

# Instructions for Applications for Insurance Benefits Multifamily Mortgages

U.S. Department of Housing  
and Urban Development  
Office of Housing  
Federal Housing Commissioner

OMB Approval No. 2502-0418 (exp. 08/31/2008)

All conveyances of property and assignments of mortgages in exchange for the benefits of HUD mortgage insurance should name, as grantee, the "Secretary of Housing and Urban Development of Washington, D.C., his or her successors and assigns"

After the assignment of the mortgage or the deed to the Secretary has been filed for record, the items listed below are to be forwarded promptly to:

U.S. Department of Housing and Urban Development  
Office of Mortgage Insurance Accounting and Servicing  
Attn: Multifamily Accounting and Servicing Division, HOMMI  
Washington, D.C. 20410 - 8000

1. Statement of Taxes, form HUD-434, in triplicate together with the tax bills for any unpaid taxes becoming delinquent more than 45 days from the filing for record of the assignment or deed. Taxes that will become delinquent within the 45 day period should be paid by the mortgagee and included in the claim for insurance benefits. The amount of penalties paid on delinquent taxes will be disallowed. The amount of penalties may be included in the Certificate of Claim if it was necessary for the mortgagee to advance the funds to pay the taxes. Copies of tax bills for the taxes last paid should be submitted showing the check number and date of payment irrespective of whether the tax was paid before or after default.

2. Photo-copy of the payment record card for title mortgage in triplicate.

3. For multifamily assigned mortgage claims, all escrow deposits, reserve for replacement funds, undisbursed mortgage proceeds, any undisbursed balance under a letter of credit, and other monies held by the mortgagee for the account of the mortgagor must be remitted to HUD on the date the assignment is filed for record. The exception to the foregoing is with respect to the following claims which will be paid in cash unless the mortgagee requests debentures: sections 220, 221, and 233 endorsed on or after July 7, 1961; 235(j)(1); 236; Section 241 loans made in connection with any of the foregoing and endorsed on or after July 15, 1978; Title X mortgages endorsed on or after March 1, 1980; and all multifamily mortgages endorsed under another section of Titles II or XI pursuant to section 223(e); all funds held are to be retained by the mortgagee and such amount will be deducted from the cash settlement. The mortgagee will retain net income from operation of the project and receipts from any source after the date of default irrespective of whether the claim is settled in debentures or cash.

4. For claims in connection with multifamily conveyances, all funds are to be retained by the mortgagee, and the amount thereof will be deducted from the debenture settlement.

## Instructions for 221(g)(4)

Any hazard insurance premium which becomes due 45 days from the date of assignment should be paid by the claimant. A receipted invoice should be submitted to this office so that the payment may be reflected in the insurance settlement.

Because HUD will be escrowing for hazard insurance premiums for 221(g)(4) cases, the following information will be needed:

- Copy of hazard insurance policy
- Name of hazard insurance carrier and a contact person with phone number

- Copy of last paid hazard insurance invoice
- Due date of next hazard insurance premium payment
- Amount of hazard insurance escrow to be transferred to HUD
- Date and amount of last payment to the hazard insurance escrow account.

Immediately, following the date of assignment, the hazard insurance information listed above should be mailed to the following address:

Data Prompt, Incorporated  
Attention: Ron Foxhill  
PO Box 4308  
Silver Spring, MD 20904-3038

All escrow balances and all payments you receive after the date of assignment must be made payable to HUD and forwarded to:

Multifamily Payment Processing Center  
PO Box 70764  
Chicago, IL 60673

A cover letter stating the amount of the check, nature of the payment and the project number and name must be submitted with the payment. At the same time, telefax to this office a copy of the cover letter. The telefax number is (202) 619-8259.

## Form HUD-2747, Mortgagee's Application for Insurance Benefits (Multifamily Mortgages)

Form HUD-2747 must be executed and submitted in triplicate to the:

U.S. Department of Housing and Urban Development  
Office of Mortgage Insurance Accounting and Servicing  
Attn: Multifamily Accounting and Servicing Division, HOMMI  
Washington, D.C. 20410 - 8000

in the following manner:

- For assignment of a mortgage, the form is to be submitted within 30 days after the date of the notice of election to assign, or promptly upon receipt of the form
- For conveyance of title, the form is to be submitted on the date the instrument of conveyance is filed for record.

