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**CHAPTER 4: AUTOMATIC ASSIGNED HOME MORTGAGES UNDER SECTION 221(G)(4)**

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**4-1 GENERAL.**

Section 221(g)(4) of the National Housing Act gives the mortgagee the option of assigning to HUD mortgages insured under Section 221 pursuant to a conditional or firm commitment issued on or before November 30, 1983 when such mortgages are not in default at the expiration of twenty years from the date the mortgage was endorsed for insurance (24 CFR 221.255). Mortgages which were held by GNMA on or after April 1, 1984 are not eligible for this option. The procedures in this chapter will be followed in automatic assignment claims.

**4-2 INELIGIBLE MORTGAGES.**

The following mortgages are not eligible for automatic assignment:

- A. Mortgage in default;
- B. Mortgage insured pursuant to a conditional or firm commitment issued after November 30, 1983;
- C. Mortgages which were held by GNMA on or after April 1, 1984 (even if not now held by GNMA).

The following numbers apply:

94001 - 0999 - 4  
94002 - 0999 - 5  
94006 - 0999 - 9  
94008 - 0999 - 0  
94014 - 0999 - 3  
94022 - 0999 - 8

**4-3 TIME REQUIREMENT.**

The mortgagee must exercise its option under Section 221(g)(4) by filing the assignment for record within one year following the twentieth anniversary of the date the mortgage was endorsed for insurance. No extension of time will be permitted for this action. If the assignment is not recorded or mailed to the recording authority within the one year time required, the mortgage note may be reassigned to the mortgagee. In states where recording is not required, the

claim must be submitted within the one year time frame to be considered as meeting the time requirement. This option may not be exercised before the twentieth anniversary date.

All parts of the application identified in paragraph 4-13, together with required attachments, and the title evidence must be submitted to the appropriate HUD offices (Headquarters and Local Office) on the date the assignment is filed for record.

#### 4-4 EXTENSION OF TIME REQUIREMENTS.

The time requirement for recording the assignment of a Section 221 mortgage and for the submission of an automatic assignment claim will not be extended. The mortgagee must exercise its option under Section 221(g)(4) by filing the assignment for record within one year following the twentieth anniversary of the date the mortgage was endorsed for insurance. The claim must be submitted on the date the assignment is filed for record (24 CFR 221.251, 221.255).

#### 4-5 ASSIGNMENT REQUIREMENTS.

The instructions in paragraph 3-4 concerning the form of assignments are applicable.

#### 4-6 TITLE EVIDENCE.

The instructions in paragraph 3-3 concerning the approval of title evidence are applicable.

#### 4-7 PREPAYMENTS.

- A. The date shown in Item 8 of Part A (the due date of the last complete installment paid) must not be later than the date shown in Item 10 (the date the assignment is filed for record), otherwise, the claims system will reject the claim. Therefore, if payments in advance of the current due date have been received send a check for the prepayment to the mortgagor.

B. The claims system will accept one or more prepayments to principal alone, therefore, prepayments of principal should not be returned to the mortgagor.

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Annotate the "Mortgagee's Comment" section on the reverse side of Part A by the number and dollar amount of prepayments to principal and indicate the actual periodic payment and the scheduled periodic payment as it relates to the original amortization schedule, such as actual - 251st periodic payment, scheduled - 242nd periodic payment.

4-8 ESCROW FUNDS.

A.A check for the total amount of the escrow account should be sent to the mortgagor so that it is received no later than 10 days after the claim is submitted.

B.The mortgagee must be certain that the escrow account contains enough funds to pay all escrow items as they fall due before the mortgage is assigned because the mortgagee will not be reimbursed for funds advanced. If any funds are advanced, they must be collected from the mortgagor.

4-9 HAZARD INSURANCE.

A.Do not cancel the hazard or flood insurance contract.

B.Instruct the hazard and flood insurance carrier to substitute as the beneficiary in the mortgagee clause the following: "Secretary of Housing and Urban Development, his successors and assigns, in care of (insert the name and address of local HUD office)".

C.Send the insurance contract or policy (original) to the local HUD Field Office.

D.Notify, at least 15 days prior to the filing date, all insurance carriers for the hazard, flood, life, health and disability coverage, that the mortgagor will be responsible for the payment of tax bills and insurance premiums.

E.If there are funds accrued in escrow for insurance, the mortgagee must mail a check to the mortgagor for the amount of the accrued premium. HUD will not escrow for insurance or any other item for a Section 221(g)(4) mortgage.

4-10 NOTICE TO MORTGAGOR.

