

Endorsing a Single Family FHA Case

The Direct Endorsement (DE) process allows FHA-approved lenders to submit a mortgage insurance application for a loan to a single family, low-to-moderate-income homebuyer. The **Insurance Application** function on the FHA Connection (**Figure 1**) is used to request mortgage insurance for a DE case and to add or update the request information as needed prior to endorsement.

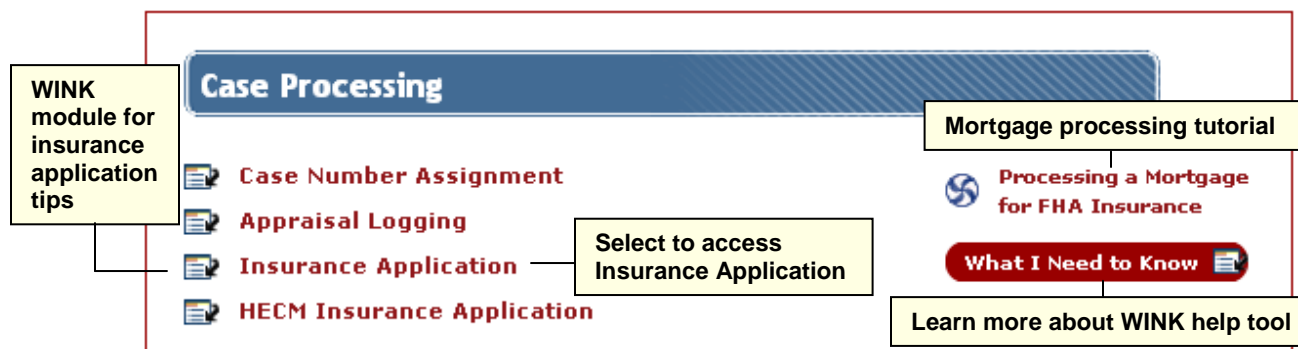



Figure 1: Insurance application available on the Case Processing menu

This **FHA Connection Guide** module provides the following sections to assist you in obtaining FHA mortgage insurance:

- **Basic Prerequisites and Requirements**
- **Insurance Application Processing**, which includes:
 - **Key Steps in Using Insurance Application**
 - **General Information, Worksheet Information, Borrower Information, Mortgage Information**, and **Endorsement Information** section-by-section illustrations and explanations of each part of the online Insurance Application form. These sections also facilitate data entry by mapping the case binder document data to the fields to be completed on the Insurance Application form.
- **Additional Binder Information Sources** provides a listing of possible information sources for insurance application processing.
- **Lender Insurance (LI) Endorsement Processing** provides a high level overview of the LI lender's role and their additional use of **Insurance Application**. LI lenders, lending institutions that apply and qualify for HUD authorization for the Lender Insurance (LI) Forward program, endorse their own traditional (forward) FHA mortgage loans for insurance without a pre-endorsement review by HUD. (In addition to referencing the **Lender Insurance Endorsement Processing** section, LI lenders should read all sections of this **FHA Connection Guide** module for full background.)
- **Insurance Application Results (MIC or NOR)** provides an overview of the endorsement process and briefly discusses insurance denial and resolution steps.

Notes

- For a DE Home Equity Conversion Mortgage (HECM) (reverse) case, use the **HECM Insurance Application** function and refer to the **FHA Connection Guide** module on that topic.
- For training and assistance in using the FHA Connection, refer to the **FHA Connection Guide** modules: **Using the FHA Connection** and **FHA Connection Training Resources**. Specific information pertaining to **Insurance Application** is also available using **What I Need to Know (WINK)** accessed via the  icon located directly adjacent to the **Insurance Application** function on the **Case Processing** menu (**Figure 1**).

Basic Prerequisites and Requirements

In order for a loan to become FHA-insured, the originating lender (or its sponsor/agent) must:

1. establish a case in HUD's origination system. For information on establishing a case, see the **FHA Connection Guide** modules: **Case Processing Overview** and **Case Number Assignment**.
2. complete all **basic case requirements**, including providing complete and accurate borrower information, valid street address, underwriter information, and mortgage credit analysis.
3. provide case-specific "**as required**" information related to an appraisal, upfront mortgage insurance premium (UFMIP), compliance inspection, firm commitment, and property flipping issues. See **Insurance Application WINK (Preparing to Use Insurance Application, Requirements)**.
4. complete the **Insurance Application** and submit the case binder (closing package) to the HUD Homeownership Center (HOC) within 60 days after the closing date of the mortgage. For LI lenders, the case binder is only submitted upon request.

Once the Insurance Application is successfully processed, the case is either endorsed by HUD or issued a NOR (see the **Insurance Application Results (MIC or NOR)** section). LI lenders endorse their own forward mortgage loans for insurance using **Insurance Application** (see the **Lender Insurance Endorsement Processing** section).

Insurance Application Processing

This section begins with the basic steps for processing the FHA Connection online Insurance Application form, and is followed by sections with detailed illustration on completing each section of the form.

Key Steps in Using Insurance Application on the FHA Connection

Follow these basic steps to process the Insurance Application form.

1. Access **Insurance Application** after sign on by following the menu path: **Single Family FHA > Single Family Origination > Case Processing > Insurance Application**. The FHA Connection menu path appears as a "breadcrumb trail" in the red banner at the top of each function page.
2. On the Insurance Application page (**Figure 2**), enter the case number in the **FHA Case Number** field.

Figure 2: Insurance Application query page


3. Successful entry of the case number opens Insurance Application Update to enter or update case information. Data entry on this very detailed page is done using multiple resources found in the case binder.

Note: The information entered on Insurance Application Update is validated against numerous official sources. Entry of incorrect or invalid data or failure to supply information required for the loan type may result in a denial of insurance with the binder returned to the lender by HUD.