## Form HUD-2537, Mortgagee's Application for Partial Settlement

Form HUD-2537 is to be executed and submitted in triplicate promptly upon receipt of the form. It is imperative that the form be submitted well in advance of actual assignment or conveyance. On the date the assignment or deed is filed for record a telegram must be sent to:

U.S. Department of Housing and Urban Development  
Office of Mortgage Insurance Accounting and Servicing  
Attn: Multifamily Accounting and Servicing Division, HOMMI  
Washington, D.C. 20410 - 8000

or a telefax sent to (202) 619-8259

advising the date that the assignment or deed was filed for record. The following additional information must be included in the telegram for assigned mortgages:

- Date of default
- Unpaid principal balance
- Monthly amount due for principal and interest, tax escrow, and reserve for replacements
- Date and amount of last taxes paid
- Due date of next taxes payable
- Escrow balance for taxes, MIP, and hazard insurance. This information is essential to HUD in establishing a mortgage payment record. Upon receipt of this telegram, a partial settlement (for cash settlements only) consisting of approximately 90% of the outstanding principal balance will be made on the basis of the information provided on form HUD-2537 if the mortgage has been finally endorsed for insurance. If the project has not been completed, the amount of the partial settlement, for cash settlements only, will depend upon the extent of completion of the project but in no event will it exceed 70%. It is of utmost importance that the instructions for this form be followed carefully.
- Commitment date
- Initial endorsement date
- Final endorsement date
- Tax parcel number(s) for each type of taxes.

#### Method of Payment

Settlement may be made in cash, in debentures, or in a combination of both as determined by the Secretary at the time of settlement. The exception to the foregoing is with respect to the following claims which will be paid in cash unless the mortgagee requests debentures; Sections 220, 221, and 233 endorsed on or after July 7, 1961; 235(j)(1), 236; Section 241 loans made in connection with any of the foregoing and endorsed on or after July 15, 1978; Title X mortgages endorsed on or after March 1, 1980; and all other multifamily mortgages endorsed under another section of Titles II or XI pursuant to Section 223(e). At present all other multifamily claims are settled by issuance of debentures.

Where settlement is made by the issuance of debentures, the debentures shall:

- be issued in the amount of the partial settlement or if in final settlement, the net amount of the claim less the amount of the partial settlement previously issued
- be issued generally as of the date of default
- be issued in multiples of \$50 except that any difference not in excess of \$50 between the amount of insurance benefits to which the mortgagee is entitled and the aggregate face amount of the debentures issued shall be paid in cash
- bear interest from the date of issue, payable semi-annually on the first day of January and the first day of July of each year at the rate in effect as of the date title commitment was issued or as of the date of the initial endorsement of the mortgage, whichever is the higher.

For claims under Section 221(g)(4), debentures bear interest from the date of assignment at the rate in effect as of the date of assignment.

Where the claims are to be paid in cash, the cash settlement will include an interest allowance, at the same rate the debentures would bear, computed from the date of default. The interest allowance will be computed on the amount of the settlement, either partial or final, as the case may be. The interest allowance will be computed to the date of settlement by HUD if the mortgagee takes the required actions within the time set forth in the HUD regulations, or within such further times as may be granted in writing. However, if the mortgagee fails to take the required actions within the time limits set forth in the regulations, unless extended in writing, the interest allowance will be computed to the final date within which the particular action should have been taken under the pertinent section of the HUD regulations.

#### Time Requirements

**Assignment Multifamily Mortgages:** The HUD regulations require the mortgagee to notify the Secretary of its election to assign within 45 days following eligibility for insurance benefits. The assignment is to be filed for record and the application for insurance benefits submitted within 30 days after the election. Although the assignment of the mortgage should be placed on record within 30 days after the election do not record the assignment or any other instrument until authorized to do so by HUD's Office of General Counsel. The local data and legal requirements, presented in a form satisfactory to the Secretary, are to be furnished within 45 days after the assignment is filed for record. The fiscal data are to be submitted to the Office of Multifamily Accounting and Servicing, and the legal requirements are to be submitted to the Office of General Counsel.

