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**Servicing Bulletin 2018-03**  
December 11, 2018

To: CHFA Servicers  
From: CHFA Finance Department  
Subject: Partial Claim loan document responsibilities

Connecticut Housing Finance Authority (“CHFA”) recently received an Enforcement Demand Letter from the Department of Housing and Urban Development (“HUD”) due to the failure on the part of one of its servicers to provide HUD with the proper documentation within the required timeframe.

Pursuant to HUD regulations, mortgagees that apply for partial claim insurance benefits are required to provide HUD with: (a) the original note no later than 60 days after execution; and (b) the original security instrument no later than six (6) months following the date of execution. 24 C.F.R. § 203.37 1(d). A mortgagee that fails to provide the original note and security instrument within the prescribed time frames “shall be required to reimburse the amount of the claim paid, including the incentive.” Id.

Servicers are reminded of their responsibility to submit required documents to HUD or their designee within the prescribed time limits. More particular information can be found in 24 C.F.R. § 203.71 and HUD Handbook 4000.1.

To the extent that HUD requires CHFA to remit the partial claim plus any incentive fees to HUD, CHFA will hold Servicer responsible for the amount remitted to HUD.

If you have questions about this Servicer Bulletin please contact Liisa Koeper at [liisa.koeper@chfa.org](mailto:liisa.koeper@chfa.org)

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