4. To assist you with (a) locating the requisite case binder information to enter on Insurance Application Update and (b) processing the FHA Connection's online Insurance Application form itself, refer to the following sections of this module: **General Information, Worksheet Information, Borrower Information, Mortgage Information, and Endorsement Information**. Each section provides processing tips followed by mapping illustrations of the inputs from the three key case binder resources:

- **FHA Loan Underwriting and Transmittal Summary** - form HUD-92900-LT,
-or-
Mortgage Credit Analysis Worksheet (MCAW) - form HUD-92900-PUR or form HUD-92900-WS
(*form use valid until September 30, 2008*)
- **Uniform Residential Loan Application (URLA)** - Fannie Mae Form 1003, Freddie Mac Form 65
- **HUD/VA Addendum to Uniform Residential Loan Application** - form HUD-92900-A

Note: Additional documentation is required for a HOPE for Homeowners loan. See HUD Mortgagee Letter 2008-29, *HOPE for Homeowners Origination Guidance*, and the associated exhibits/attachments that accompany this letter.

For additional data entry assistance, refer to **Insurance Application Help (Steps for Processing and Field Descriptions)**. Click **Help Links**  at the upper right of the Insurance Application Update page (**Figure 3**).

Successful processing of Insurance Application Update and subsequent endorsement results in issuance of the Mortgage Insurance Certificate (MIC). View the MIC using **Mortgage Insurance Certificate** on the Single Family Origination **Case Processing** menu.

or,

If the case is not endorsed, a NOR is issued. Use **Notice of Return** (on the Single Family Origination **Case Processing** menu) to view and print the NOR.

For more information, refer to the section **Insurance Application Results (MIC or NOR)** at the end of this module.

General Information

The **General Information** section of Insurance Application Update appears in **Figure 3**, followed by some processing tips for this section. Key portions of the HUD forms used to complete this section are illustrated in **Figures 3a-3c**, following.

The screenshot shows the 'Insurance Application Update' page on the 'FHA Connection' website. The breadcrumb trail is 'Single Family FHA > Single Family Origination > Case Processing > Insurance Application'. The page title is 'Insurance Application Update'. There are 'Help Links' and 'Other Functions' buttons. A warning message states: 'WARNING: Existing conditions may affect processing. [See message(s) below]'. The 'FHA Case Number' is 123-4567890. The section is titled '* General Information *'. Fields include: Property Address (123 ELM ST, LADYBUG, GA 31312-0000), Originator/Principal ID (1234500006, WINNER MORTGAGE), County Code (103), PUD/Condo (N/A), PUD/Condo ID, PUD/Condo Name, Sponsor/Agent ID (3456700011, MORTGAGE LENDERS), Issue MIC in (Yes/No), Sponsor Name (Yes/No), and Mail to Sponsor (Yes/No). Below this is the 'ADP Code' field (703) with an 'ADP Code Selector' callout, and the 'Program ID' dropdown (00-Default) with a 'Lookup' callout. The 'ADP Code Characteristics' section includes: Amortization Type (Fixed), Housing Program (FHA Standard Mortgage Program (203b)), Condominium (No), Special Program (No Special Program), and Buydown (No). The 'Borrower Type' is Occupant, 'Loan Purpose' is Existing Occupied, 'Cash-out' is No, 'Refinance Type' is Not a Refinance, and 'Solar' is No. 'Living Units' is 01, 'Construction Code' is Existing Construction, 'Construction to Permanent' is N/A, 'Building on Own Land' is N/A, 'Manufactured Housing' is No, 'PUD' is No, 'Escrow Data' (Escrow: 203k/EEM/Repair) is No, and 'Escrow Complete Date' and 'Escrow Amount' are empty. A 'View a detailed field description' callout points to the 'Manufactured Housing' field.

Figure 3: General Information section of Insurance Application Update

Processing Tips for the General Information Section (Figure 3)

Refer to the **What I Need to Know (WINK)** icon  next to the **Update an Existing Case** function on the **Case Number Assignment** menu for:

- background on updating *view-only information* entered during case number assignment
- instructions on how to change a Home Equity Conversion Mortgage (HECM) case to a non-HECM case or a non-HECM case to HECM case

Note: the **ADP Code** cannot be changed to a HECM case if the case was not initially established as such (or vice versa).

Mapping of the HUD form sources for completing **General Information** fields appears in the **Case Binder Sources for Entering General Information** section that follows (**Figures 3a-3c**).

Case Binder Sources for Entering General Information

Figures 3a-3c illustrate the source form fields for the specific **General Information** section fields to which they relate. The callouts (pointing to the form fields) are the field names found on Insurance Application Update.

Refer to the case binder and **Insurance Application Help (Field Descriptions)** if you need to determine:

- **Program ID**
- **PUD** (Appraisal Report)
- **Solar** (Appraisal Report)
- **Escrow** (form HUD-92300)
- **Escrow Complete Date** (form HUD-92300)
- **Escrow Amount** (form HUD-92300)

ADP Code appears on the **Addendum to URLA** (VA Form 26-1802a /HUD-92900-A).

HUD/VA Addendum to Uniform Residential Loan Application			OMB Approval No. VA: 2900-0144 HUD: 2502-0059
Part I - Identifying Information (mark the type of application) 1. <input type="checkbox"/> VA Application for Home Loan Guaranty <input type="checkbox"/> HUD/FHA Application for Insurance under the National Housing Act		2. Agency Case No. (include any suffix)	3. Lender's Case No.
		4. Section of the Act (for HUD cases) <div style="border: 1px solid black; padding: 2px; display: inline-block;">ADP Code</div> →	

Figure 3a: ADP Code field input

Living Units and **Borrower Type**, e.g., Occupant or Landlord, appear on the **URLA** (Freddie Mac Form 65/Fannie Mae Form 1003) section II. Property Information and Purpose of Loan.