**Conveyed Multifamily Housing Projects:** The HUD regulations require the mortgagee to notify the Secretary of its election to convey within 45 days following eligibility for insurance benefits. After the mortgagee acquires title, either by foreclosure or deed, the deed to the Secretary must be filed for record and the application for insurance benefits submitted within 30 days following acquisition of title. The fiscal data and legal requirements, presented in a form satisfactory to the Secretary are to be furnished within 45 days after the instrument of conveyance is filed for record. The fiscal data are to be submitted to the Office of Multifamily Accounting and Servicing and the legal requirements are to be submitted to the Office of General Counsel.

#### Extension of the Time Requirements

**Assigned Mortgages and Conveyed Projects:** In any case where the mortgagee, for any reason beyond its control, is unable to comply with the above requirements, an extension of time must be requested. If an extension is granted, and if necessary actions are taken within such extended time, the interest allowance to be included in the cash payment will be computed to the date of settlement.

A request for an extension of time in which to make an election to assign or convey, or in which to record the instruments of assignment or conveyance should be submitted to the Deputy Assistant Secretary for Multifamily Housing Programs, Attention: Director, Office of Multifamily Housing Management. A request for an extension of time concerning submission of the fiscal data should be submitted to the Office of Multifamily Accounting and Servicing, Attention: Multifamily Claims Section. A request for an extension of time concerning submission of the legal requirements should be submitted to the Office of General Counsel.

## Form HUD-2742, Fiscal Data in Support of Claims for Insurance Benefits

The original and three copies of form HUD-2742, together with the supporting schedules are to be submitted to:

U.S. Department of Housing and Urban Development  
Office of Mortgage Insurance Accounting and Servicing  
Attn: Multifamily Accounting and Servicing Division, HOMMI  
Washington, D.C. 20410 - 8000.

The fiscal data should be submitted as promptly as possible, but not later than 45 days after the recording of the assignment or of the instrument of conveyance. It should not be submitted prior to assignment or conveyance. If additional time is needed, a request for an extension giving the reasons for delay should be submitted to the Multifamily Accounting and Servicing Division. To correctly prepare these forms, complete the schedules first; then transfer the data to form HUD-2742. Schedules A, D and E must be completed to support all claims. Use Schedules B and C only in those instances where the mortgagee, either directly or through a servicer, has had control of the project property and is therefore accountable for the collection of rents and payments of operating expenses. Where a receiver has operated the property pursuant to an order of the Court, the mortgagee is not considered to be in control of the property during the period of such receivership and Schedules B and C are not required for that period. The mortgagee is required to furnish copies of the receiver's accounting which should include copies of the following:

- Court Order appointing the Receiver
- Receiver's report or reports to the Court
- Court order or orders approving the Receiver's Accounting
- Court order discharging the Receiver, fixing fees and cancelling the receiver's bond.

Show the receiver's net income in column 12 of Schedule A and transfer it to item 'g' on form HUD-2742.

### Date of Default

It is of utmost importance in the preparation of Schedule A, that the correct date of default be determined. For those mortgages endorsed pursuant to commitments issued on or after August 13, 1954, the date of default for the purpose of settlement is the due date of the defaulted payment as provided in Section 207.255 of the HUD Regulations under the National Housing Act. With respect to mortgages endorsed pursuant to commitments issued prior to August 13, 1954, the date of default for the purpose of settlement is construed to be the expiration of the period of grace rather than the due date of the defaulted payment. In either instance, however, the date of default may be advanced by crediting all complete monthly payments received prior to election (to assign the mortgage or to convey the property) to the first unpaid installment in the order specified in the mortgage: that is, to escrow deposits, interest and principal, then to the Reserve for Replacements due concurrently therewith and then to the succeeding required monthly payments in the same order.

Any amounts received prior to election which do not cover a full monthly installment and all amounts received after the election to receive insurance benefits must be applied as a reduction of the settlement in accordance with the HUD Regulations which provide that any amounts received on account of the mortgage after the date

of default (as advanced) shall be deducted from settlement. Attention is called to the fact that this order of application applies specifically and solely to determining the date of default for the purpose of settlement. Accordingly, any debentures issued will be dated as of the date of default as so determined, or the interest adjustment will be computed from that date if the settlement is in cash.

