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Bulk FHA Case Cancellation Instructions for Lenders; FHA Training and Other Events

Bulk FHA Case Number Cancellation Instructions for Lenders:

Purpose: To allow case number cancellations in bulk for FHA loans that qualify for the reduced Mortgage Insurance Premium (MIP) structure described in Mortgagee Letter (ML) 2012-04.

Affected Product: Streamline Refinance Transactions which have not yet closed

Effective Date: Lenders may submit bulk case number cancellation requests **immediately**. Although FHA Homeownership Center (HOC) staff may begin immediately to cancel case numbers, **no new case numbers will be issued until June 11, 2012.**

FHA Connection (FHAC) will check cancellation requests for the following criteria:

- The case number to be canceled is for a streamline refinance.
- The case number to be canceled is for a mortgage that has not yet closed.
- The existing mortgage was endorsed on or before May 31, 2009.

Reminders

- FHAC does **not** perform a net tangible benefit test (see ML 2011-11 at: <http://portal.hud.gov/hudportal/documents/huddoc?id=11-11ml.pdf> and HUD Handbook 4155.1.6.C, at: http://portal.hud.gov/hudportal/documents/huddoc?id=4155-1_6_secC.pdf **It is the lender's responsibility to ensure that the new mortgage meets the net tangible test.**
- A streamline refinance which reduces the term is **acceptable** if the new mortgage meets the net tangible benefit test.

Important Dates:

May 31, 2009: Latest endorsement date of existing FHA-insured mortgages being refinanced which qualify for case number cancellation if meeting all other criteria for cancellation.

April 09, 2012: Availability of Endorsement Date on the Refinance Authorization Query Screen in FHAC. The Refinance Authorization Screen can be found on the Case Processing Screen.

April 27, 2012: Availability of "Different MIP Structure" as a reason for cancellation on the Case Cancellation Screen in FHAC. FHAC will check that the new FHA loan meets the eligibility criteria for the lower MIP structure described in ML 2012-04.

June 11, 2012: Lenders may request new case numbers for FHA to FHA streamline refinance loans that are eligible for the lower MIP structure described in ML 2012-04. New case numbers issued prior to June 11, 2012 are not eligible for the lower MIP structure.

Non Credit Qualifying Streamline Refinance: No appraisal is required. However, if the appraisal already exists:

- and expires before the loan closes, the lender may process the streamline refinance without an appraisal, using FHA guidelines; or
- if the appraisal will be valid when the loan closes, lenders must click the appropriate check box on the Appraisal Logging Screen in FHA Connection which certifies that the date of the appraisal precedes the FHA case number assignment date because the previous FHA case number was cancelled.

Credit Qualifying Streamline Refinance: If the appraisal will expire before the loans closes, the lender must obtain a new appraisal after receiving a new case number. Lenders may charge the cost of the new appraisal to the borrower. The cost of the appraisal may not be financed into the new mortgage.

Lender Submission of Requests for Bulk Case Number Cancellations: Lenders will send all bulk case number cancellation requests to the appropriate Homeownership Center’s email box:

- Atlanta: ATLInsurance&Underwriting@hud.gov
- Denver: denhocinsure@hud.gov
- Philadelphia: PHOCInsure@hud.gov
- Santa Ana: snahocinsure@hud.gov

Bulk requests must contain only those FHA case numbers within the cancelling HOC’s jurisdiction. Lenders may send bulk requests for case number cancellations with the following information:

- In the Subject line of the email: “BULK Case Number Cancellation Request – Reduce MIP per ML 2012-04”
- In the text of the email: “Lender’s name, phone number, email and contact person”
- An MS-Excel file listing the cases to be cancelled, in the following format:

Case number to cancel	Credit-Qualifying (Yes/No)	Appraisal (Yes/No)	Projected Closing Date	Appraisal Expiration Date (N/A if no appraisal)
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For FHA technical support on this or any other FHA issue, please contact the FHA Resource Center at: www.hud.gov/answers Search our online knowledge base & find answers to our most commonly asked questions. You can also get email technical support at: answers@hud.gov or phone FHA toll-free between 8:00 a.m. & 8:00 p.m. ET (5:00 a.m. to 5:00 p.m. PT) at: (800) CALLFHA or (800) 225-5342. Call FHA TDD at: (877) TDD-2HUD (877) 833-2483).