II. PROPERTY INFORMATION AND PURPOSE OF LOAN	
Subject Property Address (street, city, state & ZIP)	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Living Units</div> → No. of Units
Legal Description of Subject Property (attach description if necessary)	Year Built
<div style="border: 1px solid black; padding: 2px; display: inline-block; text-align: center;"> Borrower Type (determined from purpose of residence indicated here) </div>	
Purpose of Loan <input type="checkbox"/> Purchase <input type="checkbox"/> Refinance <input type="checkbox"/> Construction <input type="checkbox"/> Construction-Permanent <input type="checkbox"/> Other (explain):	Property will be: <input type="checkbox"/> Primary Residence <input type="checkbox"/> Secondary Residence <input type="checkbox"/> Investment

Figure 3b: Living Units and Borrower Type field inputs

Building on Own Land, Cash-out, Construction Code, Construction to Permanent, Loan Purpose, and Manufactured Housing field information appears on the top portion of the FHA Loan Underwriting and Transmittal Summary (form HUD-92900-LT).

FHA Loan Underwriting and Transmittal Summary U.S. Department of Housing and Urban Development
 See back of page for Public Burden and Sensitive Information statements Office of Housing Federal Housing Commissioner
 Borrower and Property Information FHA Case No. _____ SOA _____
 Borrower Name _____ SSN _____
 Co-Borrower Name _____ SSN _____ **Construction Code**
 Property Address _____
Property Type (Check only 1) **Additional Property Information** **Property Rights** **Construction**
 1 unit 2 units 3 - 4 units Sales Price \$ _____ Fee Simple Existing
 Condominium Co-op Appraised Value \$ _____ Leasehold Proposed
 Manufactured Housing **Manufactured Housing** **Loan Purpose** New (less than 1 year)
Mortgage Information **Amortization Type** (Check only 1) **Loan Purpose** (Check all that apply) **Secondary Financing**
 Fixed-Rate-Monthly Payments Purchase No Cash-Out Refinance Cash-Out Refinance Streamline Refinance
 ARM 1, 3, 5, 7, or 10 yr ARM Index _____ ARM Margin _____ w/appraisal w/o appraisal **Cash-out** **Construction to Permanent**
 Int. Rate Buydown Construction-to-Permanent Energy Efficient Mortgage Building On Own Land **Building on Own Land**
Loan Information **Gifts** Seller Funded DAP Y/N
 Mortgage w/o UFMIP \$ _____ 1.) Source/EIN _____
 Total UFMIP \$ _____ Gov't NP Family
 Mortgage w/ UFMIP \$ _____ Other _____
 Interest Rate _____ % Amount of Gift \$ _____
 Qualifying Rate _____ % 2.) Source/EIN _____
 (1 Yr. ARM) Gov't NP Family
 Loan Term (in months) _____ Amount of Gift \$ _____

Figure 3c: Other General Information field inputs

Note: For 203k (substantial rehabilitation) cases, **Construction Code** information can be found under **Loan Purpose**.

Worksheet Information

The **Worksheet Information** section of Insurance Application Update appears in **Figure 4**, immediately followed by some processing tips for this section. Key portions of the HUD forms used to complete this section are illustrated in **Figures 4a-4e** following.

Use radio buttons to specify a positive or negative amount

*** Worksheet Information ***

Appraised Value: 170000 .00	Sales Price: 152000 .00
Current Housing Expense: .00	Unpaid Principal Balance: .00
Total Requirements: <input checked="" type="radio"/> + 4657 .00	Total Income: 3585 .00
Total Mortgage Payment: 1169 .00	Total Fixed Payment: 1831 .00
UFMIP Paid in Cash: .15	
Borrower Funds to Close	
Required Investment: <input checked="" type="radio"/> 4560 .00	Verified Assets: 5545 .00
Borrower Closing Costs: 3940 .00	Months in Reserve: .00
Seller Contribution (%): 2	Seller Contribution Amount: 4800 .00

Gift Letters

Letter 1 Amount: 4797 .00

Source: Nonprofit/Religious/Community - Seller Funded

EIN: 12 - 1234567 EIN Name:

Letter 2 Amount: .00

Source: N/A

EIN: EIN Name:

Secondary Financing

Amount: .00

Source: N/A

HUD Lender ID: OR non-HUD Lender EIN: non-HUD Lender Name:

Tax Credit Advance

Tax Credit Advance: Yes No

Tax Credit Amount: .00 EIN of Tax Credit Purchaser: Name of Tax Credit Purchaser:

Tax Credit Service Fee: .00

EEM Improvement Amount: .00

Energy Efficient Mortgage Type: N/A

Underwriters

Underwriter Approval Date: 12 / 02 / 08

Underwriter ID: AB12 Name: JONES, JOAH

Appraisal Underwriter: Name: JONES, JOAH

Scorecard Decision: Accepted Decision Date: 12/02/2008

TOTAL Scorecard Emulator

HOPE Loan Information: Not a HOPE case

If the Gift Source is a nonprofit organization, the Employer Identification Number (EIN), must be provided

Notation indicates this is *not* a HOPE for Homeowners case; additional fields are displayed for HOPE cases (see Figure 4e)

Figure 4: Worksheet Information section of Insurance Application Update

Processing Tips for the Worksheet Information Section (Figure 4)

Tips include:

- in the monetary value fields, dollar signs (\$) are not entered (they are “understood” by the system). For the **Required Investment** and **Total Requirements** fields, you can use the radio button to indicate either a positive amount, e.g., for new construction, or a negative amount, e.g., for some refinances
- the **Scorecard Decision** and **Decision Date** are *view-only* information based on the underwriting decision provided by the FHA TOTAL Scorecard, used within the lender’s automated underwriting system (AUS) for evaluation of the loan’s credit risk. Values may be:
 - *Accepted*: Borrower determined to be an acceptable risk for the loan amount
 - *Referred*: Borrower determined a possible bad risk for the loan amount, requiring full, manual underwriting by the lender
 - *Not Scored*: FHA TOTAL Scorecard was not used

Mapping of the HUD form sources for completing **Worksheet Information** fields appear in the **Case Binder Sources for Entering Worksheet Information** section that follows (**Figures 4a-4e**).