A.At least 60 days prior to the date the assignment will be filed for record, the mortgagee must notify the mortgagor of the pending assignment in the form of Appendix 17.

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B.At least 15 days prior to the date the assignment will be filed for record or at least 15 days prior to the first mortgage payment due HUD after the filing date, whichever is earlier, the mortgagee must notify the mortgagor that the mortgage will be assigned and payments should be made to HUD. The form of Appendix 18 should be used for this purpose.

C.Payments received from mortgagor after the assignment has been filed for record. If the mortgagee receives additional payments

from the mortgagor after the date the claim is submitted and the assignment is filed for record, the mortgagee must endorse the payment to HUD and forward all payments to our lock box in Atlanta at the following address:

Payment Processing Center  
P.O. Box 105652  
Atlanta, GA 30348

The appropriate FHA Case Number must identify each payment forwarded to HUD's lock box. (Notate the FHA Case No. in the upper right hand corner of each check or money order.)

4-11 NOTICE TO TAXING AUTHORITY.

At least 15 days prior to the filing date, notify the taxing authorities that the mortgagor will be responsible for payment of tax bills.

4-12 CLAIM PAYMENT.

All Section 221(g)(4) claims for insurance benefits will be paid in debentures having a total face value equal to the unpaid obligation of the mortgage as of the date of the assignment plus accrued mortgage interest to such date. The debentures will be dated as of the date the mortgage is assigned and shall bear interest at the "going Federal rate" at the date of issuance.

The claim payment will not include any advances or costs paid by the mortgagee, and since the claim will be paid in debentures, there will be no accrued debenture interest.

4-13 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

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requirements imposed on the mortgagee are designed to provide critical control and notification functions which enable HUD to expedite the payment of a claim.

All documents must be submitted on the date the assignment is filed for record.

A.TO HUD HEADQUARTERS:

- 1.The original Parts A and B.

- 2.The original Mortgage Insurance Certificate.
- 3.The Title Submission Certificate.
- 4.Worksheet showing reallocation of mortgage payments if capitalized method of accounting is used.

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

- 1.Copies of Parts A and B.
- 2.A copy of the Title Submission Certificate.
- 3.A copy of the Mortgage Insurance Certificate.
- 4.The original of all hazard insurance policies and a copy of the notice to the insurance carrier requesting the HUD be named beneficiary in the mortgage clause.
- 5.Copies of the 60 day and 15 day notices to the mortgagor (See paragraph 4-10).
- 6.A copy of the escrow check sent to the mortgagor.
- 7.A copy of the mortgage assignment document which was filed for record.
- 8.All ledger cards or payment records. If capitalization method is used, attach a worksheet showing allocation of payments per mortgage terms.

C.TO THE LOCAL HUD OFFICE, ATTN: FIELD COUNSEL.

- 1.Original mortgage.

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- 2.Original note with endorsement.
- 3.Copy of assignment to HUD.
- 4.Copies of all intervening assignments.
- 5.Mortgagee's original title policy evidencing the loan to be the first lien of record.
- 6.A copy of Part A.
- 7.A copy of HUD's letter approving damaged conveyance of the



In many instances the instructions provided in Chapter 2, Conveyances, apply equally in Automatic Assignment 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.

Note: Debenture interest is not calculated in automatic assignment claims.

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 automatic assignment claims.

PART A

INITIAL APPLICATION

Item 1 Claim Type. Place an "X" in the space for Claim Type 03 = Automatic Assignment.

Items 2 & 3 FHA Case Number and Section of Act Code (Same as Conveyance). Enter the FHA Case Number and the appropriate Section of the National Housing Act ADP code. All mortgages endorsed since 1962 use the first style shown below, with three numerals, then a hyphen, then six numerals (or seven including the check digit). Be sure to include the hyphen on the claim, whether the claim is submitted on paper or through electronic data interchange (EDI), even though CHUMS may omit it. The three other acceptable FHA case number formats, for pre-1962 mortgages, are also illustrated below. All models include the Section of the Act (SOA) ADP codes. The formatted case number appears on the MIC or the advanced notice of S/F Annual MIP unless the case is included in CHUMS, as in "5" below.

(1)	X X X - X X X X X X	X X X
	or 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
	FHA Case No.	SOA ADP Code
(3)	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 FHA Case No.	X X X SOA ADP Code
(5)	X X X X X X X X X X FHA Case No. (used in CHUMS)	X X X SOA ADP Code

Item 4 Default Reason Code. Not applicable.