The following examples illustrate the method of computing the date of default for mortgages endorsed pursuant to commitments issued prior to August 13, 1954:

- The payment due June 1 was made on July 18, prior to election to assign or convey. Assuming that this was the last payment received, the date of default for the purpose of issuing debentures, or determining the interest adjustment for inclusion in a cash settlement, would be August 1, by reason of failure to make the payment due July 1
- The payment due June 1 was made on August 8, the payment due July 1 was made on September 6, and the payment due August 1 was made on October 10. No additional payments were received from the mortgagor and claim for insurance benefits was filed. Assuming that the foregoing payments were received after the election to assign or convey, the date of default would be July 1, since none of the payments could be applied. The amounts received subsequent to July 1, therefore, must be considered as receipts after the date of default and applied in their entirety to the reduction of the debentures or cash settlement. On the other hand if any of the above payments were received prior to election they could be applied and the date of default advanced accordingly.

### Schedule A - Allocation of Mortgage Receipts and Disbursements (to be submitted in triplicate)

1. The period covered by this schedule must begin with the date the claimant became the mortgagee. Transactions must be reported in chronological order.
2. If the claimant was the mortgagee during the construction period, show the dates of advances of mortgage proceeds in Column (1), and the amounts of the advances in columns 2 and 9 *in parentheses*. Interest collections during this period are to be shown with the dates received in column 1 and the amounts received in columns 2 and 8. In the event of a participation agreement, the full amount of the advances made and/or interest collected must be shown rather than the amount of the participant's share.
3. If the mortgage was acquired by the claimant from another mortgagee after the construction period, show the date acquired in column 1 and show the unpaid principal balance *in parentheses* in columns 2 and 9. Show any accrued interest purchased *in parentheses* in columns 2 and 8. If there is more than a few days lapse of time between the date you acquired the mortgage and the date your accounting begins, a full explanation must be given.
4. Escrow funds on deposit to the mortgagor's credit at the date of acquisition of the mortgage by the claimant are to be shown on the line following the entry recording the acquisition of the mortgage. Show in column 1 the date, in column 2 the total funds, in columns 4, 5, 6, 7 and 10 the amounts, if any, to the mortgagor's credit for each item. Amounts in column 7 must be identified in column 11.

5. All payments made by the mortgagor which are received prior to the date of election to assign the mortgage or convey the property are to be shown in columns 1 through 10 with the exception of incomplete payments received after default.

6. Show the date of payment in column 1, the total amount received on that date in column 2 and the date or dates due in column 3. If the payment is made to cover amounts due on different dates, use a separate line, starting with column 3, for the amounts applicable to each date. In columns 4 through 10 show how the total amount received was applied. Attention is called to the fact that columns 4 through 9 appear on this schedule in the order in which the standard form of mortgage or other credit instrument requires the amounts received to be applied.

7. In order to avoid the necessity of transcribing unnecessary detail with respect to mortgage payments received more than *two years* preceding the date of default, which are in the same amount each month, and where the monthly allocation to the individual escrow accounts for mortgage insurance premiums, taxes, and hazard insurance premiums remains constant, it is permissible to show a lump sum entry for all such like payments received consecutively. For example, if ten consecutive monthly payments were received, each in the same amount and with exactly the same allocations to escrow, show in column 2 "10 payments @ \$\_\_\_\_\_", on the next line show in column 2 the total of the ten payments and in column 3 show the inclusive dates the payments were due, as for example, "1/1 - 10/1" and show in columns 4, 5, 6, 8, 9 and 10 the total allocations for the ten monthly installments.

It should be noted that disbursements for the period covered by such lump sum allocation must be shown separately and in chronological order immediately following the lump sum entry for any period. See item number 10 of these instructions for detailed information on disbursements.

Since it is necessary that individual entries for each separate payment be shown on Schedule A for all mortgage payments which are received for the *years prior to default*, it will not be possible to show lump sum allocations unless the mortgage has been held by the claimant for more than two years. Copies of the payment record card must be submitted showing in detail *all transactions* since the claimant became the mortgagee.