Case Binder Sources for Entering Worksheet Information

Figures 4a-4c illustrate the source form fields from the URLA (Freddie Mac Form 65/Fannie Mae Form 1003) section fields to which they relate. The callouts (pointing to the form fields) are the field names found on Insurance Application Update.

Unpaid Principal Balance appears on the URLA (Freddie Mac Form 65/Fannie Mae Form 1003) in section II. Property Information and Purpose of Loan.

Complete this line if this is a refinance loan.

Year Acquired	Original Cost	Amount Existing Liens	Purpose of Refinance	Describe Improvements made to be made
	\$	\$		

← **Unpaid Principal Balance**

Figure 4a: Unpaid Principal Balance field input

Current Housing Expense appears on the URLA (Freddie Mac Form 65/Fannie Mae Form 1003) in section V. Monthly Income and Combined Housing Expense Information.

V. MONTHLY INCOME AND COMBINED HOUSING EXPENSE INFORMATION						
Gross Monthly Income	Borrower	Co-Borrower	Total	Combined Monthly Housing Expense	Present	Proposed
Base Empl. Income*	\$	\$	\$	Rent	\$	
Overtime				First Mortgage (P&I)		\$
Bonuses				Other Financing (P&I)		
Commissions				Hazard Insurance		
Dividends/ Interest				Real Estate Taxes		
Net Rental Income				Mortgage Insurance		
Other (before completing, see the notice in "describe other income," below)				Homeowner Assn. Dues		
				Other:		
Total	\$	\$	\$	Total	\$	

Sum of this column provides the amount for Current Housing Expense

Figure 4b: Current Housing Expense field input

Total Requirements and Seller Contribution Amount appear on the URLA (Freddie Mac Form 65/Fannie Mae Form 1003) in section VII. Details of Transaction.

VII. DETAILS OF TRANSACTION (cont'd)	
k. Borrower's closing costs paid by Seller	
l. Other Credits (explain)	
m. Loan amount (exclude PMI, MIP, Funding Fee financed)	
n. PMI, MIP, Funding Fee financed	
o. Loan amount (add m & n)	
p. Cash from/to Borrower (subtract j, k, l & o from i)	

← **Seller Contribution Amount**

← **Total Requirements**

Figure 4c: Seller Contribution Amount and Total Requirement field inputs

Figure 4d illustrates the source form fields from the FHA Loan Underwriting and Transmittal Summary (form HUD-92900-LT) section fields to which they relate. The callouts (pointing to the form fields) are the field names found on Insurance Application Update.

FHA Loan Underwriting and Transmittal Summary U.S. Department of Housing and Urban Development OBM Approval No. 2502 - 0059 expires (11/30/2010)

See back of page for Public Burden and Sensitive Information statements Office of Housing Federal Housing Commissioner

Borrower and Property Information FHA Case No. _____ SOA _____

Borrower Name _____ SSN _____
 Co-Borrower Name _____ SSN _____
 Property Address _____

Property Type (Check only 1)
 1 unit 2 units 3 - 4 units
 Condominium Co-op
 Manufactured Housing

Additional Property Information
 Sales Price \$ _____
 Appraised Value \$ _____

Property Rights
 Fee Simple
 Leasehold

Construction
 Existing
 Proposed
 New (less than 1 year)

Mortgage Information

Amortization Type (Check only 1)
 Fixed-Rate-Monthly Payments
 ARM 1, 3, 5, 7, or 10 yr
 ARM Index _____
 ARM Margin _____
 Int. Rate Buydown

Loan Purpose (Check all that apply)
 Purchase
 No Cash-Out Refinance
 Cash-Out Refinance
 Streamline Refinance
 w/appraisal
 w/o appraisal

Secondary Financing
 Source/EIN _____
 Gov't NP Family
 Other _____
 Amount of Secondary Financing \$ _____

Gifts Seller Funded DAP Y/N
 1.) Source/EIN _____
 Gov't NP Family
 Other _____
 Amount of Gift \$ _____
 2.) Source/EIN _____
 Gov't NP Family
 Other _____
 Amount of Gift \$ _____

Loan Information
 Mortgage w/o UFMIP \$ _____
 Total UFMIP \$ _____
 Mortgage w/ UFMIP \$ _____
 Interest Rate _____ %
 Qualifying Rate (1 Yr. ARM) _____ %
 Loan term (in months) _____

UFMIP Paid in Cash

Underwriting Information

Monthly Income

	Borrower	Co-Borrower	Total
Base Income	\$ _____	\$ _____	\$ _____
Other Income	\$ _____	\$ _____	\$ _____
Net Rental Income	\$ _____	\$ _____	\$ _____
Total Income	\$ _____	\$ _____	\$ _____

Proposed Monthly Payments Borrowers Primary Residence

First Mortgage P&I	\$ _____
Monthly MIP	\$ _____
HOA Fees	\$ _____
Lease/Ground Rent	\$ _____
Second Mortgage P&I	\$ _____
Hazard Insurance	\$ _____
Taxes & Special Assessments	\$ _____
Total Mortgage Payment	\$ _____

Qualifying Ratios
 LTV _____ %
 CLTV (if 2nd permitted) _____ %
 Mortgage Payment-to-income _____ %
 Fixed Payment-to-Income _____ %

Depts & Obligations

	Monthly	Unpaid Balance
Total Installment debt	_____	_____
Child Support	_____	_____
Negative Rental Cash Flow	_____	_____
All other monthly payments	_____	_____
Total Fixed Payment	_____	_____

Borrower Funds to Close

Required Verified Assets \$ _____
 Closing Costs \$ _____
 Source of Funds _____
 No. of Months in Reserves _____
 Seller Contribution _____ %

Required Investment

Total Mortgage Payment

Seller Contribution (%)

Underwriter Comments

Underwriter's signature & date (if required) _____
 X _____

Underwriter Approval Date _____

CHUMS ID # _____

Underwriter ID

Risk Assessment
 Scored by TOTAL? yes no Risk Class A/A or Refer
 CHUMS ID # for Reviewer of appraisal _____

(Required for loans scored by TOTAL with risk class A/A or loans where the appraisal and credit reviews are performed by different underwriters.)

form HUD-92900-LT (11/30/2010)

Figure 4d: Other Worksheet Information field inputs

If energy efficient improvements are a mortgage factor, get the **EEM Improvement Amount** and **Energy Efficient Mortgage Type** from the Home Energy Rating Systems (HERS) report. For a 203k case, get this information from form HUD-92700, line 6.