Item 5 Endorsement Date (Same as Conveyance). Enter the endorsement date that appears on the Mortgage Insurance Certificate. If the mortgage was insured before MIC's were issued, enter the endorsement date that appears on the note.

Item 6 Date Form Prepared. Enter the date this form is completed and submitted to HUD. Part A must be submitted on the same day the assignment is filed for record and title evidence is submitted to the local HUD office.

\* Note: Although HUD permits 10 days from this date to receive the HUD form 27011 you are required to enter in Item 6 the date of the actual submission (mailing) date of the form.\*

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

Item 8 Due Date of Last Complete Installment Paid. 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. 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. Not applicable.

Item 10 Date Deed or Assignment Filed for Record or Date of Closing or Appraisal. Enter the date the assignment to the Secretary is filed for record. The date the assignment is mailed to the recording authority may be entered. Do not enter the date the assignment is mailed to an attorney.

Note: If the date the assignment is mailed to the

recording authority is used, this date will be used in evaluating all other related time requirements.

Item 11 Date Foreclosure Proceedings (a) Instituted or (b) Date of Deed In Lieu. Not applicable.

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 claims payment data and insurance benefits 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 are 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.

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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. Enter the complete 9-digit Employer Identification Number. This information must be entered.

Item 17 Unpaid Loan Balance as of Date in Item 8 (Item 11 if coinsurance). Enter the unpaid mortgage balance after crediting the last complete monthly installment paid. This figure is taken from the mortgagee's payment ledger.

Item 18 Date of Firm Commitment. Not applicable.

Item 19 Expiration Date of Extension of Foreclose/Assign. Not applicable. No extension are allowed on automatic assignments.

Item 20 Date of Notice/Extension to Convey. Not applicable.

Item 21 Date of Release of Bankruptcy, If Applicable. Not applicable.

Item 22 Is Property Vacant? Yes or No - Check one.

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

Item 24 Is Property Conveyed Damaged? Yes or No (Same as Conveyance) - Check "yes" if the damage

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falls into the categories listed in paragraphs 2-10 and 2-11.

If there is no damage or if there is damage to the property which is not covered by the above paragraphs, check "no." In the latter case, specify the type of damage and if any immediate repairs are needed on the reverse of Part A under "Mortgagee's comments."

Item 25 If Item 24 is "Yes," Date of (a) Local HUD Office Approval (Pursuant to 203.379(a)(1) or (b) Certification (pursuant to 203.379(a)(2)) (Same as Conveyance) - Enter the date of the HUD approval letter or the mortgagee certification letter, whichever is applicable. Attach a copy of the certification letter to Part A (copy 1) which is sent to the local HUD office.

Item 26 Type of Damage (Same as Conveyance) - Check appropriate box. If more than one type of damage, check the type that caused the greatest damage. Do not complete this item if item 24 is checked "no."

Item 27 Recovery or Estimate of Damage - A figure must be entered here if item 24 is "yes" and 25(a) applies. If the local HUD office approved

assignment of a mortgage on the property in a damaged condition, enter the greater of HUD's estimate to repair the damage (obtained from the local HUD office) or the amount of the insurance recovery. If the insurance recovery is not received when this item is completed, estimate the amount. AN AMOUNT MUST BE ENTERED.

If item 25(b) applies, enter the amount of the insurance recovery, if any. If insurance recovery has not been received, estimate the amount.

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

Item 29 Deficiency Judgment Code. Not applicable.

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Item 30 Authorized Bid Amount. - Not applicable.

Item 31 Mortgagee Reported Curtailment Date. Not applicable.

Item 32 Schedule of Tax Information. Enter complete information on the last amount paid for each type of tax or assessment. If a tax has not been paid because it was not available for payment before assignment, show the exact title of the tax or assessment to which it is subject. If a tax was not paid because of a Homestead exception, identify the tax and enter "Homestead" in the "Amount Paid" column.

Type of Tax/Tax Year. Enter the exact title of the tax or assessment with installment information, if applicable (e.g., county tax, first half or school district tax, second half) and the year for which the tax assessment was levied.

Collector's Property Identification. Enter the number used by the taxing authority to identify the property.

Amount Paid. Enter the amount paid for each type of tax or assessment (excluding penalties and interest) and attach a copy of the bill to the copy of Part A sent to the local HUD office. If no tax was paid because of a Homestead exemption, enter "Homestead." If the tax was not paid for

other reasons, enter "None."

Period Covered, From - To. Enter the dates covered by the tax whether paid or not and without regard for the due date.

Date Paid. Enter the date of actual payment. All tax bills available before assignment should be paid regardless of the due date. Tax bills received after the date the assignment is filed for record should be sent to the local HUD office, identified by the FHA case number and the taxing authority identification number.

