
CHAPTER 6. FINAL ENDORSEMENT

- 6-1. RESIGNATION OF NON-OCCUPANT OFFICERS AND DIRECTORS. In Sales Type cases, the file should contain the written resignation of all officers and directors who have not executed Subscription and Purchase Agreements and been accepted as regular members. These resignations should be effective not later than 60 days after the date of endorsement.
- 6-2. EVIDENCE OF SECRETARY'S BENEFICIAL INTEREST IN MORTGAGE. In Sales Type cases, to avoid unnecessary processing by the Comptroller's office, it is suggested that the closing attorney's certificate referred to as well as the certificate of stock and voucher be held by the HUD Field Office for a period of 30 days. If during that period all of the properties have been released from the blanket mortgage, the voucher may then be cancelled and the stock certificate returned to the mortgagor corporation. If, however, such release has not been effected, these papers should then be forwarded to the Comptroller for processing in the usual way.
- 6-3. MORTGAGE RIDER. This is required in Sales Type projects. In insurance upon completion cases the following words should normally be deleted from paragraph one of this instrument: "and provided construction of the improvements required by the Building Loan Agreement between the mortgagor and the mortgagee date_____has been completed in accordance with the terms of said Building Loan Agreement."
- 6-4. AFFIDAVIT REGARDING DELIVERY OF BUILDER'S WARRANTY. In Sales Type cases only, an affidavit should be required of the contractor to the effect that he has executed a warranty on FHA Form 2544 covering each of the dwellings in the project and has delivered same to the mortgagee for distribution to the individuals involved.
- 6-5. BUILDING LOAN AGREEMENT, FHA FORM 2441. In Sales Type projects under Commitment Form 3248A the following cost certification provision should be deleted:
- a. The final eight words of paragraph (13).
 - b. Paragraph (18) in its entirety.