HOPE for Homeowners Loans

Figure 4e illustrates the fields that are displayed for HOPE for Homeowners (H4H) cases. The H4H program is effective for endorsements on or after October 1, 2008 through September 30, 2011. For additional guidance, documentation, and direction pertaining to the H4H Program, see the following HUD Mortgagee Letters: 2008-29, *HOPE for Homeowners Origination Guidance*; 2009-03, *HOPE for Homeowners Origination and Servicing Guidance Supplement*, and the associated exhibits/attachments for both; 2009-15, *Using First-Time Homebuyer Tax Credits*; and 2009-43, *HOPE for Homeowners Program - Comprehensive Guidance*.

The screenshot shows the 'HOPE Loan Information' section. On the left, there are dropdown menus for 'PrePayment Penalty' (N/A) and 'Payments Current' (Select), and text input fields for 'Exit Premium' and 'Tax ID Number'. In the center, there is a table for 'Existing Lien Information' with columns for First, Second, Third, Fourth, and Fifth liens. Each column has input fields for Principal, Accrued Interest, Amount Owed, Upfront Payment Received (with N/A dropdowns for Second-Fifth), Upfront Payment, Write Down / Write Off Amount, and Tax ID Number. On the right, there are input fields for 'PrePayment Penalty Amount' and 'Date First Payment Applied to Account'. A red arrow points from a yellow callout box to the 'Property/Borrower Validation Results' link.

Figure 4e: HOPE for Homeowners section of Insurance Application Update

Borrower Information

The **Borrower Information** section of Insurance Application Update appears in **Figure 6**, immediately followed by some processing tips for this section. Key portions of the HUD forms used to complete this section are illustrated in **Figures 5a-5d**, following.

The screenshot shows the '* Borrower Information *' section for 'Borrower 1'. Fields include: Name (SMITH, SAM S), SSN/TIN (SSN 111-22-3333), Date of Birth (05/26/1980), Borrower Information (Furnished), Ethnicity (Not Hispanic or Latino), Sex (Female), Race(s) (Black checked), Credit Scores (Experian/FICO: 604, Equifax/Beacon@: 605, TransUnion/Empirica@: 619), Exempt from SSN (No), Number of Dependents, Marital Status (Separated), Self-employed (No), Renting (No), First Time Home Buyer (No), Veterans Preference (No), Years at Current Job (7), Years Renting (0), Counsel Type (N/A), Counsel TIN, and Application Received by (Telephone).

Note: Fields identical to those shown above for Borrower 1 are provided for Borrowers 2-5, but are omitted from this illustration.

Figure 5: Borrower Information section of Insurance Application Update

Processing Tips for the Borrower Information Section (Figure 5)

Tips include:

- if the borrower's/coborrower's **Name**, **SSN**, and/or **Date of Birth** are added or updated, the Insurance Application process validates the new identification information overnight with the Social Security Administration (SSA). The following message is displayed on the Update and/or Results page:

Warning: Pending Borrower Validation; Check Holds Tracking Next Business Day.

Important: Check **Holds Tracking** the next business day to determine the status of the borrower validation. If the borrower validation fails, the case cannot be endorsed for FHA insurance without Homeownership Center (HOC) acknowledgment of the warning.

See **Insurance Application WINK (Completing the Insurance Application, Tips for Changing Borrower Information)** for details.

- if values are not displayed in the **Credit Scores** field, refer to the case binder for the borrower's three-digit credit scores and enter as applicable in the appropriate field(s), e.g., Experian/FICO
 - Use **Insurance Application Help (Steps for Processing)** if the **Borrower Type** is a corporation/partnership or government agency/nonprofit or if the case is a streamline refinance.
 - **FHA TOTAL Scorecard** credit risk evaluations for FHA loans submitted via an automated underwriting system using FHA TOTAL Scorecard are automatically entered by the system and cannot be changed.

Mapping of the HUD form sources for completing **Borrower Information** fields appears in the **Case Binder Sources for Entering Borrower Information** section that follows (Figures 5a-5d).

Case Binder Sources for Entering Borrower Information

Figures 5a-5d show where to find the **Borrower Information** form fields' sources on the URLA, Freddie Mac Form 65/Fannie Mae Form 1003. The callouts (pointing to the form fields) are the field names found on Insurance Application Update.