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Internal Revenue Service (IRS) Lien. If there is an IRS tax lien, enter the date and the expiration of the lien on the reverse side of Part A under "Mortgagee's Comments."

Notice to Local HUD Office. In addition, the local HUD office must be promptly advised of the tax status of the property. After the assignment has been filed for record, the mortgagee shall immediately forward all tax bills received, which are in order for payment and properly identified by the FHA case number, to the local HUD office, ATTN: Single Family Loan Management Branch.

Item 33           Mortgagor's Name, Social Security Number and Property Address - Enter the name of the mortgagor 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 1-14 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 & 38 Mortgagee Official Signature, Date and Title, and Servicer Signature, Date and Title (Same

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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. Enter the regular monthly payment.

Item 40 If Bankruptcy Filed, Enter Date. Not applicable.

Item 41 If Conveyed/Assigned Damaged, Date Damage Occurred (Same as Conveyance). Enter the date the mortgagee or its agent first became aware of damage to the property. This date should be available in the Inspection Reports. If there are no Inspection Reports because the property was occupied and the date of damage is not known, enter an estimated date and indicate in the Mortgagee Comments section that the date is an estimate.

Item 42 Date HIP Cancelled or Refused, if Applicable (Same as Conveyance). Enter the date the fire insurance policy was cancelled or refused by the insurer, if the property was damaged by fire and the mortgagee executes a certification pursuant to 24 CFR 203.379(a)(2) (a date will be entered in Item 42b).

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Item 43 Number of Living Units (Same as Conveyance). Enter the number of living units in the property.

Item 44 Status of Living Units (Same as Conveyance). Indicate if the property is vacant or occupied for each living unit by checking the appropriate box. If the unit is occupied, enter the occupant's name. If the unit is vacant, enter the date vacated (as best as can be determined) and the date the mortgagee secured the property.

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 automatic assignment claims. Parts C, D and E are not applicable to automatic assignment claims.

Note: Debenture interest is not calculated in automatic assignment claims.

PART B

FISCAL DATA

Item 100 Mortgagee's Name and Property Address (Same as Conveyance). Enter the mortgagee'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.

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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 (for Coinsurance  
or Nonconveyances). Not applicable.

Item 109 Escrow Balance (as of Date in Block 10, Part A).  
Not applicable. The total amount of the escrow  
account must be sent to the mortgagor.

Item 110 Total Disbursements for Protection and  
Preservation from Line 264, Part C. Not  
applicable.

Item 111 Total Disbursements from line 305, Part D. Not  
applicable.

Item 112 Attorney/Trustee Fees Paid From Line 306, Part D.  
Not applicable.

Item 113 Foreclosure, Acquisition, Conveyance and Other  
Costs from Line 307, Part D. Not applicable.

Item 114 Bankruptcy Fee (if applicable) from Line 310, Part  
D. Not applicable.

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Item 115 Rental Income. Not applicable.

Item 116 Rental Expense. Not applicable.

Item 117 Total Taxes on Deed from Line 308, Part D. Not applicable.

Item 118 Recovery or Damage (if not reported on Part A). Use Line 119 if Reported on Part A. Not applicable.

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. Unpaid mortgage note interest to the date the assignment is filed for record will be included in the insurance benefits.

From. Enter the due date of the last completely paid installment (Item 8, Part A).

To. Enter the date on which the assignment to the Secretary was filed for record (Item 10, Part A).

Rate. Enter the mortgage interest rate as it appears on the mortgage note. Show fractions in decimals to three places.

Computation method. To obtain the amount of accrued mortgage interest due, multiply the Daily Interest Rate Factor by the amount of the unpaid principal balance. The Daily Interest Rate Factor is found in the Table in Appendix 8. This result is then multiplied by the number of days from the due date of the last completely paid installment to the date the assignment was filed for record. To assist in determining the number of days refer to the Julian Date Calendars provided in Appendix 5.

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Item 122 Mortgage Insurance Premiums. Not applicable.

Item 123 Unapplied Section 235 Assistance Payments. Not applicable.

Item 124 Overpaid Section 235 Assistance Payments. Not applicable.

Items 125 thru 132 Not applicable. Any amounts appearing on these

lines will be disallowed.

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.

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). Enter the net claim amount.\*

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. Enter a signature in at least one of these blocks.

C. Instructions for the Completion of HUD Form 27011, Parts C, D and E, Support Document (Continuations 1 and 2).

Parts C, D and E are not required when filing an automatic assignment claim.