



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## *Servicing Performance Overview*

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FEDERAL HOUSING ADMINISTRATION



# Topics of Discussion

- HECM Assignment Portfolio Snapshot
- Policy Changes in FY 2011
  - ML 2011-01, HECM Property Charge Loss Mitigation
    - Property Charge Due and Payable Approval
  - ML 2011-16, Rescission of ML 2008-38
- Pending Regulatory Changes
- Servicing Reminders



# HECM Assignment Portfolio Snapshot



# HECM Assignment Portfolio Snapshot

- Assignments to HUD increasing due to age of portfolio
  - Currently 12,002 assigned
    - 65% have remaining line of credit funds available
    - 4% receive monthly payments
    - 31% have no funds remaining
  - Average 289 new assigned per month
  - Average 135 assigned terminations per month
  - New increase of 154 per month
  - HUD has collected \$71,603,826 on assigned HECM payoffs for the fiscal year



# Policy Changes in FY 2011



# Property Charge Loss Mitigation

Mortgagee Letter 2011-01 - Issued January 3, 2011

<http://www.hud.gov/offices/adm/hudclips/letters/mortgagee/files/11-01ml.pdf>

*Property Charge FAQs available for download from NSC Loss Mitigation Services webpage:*

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/nsc/lossmit](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/nsc/lossmit)

- Required Mortgagees to notify Mortgagors of Delinquent Status by April 29, 2011. Borrowers had 30 days to respond to the Servicer.
- Defined Loss Mitigation Options
- Provided Instructions for requesting HUD Due and Payable approval
- Required Mortgagees to provide delinquency data by 2/7/11
  - Reports received by HUD; Data testing by HUD and resubmission by lenders (February – June 2011)
  - Replacement Files **received** by HUD on August 5, 2011
  - Monthly delinquency files due last day business day of the month – **Next report due on October 31, 2011.**



# Property Charge Due & Payable Approval

## *T&I Due & Payable Loans by Year*

	Approved	Returned for further Servicing
<b>2011</b>	<b>2198</b>	<b>177</b>
<b>2010</b>	<b>243</b>	<b>33</b>
<b>2009</b>	<b>40</b>	<b>13</b>
<b>2008</b>	<b>2</b>	<b>2</b>
<b>2007</b>	<b>36</b>	<b>6</b>
<b>2006</b>	<b>358</b>	<b>40</b>
<b>2005</b>	<b>49</b>	<b>2</b>
<b>TOTAL</b>	<b>2926</b>	<b>271</b>

## Top Five States with HUD Approval

<b>Florida</b>	<b>767</b>	<b>Texas</b>	<b>301</b>	<b>Michigan</b>	<b>232</b>
<b>California</b>	<b>177</b>	<b>New York</b>		<b>136</b>	



## Rescission of ML 2008-38

### Mortgagee Letter 2011-16 - Issued April 5, 2011

<http://www.hud.gov/offices/adm/hudclips/letters/mortgagee/files/11-16ml.pdf>

- Rescinded Mortgagee Letter 2008-38
  - Removed restriction on sale of property to related parties
  - Instructed Mortgagees to follow guidance in HUD Regulations 24 CFR Part 206 and HUD HECM Handbook 4235.1
- Clarifications provided in Servicing FAQs published on July 20, 2011
  - [http://portal.hud.gov/hudportal/documents/huddoc?id=DOC\\_12607.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_12607.pdf)
- On April 21, 2011 Mortgagees were requested to place hold on foreclosures based on borrower's death and provide notice to heirs/estates (see clarifications/options) in the FAQs



# Pending Regulatory Changes



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- Developing a Proposed Rule to amend HUD's regulations, 24 CFR Part 206, to include, but not limited to:
  - Impose a two year cap on insurance benefits for advances of property charges
  - Establish a property inspection requirement
  - Define “delinquency”
  - Expand Due and Payable Notification



## Pending Regulatory Changes – *Cont'd*

- Revise need for statement of account only at the end of each month in which a line of credit payment has been made
- Allow identification of a group of employees designated to address inquiries
- The Notice will:
  - provide for public comment;
  - establish notification to HUD timelines;



# Servicing Reminders



# Servicing Reminders

- **Regulations require HUD notification:**
  - When a condition making the HECM loan due and payable occurs
    - Notice of borrower's death to be sent to C & L Service Corporation and date of death to be entered into IACS.
    - Due and payable requests submitted to C & L Service Corporation
  - Within 30 days of initiating foreclosure
    - Notice to be sent to C & L Service Corporation
- ❖ Notices may be provided to C&L Service Corporation by email at [HECMserving@clstulsa.org](mailto:HECMserving@clstulsa.org), fax at (918) 935-2994 or by US Postal Service.



## Servicing Reminders – *Cont'd*

Mortgage and Loan Agreements give mortgagees right and responsibility for protecting both the lien status and property condition. Legal notices of proceedings affecting either require immediate attention to rectify, and protect the value of the property and mortgagee's rights in the property.



# Questions?