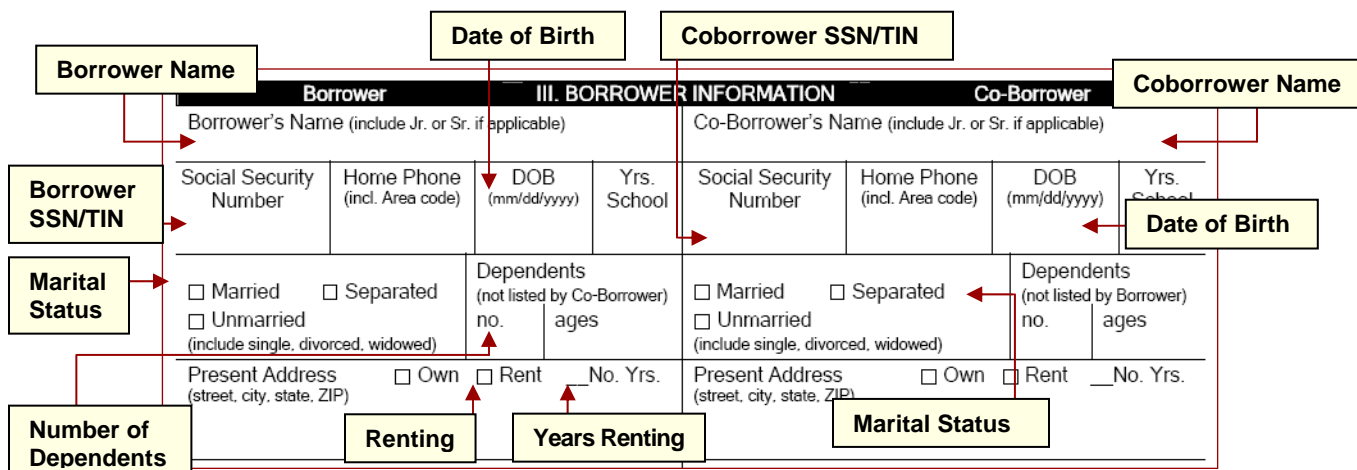


Figure 5a: Borrower information appears on the left; Coborrower information appears on the right

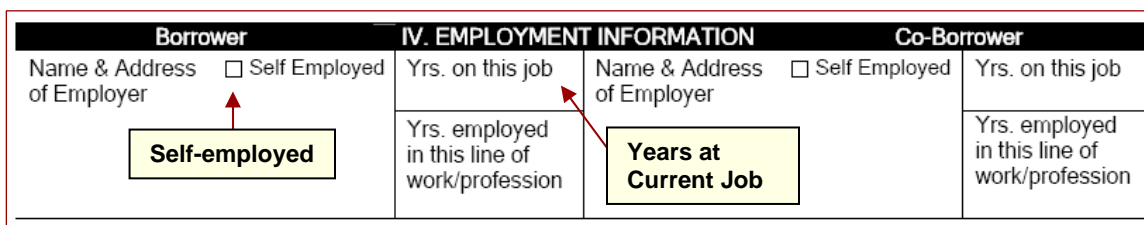


Figure 5b: Borrower employment information

Figure 5c shows where to find ethnicity, race, and sex information if furnished by the borrower.

X. INFORMATION FOR GOVERNMENT MONITORING PURPOSES		
<p>The following information is requested by the Federal Government for certain types of loans related to a dwelling in order to monitor the lender's compliance with equal credit opportunity, fair housing and home mortgage disclosure laws. You are not required to furnish this information, but are encouraged to do so. The law provides that a lender may not discriminate either on the basis of this information, or on whether you choose to furnish it. If you furnish the information, please provide both ethnicity and race. For race, you may check more than one designation. If you do not furnish ethnicity, race, or sex, under Federal regulations, this lender is required to note the information on the basis of visual observation and surname if you have made this application in person. If you do not wish to furnish the information, please check the box below. (Lender must review the above material to assure that the disclosures satisfy all requirements to which the lender is subject under applicable state law for the particular type of loan applied for.)</p>		
<p>BORROWER <input type="checkbox"/> I do not wish to furnish this information</p>	<p>CO-BORROWER <input type="checkbox"/> I do not wish to furnish this information</p>	
<p>Ethnicity: <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino</p>	<p>Ethnicity: <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino</p>	
<p>Race: <input type="checkbox"/> American Indian or Alaska Native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> White</p>	<p>Race(s)</p>	
<p>Sex: <input type="checkbox"/> Female <input type="checkbox"/> Male</p>	<p>Sex</p>	
<p>To be Completed by Interviewer This application was taken by: <input type="checkbox"/> Face-to-face interview <input type="checkbox"/> Mail <input type="checkbox"/> Telephone <input type="checkbox"/> Internet</p>	<p>Interviewer's Name (print or type)</p>	<p>Name and Address of Interviewer's Employer</p>

Figure 5c: Borrower information appears on the left; Coborrower information appears on the right

The **First Time Home Buyer** indicator is found on the **Addendum to URLA** (VA Form 26-1802a/ HUD-92900-A). If counseled, see the Counseling Certificate in the case binder for input for the **Counsel Type** and **Counsel TIN** fields.

18. First Time Homebuyer?

a. Yes

b. No

Figure 5d: First Time Home Buyer information source

Refer to the case binder to locate information to determine input for the fields **Exempt from SSN** and **Veterans Preference**. Typical documents include the IRS form **W-8** for **Exempt from SSN** and **Certificate of Veteran Status** for **Veterans Preference**.

Mortgage Information

The **Mortgage Information** section of Insurance Application Update (**Figure 6**) is followed by some processing tips for this section. Key portions of the HUD forms used to complete this section are illustrated in **Figures 6a-6c**, following.

* Mortgage Information *

Mortgage Amount: (without financed UFMIP)	<input type="text"/>	Interest Rate (%):	<input type="text" value="6.000"/>
Mortgage Amount: (with financed UFMIP)	<input type="text" value="118146"/>	Maturity Date:	<input type="text" value="12 / 2037"/>
Monthly Payment:	<input type="text" value="708.34"/>	Warranty:	<input type="text"/>
Term of Loan:	<input type="text" value="360"/>	First Payment:	<input type="text" value="01 / 2008"/>
Amortization:	<input type="text" value="N/A"/>	ARM Index:	<input type="text" value="N/A"/>
ARM Type:	<input type="text" value="N/A"/>	Loan-to-value (%):	<input type="text" value="97.00"/>
ARM Margin:	<input type="text"/>	CLTV (%):	<input type="text" value="0.00"/>
Qualifying Rate:	<input type="text"/>	Principal Reduction Amount:	<input type="text"/>
Principal Reduction:	<input type="radio"/> Yes <input checked="" type="radio"/> No	Closing / Disbursement Date:	<input type="text" value="11 / 13 / 07"/>
UFMIP Financed:	<input checked="" type="radio"/> Yes <input type="radio"/> No	Appraiser Name:	MORRY, MARY M
Appraiser License ID:	<input type="text" value="GA1234"/>	203k Name:	<input type="text"/>
203k Consultant ID:	<input type="text"/>		