8. The Reserve for Replacements Fund, column 10, is not required by the standard form of mortgage and this column is to be used only if such a requirement is imposed by other agreements. Please note the following special instructions:

(a) **Where a Mortgage is Assigned to the Secretary:** In the event any or all of the funds accumulated in the reserve for replacements account were invested in United States Government Bonds, limited to U.S. Treasury Bonds, Notes and Bills in Bearer form, the Multifamily Claims Section should be advised as soon as possible, of the type and amount of such bonds; also the cost of the bonds showing a breakdown of brokerage fees, accrued interest purchased and any other costs. Such bonds, in Bearer form, must be delivered on assignment of the mortgage as indicated below. If, however, the bonds held in the reserve for replacements accounts are not in bearer form, they should be redeemed and the proceeds therefrom be retained in the fund. In this event, a statement is required showing

the date of redemption, amounts received and any other information pertinent to the transaction. The receipt and disposition of all bond interest income received prior to the date of default should be shown in Column 10. On assignment of the mortgage, please forward transferable bonds by registered mail to:

U.S. Department of Housing and Urban Development  
Director, Office of Mortgage Insurance Accounting & Servicing  
Multifamily Accounting and Servicing Division, HOMMI  
Washington, D.C. 20410 - 8000  
To Be Delivered to Addressee Only

For mortgages that have investments in the reserves for replacement fund other than bearer bonds, the following must take place on the day the assignment is filed for record:

**1. U.S. Treasury book entry securities --** Complete the attached form PD-5179, Treasurer Direct Security Transfer Form. The information necessary to transfer the securities to HUD's account is completed on the form for your convenience. When the form is completed, send it to your Treasury Direct Servicing Officer, and notify this office by telefax at least two (2) working days prior to the date the actual transfer takes place. The notice to this office is to include the project number and name, a complete description of the securities and the CUSIP number. The telefax number is (202) 619-8259.

**2. Other Investments, including Nontransferable Certificates of Deposit (CD) --** Investments in the Fund are to be liquid, and therefore, any penalties for early withdrawal of funds from non-transferable investments are to be absorbed by the mortgagee.

**Transferable --** If other investments of the fund are transferable, they should be transferred in the name of:

Federal Housing Administration  
Washington, DC 20026-4804  
A/C (project name and FHA number)

(b) **Where a Property is Conveyed to the Secretary** In the event any or all of the funds accumulated in the reserve for replacements account were invested in United States Government Bonds, the value of the bonds as of the date of the foreclosure sale should be determined and this amount entered in column 10. If the property is being conveyed pursuant to a deed in lieu of foreclosure, the value of the bonds should be determined as of the date the property is deeded to the mortgagee, or, if by a direct conveyance to the Secretary the date title passes to the Secretary should be used. The receipt and disposition of all bond interest income received prior to the date of default should also be shown in column 10.

9. Column 12 is to be used to record all amounts received which cannot be applied to sums due under the mortgage. Any payment received after default which is not complete with respect to escrows, interest, principal and reserve for replacements must be reported in column 12. All payments received after the date of election to receive the insurance benefits must be reported here. Other amounts to be shown in this column are returned premiums on cancelled hazard insurance policies, interest received after default on investments of the reserve for replacements fund, refunds of deposits left with utility companies, amounts received as proceeds of a receivership, etc. Enter dates received in column 1, the amounts in columns 2 and 12 and identify the source of the funds in column 11. **Do Not** show net rental income received during the period the claimant operated the project, since Schedules B and C are provided for developing this amount.

10. From time to time disbursements will have been made for items for which the escrow funds in columns 4, 5, 6, 7, and 10 were established. Show the date of disbursement in column 1 and the amount disbursed in column 2 in parentheses, show the due date of the item for which the disbursement was made in column 3 and show the amount disbursed again in parentheses in the applicable columns (4, 5, 6, 7 or 10). This procedure permits the use of these columns to develop either the balances to the mortgagor's credit or the advances by the mortgagee for the account of the mortgagor. All amounts entered in column 7 are to be identified in column 11. Disbursements in column 10 for any purpose other than investments must be supported by letters of authorization from HUD authorizing such disbursements. Hazard insurance premiums for policies with the effective date after the date of assignment or conveyance should not be paid.

11. After all entries have been made, sub-total columns 4 through 7. A deficit balance in any of these four columns may be offset by a transfer from column having a credit balance. Report transfers by showing "Transfer of Funds" in column 3.

