



U.S. Department of Housing & Urban Development

National Servicing Center
Director

Operations Branch
Loss Mitigation Branch
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How to Contact Us

For information on:
CAIVRS, Data Integrity,
Default Reporting or
TRS, email:
sfdatarequests@hud.gov

Servicing &
Loss Mitigation, email:
hsglossmit@hud.gov

Extension &
Variances, email:
extensionrequests@hud.gov

HECMs
hecmlhelp@hud.gov

FHA SERVICING AND LOSS MITIGATION NEWS

WELCOME!

August 2008

Welcome to the FHA Servicing and Loss Mitigation Newsletter issued by the National Servicing Center's (NSC). This is the first newsletter released with the primary goal of keeping our servicing lender partners informed of FHA's current and upcoming changes, training opportunities, and a means to provide needed contact information. We hope to receive comments and suggestions for future topics.

With this issue in addition to providing general information, you will find facts about each of NSC's three branches, Operations, Loss Mitigation, and Loan Servicing with a brief description of the functions each branch performs. This information is offered to apprise our readers of the available services, and to share information that we hope will make your jobs supporting and promoting FHA's servicing and loss mitigation efforts more efficient and effective by sharing the frequent pitfalls and successes to a broad audience. We hope you find the information useful.

It is important for the reader to understand that this publication does not set new policy nor change published guidance disseminated by the U.S. Department of Housing and Urban Development (HUD). To make this publication a useful resource for our readers, your input is solicited. Tell us what you would like to read about by sending your questions and comments to the NSC at our mailbox sfdatarequests@hud.gov.

Don't wait – let us hear from you!

Oklahoma City Federal Campus



The NSC is a headquarters division of the Office of Single Family Asset Management with offices located in Oklahoma City and Tulsa, OK. NSC serves as the operational arm of Asset Management and provides centralized servicing, loss mitigation, and operations support for the FHA insured mortgage portfolio from the point of loan endorsement through termination.

NSC is comprised of three branches (Operations, Loss Mitigation, and Servicing) and is overseen by the Office of the Director. Presently, NSC has 39 employees on board and is augmented by two contracts.

NSC Director Announced

Sharon Lundstrom was recently selected as the Director of the National Servicing Center (NSC). Mrs. Lundstrom joined HUD in 2000 and served over six years as the Deputy Director, filling in as the Acting Director for the past two years. She brings more than 20 years of professional experience from both private and public sectors. The NSC is excited to begin a new era under Sharon's leadership.



NSC Management

Sharon Lundstrom, Director

Susan Hunt, Operations Branch Program Director

Matt Martin, Loss Mitigation Branch Program Director

Sally Bene, Servicing Branch Program Director

Felicia Jones, Servicing Branch Chief

IMPORTANT NOTICE: Distribution of future NSC newsletters will be through email. Please send the names, job titles, mailing addresses and email addresses of interested individuals to:

sfdatarequests@hud.gov. Further, in the subject heading, place the word, "Newsletter".

Operations Branch

The Operations Branch analyzes single family FHA insured loan activity, assists servicing lenders with portfolio reconciliation, facilitates accurate default reporting via FHA Connection and EDI, researches incorrect reporting in CAIVRS and provides guidance with TRS issues, and Property & Preservation final appeals.



CONTACT INFORMATION

Don't struggle—contact us!
sfdatarequests@hud.gov

Operations Customer Service Email Box

The Operations Customer Service email box is alive and well and waiting to assist HUD partners. Lenders may write to sfdatarequests@hud.gov with questions about their portfolios, default reporting, Tier ranking, CAIVRS, FHA Connection or similar servicing issues.

Operations will respond and resolve within 48 hours, when possible. We will help you or refer you to the area within HUD that can best support your needs.

Single Family Default Reporting System (SFDMS)

The Operations Branch continues to answer questions daily about the revised default reporting that became effective in October 2006 with the issuance of HUD Mortgagee Letter 2006-15. All questions should be sent to sfdatarequests@hud.gov.

Servicing lenders are reminded that the National Servicing Center conducts Loss Mitigation and Servicing Training throughout the year, where an entire session is devoted to default reporting to the Single Family Default Monitoring System (SFDMS).

The most common errors continue to be failing to open a default episode default code 42 so further reporting may occur; failure of sending and receiving lender to report code 22 if the loan is in default; payoff departments reporting loan as paid in full before default reporting department reports cure or close-out codes; codes reported out of sequence—i.e., you can't report a foreclosure sale before a foreclosure is reported.

Prevent a CAIVRS hit!

Terminate all open default codes in SFDMS before an active loan is terminated in the HUD system after it is paid in full.