Figure 6: Mortgage Information section of Insurance Application Update

Processing Tips for the Mortgage Information Section (Figure 7)

Tips include:

- **Mortgage Amount (without financed UFMIP)** must be within FHA mortgage limits. The amount entered should not include UFMIP.
- If UFMIP is included in the mortgage, include the UFMIP in the mortgage amount entered in the **Mortgage Amount (with financed UFMIP)** and also select **Yes** in the **Upfront MIP Financed** field.
Note: If UFMIP is required for the case, the calculated amount due must be paid in full prior to processing **Insurance Application**.
- If the principal balance was reduced to qualify the mortgage for FHA insurance, be sure to select **Yes** in the **Principal Reduction** field and type the amount paid by the lending institution in the **Principal Reduction Amount** field (not to exceed \$20,000). Evidence, such as a copy of the payment ledger showing the principal balance was paid down to an insurable amount, must be provided by your lending institution.
- Although not a prerequisite for endorsement, monthly mortgage insurance premium payments must be made from the beginning of loan amortization for cases requiring monthly MIP.

Mapping of the HUD form sources for completing **Mortgage Information** fields appears in the **Case Binder Sources for Entering Mortgage Information** section that follows (**Figures 6a-6c**).

Case Binder Sources for Entering Mortgage Information

Figures 6a-6b illustrate the source form fields found on the **FHA Loan Underwriting and Transmittal Summary** (form HUD-92900-LT). The callouts (pointing to the form fields) are the field names found on Insurance Application Update.

Mortgage Information

Amortization Type (Check only 1)

Fixed-Rate-Monthly Payments

ARM 1_, 3_, 5_, 7_, or 10_ yr

ARM Index _____

ARM Margin _____

Int. Rate Buydown

Loan Information

Mortgage w/o UFMIP \$ _____

Total UFMIP \$ _____

Mortgage w/ UFMIP \$ _____

Interest Rate _____ %

Qualifying Rate (1 Yr. ARM) _____ %

Loan Term (in months) _____

Loan Purpose (Check all that apply)

Purchase

No Cash-Out Refinance

Cash-Out Refinance

Streamline Refinance

w/appraisal

w/o appraisal

Construction-to-Permanent

Energy Efficient Mortgage

Building On Own Land

HUD REO

203(k)

Other

Mortgage Amount (without financed UFMIP)

Mortgage Amount (with financed UFMIP)

Secondary Financing

Source/EIN _____

Gov't NP Family

Other _____

Amount of Secondary Financing \$ _____

Gifts Seller Funded DAP Y/N

1.) Source/EIN _____

Gov't NP Family

Other _____

Amount of Gift \$ _____

2.) Source/EIN _____

Gov't NP Family

Other _____

Amount of Gift \$ _____

Underwriting Information

Monthly Income

	Borrower	Co-Borrower	Total
Base Income	\$ _____	\$ _____	\$ _____
Other Income	\$ _____	\$ _____	\$ _____
Net Rental Income	\$ _____	\$ _____	\$ _____
Total Income	\$ _____	\$ _____	\$ _____

Term of Loan

Proposed Monthly Payments

Borrowers Primary Residence

First Mortgage P&I	\$ _____
Monthly MIP	\$ _____
HOA Fees	\$ _____
Lease/Ground Rent	\$ _____
Second Mortgage P&I	\$ _____
Hazard Insurance	\$ _____
Taxes & Special Assessments	\$ _____
Total Mortgage Payment	\$ _____

Monthly Payment (includes principal and interest)

Debts & Obligations

	Monthly	Unpaid Balance
Total installment debt	_____	_____
Child Support	_____	_____
Negative Rental Cash Flow	_____	_____
All other monthly payments	_____	_____

Qualifying Ratios

LTV	_____ %
CLTV (if 2nd permitted)	_____ %
Mortgage Payment-to-income	_____ %
Total Fixed Payment-to-Income	_____ %

CLTV %

Figure 6a: Mortgage Information source

The information to enter in the Amortization fields in the **Mortgage Information** section is found on the **URLA** (Freddie Mac Form 65/Fannie Mae Form 1003) (Figure 6b).

I. TYPE OF MORTGAGE AND TERMS OF LOAN					
Mortgage Applied for:	<input type="checkbox"/> VA <input type="checkbox"/> USDA/Rural Housing Service		Agency Case Number	Lender Case Number	
	<input type="checkbox"/> FHA <input type="checkbox"/> Conventional <input type="checkbox"/> Other (explain):		Amortization		
Amount	Interest Rate	No. of Months	Amortization Type:	<input type="checkbox"/> Fixed Rate <input type="checkbox"/> Other (explain):	
\$ _____	% _____	_____	<input type="checkbox"/> GPM	<input type="checkbox"/> ARM (type):	

Figure 6b: Source for Amortization fields

Refer to the case binder and **Insurance Application Help (Field Descriptions)** if you need to determine:

- **203k Consultant ID** (HUD-9746-A)
- **Appraiser License ID** (Appraisal Report)
- **Closing/Disbursement Date** (form HUD-1)
- **First Payment** (Note)
- **Maturity Date** (Note, Mortgage, or other security instrument)
- **Principal Reduction and Principal Reduction Amount** (payment ledger showing principal balance was paid down)
- **Warranty** (warranty certificate, insurance policy, or other document of similar purpose)

Note: Loan to Value, Appraiser Name, and 203k Name are system-generated after the application information is processed.

Endorsement Information

HUD completes the **Endorsement Information** section (**Figure 7**), except for those organizations participating in the LI Program (described in **Lender Insurance Endorsement Processing**). See **Insurance Application Results (MIC or NOR)**.