12. The adjusted totals of the other columns should then be shown in the space provided at the bottom of the page. This schedule, if correctly and accurately prepared, is self-balancing. The net total of column 2 should equal the totals of all the other amount columns.

13. **Submit Receipts or Paid Bills** to cover all disbursements shown in columns 6 and 7 made subsequent to the date of default. Evidence of payment of taxes, water and sewer charges, etc., to be shown in column 5 should be by copies of the bills showing the check numbers and dates of payment.

14. If you have not already done so, submit three copies of your ledger record cards to support this schedule. If copies have previously been submitted and later entries have been made on the cards, new copies are required. The ledger card should cover the period from the date the claimant became the mortgagee to the date of assignment or recordation of the deed to the Secretary.

#### **Schedule B- Mortgagee's Report of Project Collections**

(to be submitted in triplicate)

15. This schedule is for use only if the mortgagee, either directly or through its servicer or the mortgagor, has had control of the project property and is therefore to account for the collection of rents and payment of operating expenses which the project incurred during that period.

It is to be used to report and to account for all rents collected by the mortgagee or its servicer as well as to account for periods of vacancies, and rents in arrears. **Do not** report security deposit transactions on this schedule. Security deposits collected and forfeited by the tenants during the period of the mortgagee's operation of the project should be reported as **Other Income** and shown in column 7 of this schedule. See the last paragraph of instruction number 21. Security deposits that are applied to rent are to be included in the total collections report in column 7.

Any security deposits on hand at date of conveyance must be accounted for separately and remitted to:

U.S. Department of Housing and Urban Development  
Office of Mortgage Insurance Accounting and Servicing  
Attn: Multifamily Accounting and Servicing Division, HOMMI  
Washington, DC 20410 - 8000.

16. In column 1 show the unit number or the other symbol by which the units are identified. All units, whether occupied or vacant, must be listed and accounted for.

17. Column 2 is to be used to report the occupancy status of each unit in the project during the entire period from the date the claimant took over control to the date such control ended (the dates shown at the top of the schedule).

Show the status of the unit at the date control was assumed by inserting tenant's name or the word "vacant" in column 2. If the occupancy status changed, show on the next line under the same unit number (which need not be repeated) the change in status whether it was a change in tenants or a change from occupancy to vacancy or vice versa and complete the other applicable columns. Repeat this procedure for each change in order that the entire period is covered.

18. Column 3 is to be used to show the monthly rental rate. If the rental rate was changed during the period covered by the schedule, show the original rate in column 3 and the period during which that rate was in effect in columns 4 and 6. Then show the new rate in column 3 and the period during which it was in effect in column 4 and columns 5 or 6 whichever is applicable.

19. Show in column 4 the date a tenant's rent started with respect to total collections shown in column 7 or unpaid rent in column 8. For example, if the mortgagee assumed control on March 16 and the tenant's rent had been previously paid through March 31 the date the rent started would be April 1 (assuming of course that all rent is current and the tenant is paying from the 1st). Using the example above, if the tenant was paying rent on a 15th to the 15th of a month basis, the date to be shown in column 4 would be March 15. If a tenant was in arrears from December 1 when a mortgagee assumed control on March 16, the date to be shown in column 4 would be December 1.

20. Show in column 6 the date through which the tenant's rent was paid by calculating rent at the rate or rates shown in column 3 against the total rent paid as shown in column 7.

21. In column 7 show the *total rents* collected from the tenant between the beginning and ending dates shown at the top of the Schedule.

**Do Not Prorate Rental Collections.** For example, if the property was conveyed to the Secretary on the 15th of a month, all rents collected by you prior to the 15th, regardless of the period covered by the amounts received, are to be retained by you and accounted for on Schedule B. All rents paid on the date of conveyance and subsequent thereto should be paid to the rental broker for HUD. If any rent refund was made to a tenant, enter the amount in *parenthesis* in column 7 and explain in column 2.

**Do Not Show Rent Refunds on Schedule C.** There are some instances where recurring items other than shelter rental are to be included on Schedule B, such as furniture rental, flat charges for utilities, garage rental, etc. All amounts received for such items from each tenant should be shown in column 7 *after* all rental collections have been listed for the tenant. A corresponding explanation should be shown in column 2. Miscellaneous collections not applicable to a particular tenant should be shown at the end of the report.

