



"We Make Mortgages Happen"

Date: March 9, 2011
From: Ashton Ewing/Kim Roddy
To: Clients and Staff
Re: Bulletin 2011-02 Guidance on FHA Case Number Requests*

Guidance on Case Numbers - Case numbers should be requested and cancelled in accordance with prudent business practices and existing guidance. Lenders are reminded that they must

- Request case numbers only when they have an active loan application for the subject borrower and property.
- Request cancellation of case numbers if an appraisal has not been completed and the borrower will not close the loan as an FHA loan or the FHA mortgage insurance will not be sought.

Requesting Case Numbers - Effective April 18, 2011, FHA Systems will require Lenders to

- Certify at the time of requesting a case number that they have an active loan application for the subject borrower *and* property.
- Provide the subject borrower's name and social security number for *all* new construction (i.e., proposed construction and existing construction less than one year old).

Automatic Case Number Cancellations - Beginning April 18, 2011, FHA systems will automatically cancel *any* uninsured case number where there has been no activity for 6 months since the last action except for

- Loans where an appraisal update has been entered, and/or
- Loans where the Upfront Mortgage Insurance Premium (UFMIP) has been received

Last action includes

- Case number assigned,
- Appraisal information entered,
- Firm commitment issued by FHA
- Insurance application received and subsequent updates, and
- Notice of Return and resubmissions

Last action does *not* include updates to borrower names and/or property addresses.
For example, making changes to the number of borrowers on the loan will not reset the 6 month timeframe for automatic cancellation.



"We Make Mortgages Happen"

Page 2
Bulletin 2011-02

To prevent automatic cancellation of case numbers for which mortgage insurance will be sought, mortgagees must enter appraisal information, successfully transmit insurance application, etc.

Note: This automatic cancellation is applicable to case numbers assigned *prior to* April 18, 2011, including case numbers for new construction, HUD Homes and HECM.

Re-instating Case Numbers - Case numbers that were automatically cancelled, including case numbers for condominium units, will not be re-instated unless

- The Lender provides evidence that the subject loan closed prior to cancellation of the case number, such as a HUD-1 Settlement Statement, or
- The Lender provides evidence that not reinstating the case number causes an undue hardship to the borrower that is unrelated to recent changes to premiums and underwriting requirements.

Requesting Case Number Cancellations** - The lender must notify the appropriate FHA Homeownership Center (HOC) in writing to close outstanding files and cancel the FHA case number if the origination and closing of a loan will not be completed or if FHA mortgage insurance endorsement will not be sought. Written requests should include the reason for cancellation and any supporting documentation. If MIP funds have been paid, the lender must request a refund of all monies paid once the cancellation has been processed.

Generally speaking, case numbers will remain with the property. Should a sale fail to close, the lender should update the borrower information if originating a new loan for subsequent purchasers or transfer the case number to a new lender if requested. Case numbers will not be cancelled to facilitate obtaining a new appraisal prior to its expiration.

Requests can be faxed directly to the appropriate HOC using the fax numbers below:

- Atlanta HOC Jurisdiction: fax to (813) 228-2478
- Denver HOC Jurisdiction: fax to (303) 672-5210
- Philadelphia HOC Jurisdiction, fax based on location of property:
(215) 656-3434: DE, DC, MD, MI, PA, VA, WV
(215) 656-3438: CT, ME, MA, NH, NJ, NY, OH, RI, VT
- Santa Ana HOC Jurisdiction: fax to (714) 796-5519

Guidelines Subject to Change Without Notice.

*Source: *FHA Mortgagee Letter 2011-10*

**Source – *FHA Resource Center*