

CHAPTER 13. SUBSTITUTION OF MORTGAGORS AND TRANSFER
OF PHYSICAL ASSETS

13-1. APPROVAL OF SUBSTITUTE MORTGAGOR. Mortgage Credit may be asked to determine the acceptability of a new mortgagor from a credit and financial standpoint prior to final endorsement.

A. The proposed mortgagor must have:

1. Credit standing reflecting a satisfactory attitude toward obligations.

2. Enough liquid assets to complete the transaction.

B. Analyze the financial statements, information obtained from credit references, and credit reports of the proposed mortgagor entity and its principals.

C. If the transaction has not yet been completed, analyze the purchase agreement to determine the amount of cash needed to complete the transaction.

D. Forward a memorandum of the findings and recommendations to the Director of Housing Development.

1. Give pertinent comments on the credit standing of the proposed mortgagor and its principals.

2. If transfer of the property has not yet been consummated, also state the amount of cash needed to close the transaction and the amount the purchaser has available.

13-2. TRANSFER OF PHYSICAL ASSETS typically refers to a change in ownership subsequent to final endorsement. Mortgage Credit is not normally involved in transfer of physical assets (TPAs). The Housing Management Division is responsible for processing TPAs.