22. Column 8 is to be used to report the amount of rents in arrears. It should show an amount equal to the daily rental rate multiplied by the number of days from the date shown in column 6 to the date shown in column 5 for those tenants who vacated, and covering the period from that shown in column 6 to the date the mortgagee relinquished control for those tenants still in occupancy.

23. All balances due from present and former tenants are formally assigned to the Secretary in compliance with instructions issued by the Office of the General Counsel. Column 8 of Schedule B provides the data as to the actual amounts due from tenants and covered by that assignment. On the basis of the amounts shown in column 8, this Administration will establish its records and will take steps to collect amounts shown as due from tenants. It is, therefore, of *particular importance* that the amounts be correctly shown.

After accounting for all units during your period of control, show under heading *Former Tenants* all tenants owing rent who vacated prior to your control of the property. If available, show tenant's full name, the unit number, any collections made and the balance still due. If the tenant has given any evidence of the indebtedness such as a note, this fact is to be noted in column 8 and that evidence should be delivered to this Administration.

### Schedule C - Mortgagee's Report of Project Disbursements

(to be submitted in triplicate)

24. This schedule is provided for reporting, in *chronological order*, disbursements for necessary project operating expenses incurred by the mortgagee or its servicer during its control or ownership. **Do not** include disbursements for which the former mortgagor is liable unless it was necessary for the claimant to pay them. In this event, provide full, detailed explanation as to the necessity for payment.

25. Column 1 is provided for convenience in either listing receipts numbered consecutively or inserting the number of the check in payment. The purpose of the disbursement should be fully explained in column 3. The dates and amounts of all payments must be shown. Please take care to pay all amounts chargeable to the period of the claimant's operation of the project, even though the actual payment is made after the end of the period.

26. As the footnote on the schedule indicates, either the original or duplicate paid invoices, or photo copies thereof, must be submitted in support of *all* disbursement. Where receipts for wages are not available, submit in detail the rate of pay, number of hours worked, amount withheld for taxes, etc.

### Schedule D - Other Disbursements by the Mortgagee

(to be submitted in triplicate)

27. List on this schedule all other disbursements relating to the conveyance of the property, or preservation expenses, if any. Do not include advances of mortgage proceeds or advances to escrow accounts. Show dates of all payments in column 1 and all payees in column 2. Disbursements made in connection with an assignment of a mortgage are not to be shown.

28. Reasonable expenses approved by the local HUD office for the completion and preservation of the property are allowable in computing the amount of settlement. Enter such amounts in column 3 and explain the purpose in column 4. In columns 5, 6 and 7 list all other disbursements made in connection with the conveyance of the property which are to be included in the Certificate of Claim. These will include attorney's fees, foreclosure costs, title policy, surveys, taxes on deeds, recording fees, special commissioner's fees and costs etc. Use column 4 to explain the purpose of disbursements shown in columns 5 and 7. Cost incurred in connection with an assignment of a mortgage cannot be included in the Certificate of Claim.

29. Paid invoices or photo copies thereof must be submitted to support all disbursements shown on this schedule.

### Schedule E - Mortgagee's Report of Special Escrow

(to be submitted in triplicate)

30. This schedule is self-explanatory and should be submitted with the other fiscal data forms. Where the mortgage is assigned and the settlement is made by, the issuance of debentures any balances shown should be remitted to HUD. Where the mortgage is assigned and the settlement is made in cash, and in all cases where the property is conveyed, any balances shown are to be retained by the mortgagee and reported under Section 1(e)5 on form HUD-2742.

