which become liens before the mortgage was endorsed for insurance if not noted in the applicable for insurance.

Item 407 Amounts Due to Buyer at Closing or at Appraisal Notice Date. Enter in the appropriate spaces amounts owed to the buyer at closing for taxes, water and special assessments, or if the property is not sold, the amounts that would be owed to a buyer at the appraisal notice date. Do not include any special assessments which became liens before the mortgage was endorsed for insurance, if not noted in the application for insurance.

Item 408 Additional Closing Costs at Settlement. Enter additional expenses, if any, in the spaces provided. Do not include any amounts already entered in Part C.

Item 409 Appraisal Fee. Not applicable.

Item 410 Deficiency Judgment Costs/Fees. Not applicable.
Items 411 and 412 Reserved.