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Title 24 - Housing and Urban Development

Subtitle B - Regulations Relating to Housing and Urban Development

Chapter II - Office of Assistant Secretary for Housing - Federal Housing Commissioner, Department of Housing and Urban Development

Subchapter B - Mortgage and Loan Insurance Programs Under National Housing Act and Other Authorities

Part 251 - Coinsurance for the Construction or Substantial Rehabilitation of Multifamily Housing Projects

Authority: 12 U.S.C. 1715b, 1715z-9; 42 U.S.C. 3535(d).

§ 251.3 Case-by-case conversion to full insurance.

Upon the request of a coinsuring lender, the Commissioner may endorse a coinsured Mortgage for full insurance, effective as of the date of such endorsement, if the Commissioner is satisfied that:

- (a) Continuing the Mortgage under coinsurance could jeopardize the lender's viability and ability to service its remaining portfolio of coinsured Mortgages;
- (b) The lender has made reasonable efforts to work out any Mortgage default consistent under 24 CFR 251.811 (1990), but the remedies available to the lender have not been adequate to reinstate the Mortgage;
- (c) The conversion would be less costly to HUD than if the Mortgage remained coinsured;
- (d) The lender has paid HUD the fee set forth through FEDERAL REGISTER notice; and
- (e) The lender agrees to give the Commissioner written notice under 24 CFR 207.258 of its intent to file an insurance claim upon the Commissioner's endorsement of the Mortgage for full insurance.

[61 FR 49038, Sept. 17, 1996]