### Form HUD-2742 - Fiscal Data in Support of Claim for Insurance Benefits

31. After completion of the schedules, the data developed thereon are to be transferred to form HUD-2742. The amounts to be transferred will be obtained as follows:

- |  |  |
|--|--|
| Section I(a)                             | Total From Column 9 of Schedule A.   |
| Section I(b)<br>(see instruction no. 11) | 1. Total, if any, <i>in parentheses</i> in column 4 of Schedule A.<br>2. Total, if any, <i>in parentheses</i> in column 5 of Schedule A.<br>3. Total, if any, <i>in parentheses</i> in column 6 of Schedule A.   |
| Section I(c)                             | Total in column 3 of Schedule D.   |
| Section I(d)                             | Balance, if any, undisbursed mortgage proceeds.  |
| Section I(e)<br>(see instruction no. 11) | 1. Balance, if any, on deposit from column 4 Schedule A.<br>2. Balance, if any, on deposit from column 5 Schedule A.<br>3. Balance, if any, on deposit from column 6 Schedule A.<br>4. Balance, if any, on deposit from column 10 Schedule A.<br>5. Balance, if any, on deposit from column 7 Schedule A, plus any balances developed on Schedule E which were not remitted.<br><br>In this space identify the items.                                  |
| Section I(f)                             | 1. Total of column 7 Schedule B.<br>2. Total of column 5 Schedule C.   |
| Section I(g)                             | Total of column 12 of Schedule A.  |
| Section 1(h)                             | This item does not apply to conveyances. It does apply to all assignments except assignments of Sections 221(d)(3) and 221(h) below market interest rate mortgages and assignments of Section 803 mortgages which were accepted for insurance subsequent to August 15, 1955. In addition, under such terms and conditions as the Secretary may approve, all or part of the 1% deduction may be waived for assignments under other sections of the Act. |

32. The amounts to be shown in Section II of form HUD-2742 will be obtained as follows:

- |               |   |
|---------------|---|
| Section II(a) | Total of column 5 of Schedule D.                |
| Section II(b) | Total of column 6 of Schedule D.                |
| Section II(c) | The same amount shown in item 'h' of Section I. |
| Section II(d) | Total of column 7 of Schedule D.                |

33. Have the form properly certified

**Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

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## Check List for Filing Claims for Insurance Benefits

Follow the detailed instructions to prepare your claim. This check list is to serve only as a guide for mortgagees to properly submit the supporting data for a claim for insurance benefits. The Department of Housing and Urban Development is anxious to settle all claims as soon as possible, and every effort is made to do so. You can help in the prompt settlement of your claim by being certain that all forms are properly completed, and that the ledger records and all supporting receipts are furnished in a legible condition. If the submission is incomplete, it will require correspondence and will result in a delay in the settlement. The following items, as applicable, should be forwarded.

- Completed form HUD-2742, original and three copies, signed in the space provided.
- Schedule A**, in triplicate, detailing all mortgage transactions since the inception of the loan or the date of purchase from another mortgagee. The schedule, as completed, should show the detail of the advances of mortgage proceeds, if disbursed by claimant, as well as the disposition of interest income received on any securities held as part of the Reserve for Replacement Fund.
- Show under column 12 of Schedule A (with respect to a conveyance) the full amount of return premium from canceled hazard insurance policies.
- Schedule B**, in triplicate, covering rental income for all the units in the project, if it has been under the mortgagee's control.
- Schedule C**, in triplicate, showing all disbursements made in connection with the operation of the project, if it has been under the mortgagee's control.
- Receipts covering all disbursements made in connection with the operation of the project, as shown on Schedule C. If receipts for wages paid are not available, submit a breakdown on the number of hours worked, rate of pay, and withholdings.
- Schedule D**, in triplicate, listing all legal costs and expenses relating to the conveyance of the property and all preservation expenses.
- Receipts covering legal costs, attorney's fees, etc., as shown on Schedule D, relating to the acquisition and conveyance of the property.
- Schedule E**, in triplicate, reflecting disposition of special escrows, letters of credit, and any mortgage insurance premium refunds.
- Three photocopies of original ledger record, if not previously furnished, covering all mortgage transactions since the inception of the loan or the date of purchase from another mortgagee. Be sure to include ledger records covering advances of mortgage proceeds and interest accruals and collections, if disbursements were made by mortgagee or its servicer.
- Receipts or other evidence of payment covering all disbursements on and after the date of default, as shown on Schedule A, for taxes, hazard insurance premiums, water rates, etc.
- Receipts or authorizations for all disbursements shown on Schedule E.
- Copies of authorizations covering the release of all monies disbursed from the Reserve for Replacements Fund.
- Any bonds, for assignments only, held as part of the Reserve for Replacements Fund except non-transferable securities.