Additional Binder Information Sources

The sources of information for insurance application processing may include, but are not limited to:

- FHA Loan Underwriting and Transmittal Summary - form HUD-92900-LT
- Uniform Residential Loan Application (URLA) - Fannie Mae Form 1003, Freddie Mac Form 65
- HUD/VA Addendum to Uniform Residential Loan Application - form HUD-92900-A
- Appraisal Report
- Mortgage Credit Analysis Worksheet - form HUD-92900-PUR or form HUD-92900-WS (*form use valid until September 30, 2008*)
- Mortgage (or other security instrument)
- Note
- Settlement Statement - form HUD-1
- Gift letter
- Secondary financing instruments
- Mortgagee's Assurance of Completion - form HUD-92300
- Draw Request, Section 203(k) - form HUD 9746-A
- Ten-year warranty certificate, or similar document (generally needed for a new construction case with a high loan-to-value ratio)
- Application for Homeownership Assistance (Section 235 of the National Housing Act) - form HUD-93100
- Section 235 Payoff Statement or Assistance Payment Contract/Notice of: (1) Termination, (2) Suspension, or (3) Reinstatement - form HUD-93114 (issued by the servicing lender of the prior Section 235 mortgage)
- Home Energy Rating Systems (HERS) report
- 203k Maximum Mortgage Worksheet - form HUD-92700
- Builder's Certification of Plans, Specifications, & Site - form HUD-92541

These documents, together with any other required documents, are included in the case binder.

Lender Insurance Endorsement Processing

FHA's Lender Insurance (LI) Forward program enables qualifying lenders to endorse their traditional forward (DE non-HECM) mortgage loans for FHA insurance without a pre-endorsement review by a HUD Homeownership Center (HOC). This expedited procedure is part of HUD's overall effort to make the processing of FHA loans easier and more cost-efficient so that lenders are better able to offer FHA-insured loans and expand the availability of affordable financing for potential homebuyers.

Lending organizations must meet the following criteria for eligibility in the LI Forward program:

- Be an unconditionally approved Direct Endorsement (DE) lender for at least two years
- Have an acceptable current default/claim rate *at or below* 150% of either the:
 - national average rate for all insured mortgages for national lenders or
 - state average rate for insured mortgages for lenders operating in a single state

The current default/claim rate is determined at the corporate level (Home office level) of the lender, based on the lender underwriting the loan (see **Lender Insurance Guide**, section 1.6, for details (www.hud.gov/offices/hsg/sfh/lender/guide011807.pdf)). The lender's default/claim rate is re-evaluated

annually on their LI Authorization anniversary date against performance information displayed in **Neighborhood Watch** on the FHA Connection. Authorized lenders can view their own information in **Neighborhood Watch** using the Lender Detail Lender Summary page, which provides lender insurance status and the date associated with the status.

Once approved for the LI Forward program, an LI lender:

- is required to perform a pre-endorsement review of each of its own forward cases before processing the endorsement
- processes the endorsement for all of its forward cases
- is required to send case binders to HUD only when requested. Submission of case binders is done electronically or in paper format.

However, only the HOC can endorse a case or issue a NOR if the:

- LI lender is requested to submit a case binder, or
- Case was issued a NOR and the LI lender resubmitted the case binder.

To find out more about the LI Forward program and applying for approval, refer to the following:

- HUD Housing Lender Insurance Program website (www.hud.gov/offices/hsg/sfh/lender/lendins.cfm)
- HUD Mortgagee Letter 2005-36 (www.hudclips.org, under 2005 Mortgagee Letters)
- **Lender Insurance Guide** (www.hud.gov/offices/hsg/sfh/lender/guide011807.pdf)
- **Electronic Case Binder Developer's Guide**, directed primarily to lenders using *Loan Origination Systems (LOS)*, provides the necessary information for software development to establish and maintain the required interface (www.hud.gov/pub/chums/electronicCaseBinder.pdf).

For more details related to LI processed endorsements, refer to FHA Connection:

- **Insurance Application WINK (Figure 1)**
- **Insurance Application Help**

Insurance Application Results (MIC or NOR)

Once the **Insurance Application** is completed and successfully submitted, an authorized representative (e.g., an authorized HOC staff member for non-LI lenders or an authorized LI-lender employee for the LI lender) endorses the case using the **Endorsement Information** section of **Insurance Application**. If there are no problems, the Insurance Application Results page displays a message indicating that processing was successful. Endorsement information appears at the bottom of the page indicating that the case is insured (**Figure 7**).

The screenshot shows the 'Insurance Application Results' page. At the top, there is a blue header with the text 'Insurance Application Results'. Below this, a success message is displayed: 'SUCCESS' with a checkmark icon, and a callout box stating 'A success message at the top of the page indicates Insurance Application is complete'. The main message reads 'INSURANCE APPLICATION SUCCESSFULLY COMPLETED'. At the bottom, there is a section titled '* Endorsement Information *' containing the following details:

Insurance Decision:	Yes	Insurance Date:	04/26/06
Insured by:	M04004		

A callout box at the bottom right indicates 'Endorsement information appears at the bottom of the page indicating the case is insured'.

Figure 7: Insurance Application Endorsement Information

After a case is submitted for endorsement, lenders may use the **MIC/NOR List** function on the **Case Processing** menu to retrieve a list of their cases that were either:

- a. endorsed and issued a MIC, or
- b. not endorsed and issued a NOR

From the retrieved list, the lender can view and/or print the MIC or NOR.

Note: For more information on **MIC/NOR List** and resolving a NOR, refer to:

- **Insurance Application WINK** (*Insurance Application – Accepted or Rejected?, Retrieving Mortgage Insurance Certificate (MIC), or Resolving a Notice of Return (NOR)*),
- **MIC/NOR List Help** (*Business Background and Steps for Processing*)

The electronic MIC serves as evidence of FHA insurance of the mortgage loan. HUD issues the NOR to indicate that a mortgage loan cannot be endorsed for FHA insurance and provides the reason(s) for nonendorsement. The case binder (closing package) is returned to the originator or sponsor/agent of the loan. The lender may address the NOR by resolving the noted problems, updating case information, and resubmitting the case binder for reconsideration and possible endorsement.