§ 203.371 Partial claim.

(a) General. Notwithstanding the conveyance, sale or assignment requirements for payment of a claim elsewhere in this part, HUD will pay partial FHA insurance benefits to mortgagees after a period of forbearance, the maximum length of which HUD will prescribe, and in accordance with this section.

(b) Requirements. The following conditions must be met for payment of a partial claim:

(1) The mortgagor has been delinquent for at least 4 months or such other time prescribed by HUD;

(2) The amount of the arrearage has not exceeded the equivalent of 12 monthly mortgage payments;

(3) The mortgagor is able to resume making full monthly mortgage payments;

(4) The mortgagor is not financially able to make sufficient additional payments to repay the arrearage within a time frame specified by HUD;

(5) The mortgagor is not financially qualified to support monthly mortgage payments on a modified mortgage or on a refinanced mortgage in which the total arrearage is included; and

(6) The mortgagor must have made a minimum number of monthly payments as prescribed by the Secretary on a case-by-case basis.

(c) Repayment of the subordinate lien. The mortgagor must execute a mortgage in favor of HUD with terms and conditions acceptable to HUD for the amount of the partial claim under § 203.414(a). HUD may require the mortgagor to be responsible for servicing the subordinate mortgage on behalf of HUD.

(d) Application for insurance benefits. Along with the prescribed application for partial claim insurance benefits, the mortgagor shall provide HUD with the original credit instrument no later than 6 months following the date of execution. If the mortgagor experiences a delay from the recording authority, it may request an extension of time, in writing, from HUD. If the mortgagor does not provide the original of the note and security instrument within the prescribed deadlines, the mortgagor shall be required to reimburse the amount of the claim paid, including the incentive.

§ 203.377 Inspection and preservation of properties.

The mortgagor, upon learning that a property subject to a mortgage insured under this part is vacant or abandoned, shall be responsible for the inspection of such property at least monthly, if the loan thereon is in default. When a mortgage is in default and a payment thereon is not received within 45 days of the due date, and efforts to reach the mortgagor by telephone within that period have been unsuccessful, the mortgagor shall be responsible for a visual inspection of the security property to determine whether the property is vacant. The mortgagor shall take reasonable action to protect and preserve such security property when it is determined or should have been determined to be vacant or abandoned until its conveyance to the Secretary, if such action does not constitute an illegal trespass. “Reasonable action” includes the commencement of foreclosure within the time required by § 203.355(b) of this part.

§ 203.378 Property condition.

(a) Condition at time of transfer. When the property is transferred, or a mortgage is assigned to the Commissioner, the property shall be undamaged by fire, earthquake, flood, or tornado, except as set forth in this subpart.