Reinstating a Terminated Case

To reinstate a terminated insured loan, the Data Quality Management office requires a request from the lender - email system_management@hud.gov or fax to (202) 401-1252. HUD will check to see if a premium refund has been issued to the homeowner and if periodic premiums are due from prior to 08/1999.

If the loan had a periodic segment and was terminated prior to 08/1999, HUD will have to manually calculate MIP. If there are periodic premiums owed after 08/1999, HUD's system will automatically bill the month after reinstatement for those amounts. If a homeowner refund has been issued and cashed, HUD will send a letter to the lender telling them how much they need to send and give them remittance instructions.

If neither of those things is true, HUD simply reinstates the loan. If payment by the lender is required, HUD will reinstate the loan after payment is received.



Multiple Default Code Reporting

Lenders may report defaults multiple times during the month via EDI or FHA Connection—just be sure that information reported to FHA Connection is not duplicated in EDI or vice versa. Also, remember to ensure that the last code reported at month end is the true status on last day of reporting period.

Common Reporting Errors

- Failure to report code 42 to open a default episode
- Failure of sending and receiving lender to report code 22 if loan is in default
- Codes reported out of sequence

Tier Ranking Scores—do you know your score?

Authorized representatives from servicing lenders who wish to know their most recent TRS ranking, as well as scores from round 6 to the present, may contact sfdatarequests@hud.gov for answers. Summary and case level details will be provided, as well as general information on how TRS scores are calculated.

HUD's TRS website is located at <http://www.hud.gov/offices/hsg/sfh/nsc/tsovrw.cfm>. Answers to general information are available, as well as a mortgagee letter listing Tier 1 lenders.

Do you know the significance of the "incentive round"? If not, check out the TRS website for the answer to this question and find valuable information to enhance your organization's ranking in the next TRS round.

Credit Alert System (CAIVRS)

The Credit Alert System is a valuable tool for lenders. Contact us at sfdatarequests@hud.gov with defaults or foreclosure issues and we will research the legitimacy of the information reported in CAIVRS, and suppress incorrectly reported information.

Issues related to claims should be referred to the FHA Resource Center at 1-800-225-5343 or hud@custhelp.com.

Loss Mitigation Branch

The Loss Mitigation Branch is responsible for servicing and loss mitigation compliance, conducting Servicing & Loss Mitigation Training and conducting lender desk reviews.

Sign up for Servicing & Loss Mitigation Training Today!

NSC's Servicing and Loss Mitigation Training sessions fill up quickly. Don't wait—sign up today for future training!

FY09 Dates are:

February 18-19, 2009

May 13-14, 2009

August 19-20, 2009

Log onto HUD's website at:

<http://www.hud.gov/offices/hsg/sfh/nsc/training.cfm> to register.

Loss Mit Tidbit—89% of home retention claims avoid foreclosures and less than 11% of loans with loss mitigation claims terminate in foreclosure within 24 months .

Inbound Processing, Tracking & Training System (IPRATTS) Debut

IPRATTS will be making its debut in Fall 2008! This comprehensive training system will cover all servicing and loss mitigation related topics from Early Delinquency to Property and Preservation. When the fine tuning is completed, it will be announced with much fan fair. Stay tuned!



MIP Reminder

Lenders are required to notify HUD through FHA Connection when loans reach 78% LTV ratio. Lenders may then request refunds of excess monthly MIP to be paid to mortgagors.



CONTACT INFORMATION

Contact us with servicing and loss mitigation issues at hsglossmit@hud.gov. This email box is available to assist HUD Partners with servicing and/or loss mitigation questions. We're waiting to hear from you!

Loss Mitigation Extensions and Variances Requests— Fax Number Changed!

Fax requests for Extension & Variances should now be faxed to: (405) 609-8405.

FAQs Web Site—Loss Mitigation Fact Sheets

Check out this website!
www.hud.gov/offices/hsg/sfh/nsc/faqsctc.cfm

Fact Sheets on each of the five Loss Mitigation Options—Special Forbearance Agreement, Loan Modification, Partial Claim, Pre-Foreclosure Sale and Deed-in-Lieu can be found at this website. Information is updated as changes occur.

The fact sheets contain all information issued by the Department of Housing and Urban Development and provide an overview of each of the options. These are the same fact sheets included in NSC's Servicing and Loss Mitigation Training. Check it out now and be the first in your office to print and share!

Mortgage Insurance Premium (MIP) Reconciliation

In accordance with HUD's Mortgagee Letter 2002-021 dated Sept. 26, 2002, lenders must reconcile their portfolios with HUD's records by accessing MIP information via the FHA Connection located on the World Wide Web, or through the Frame Relay Network.

Reconciliation information for the prior billing cycle is available by the 17th of the month. Three months of the latest Reconciliation files, including the current month's, are available from FHA Connection. If changes are required, appropriate action should be taken to make changes.

Common discrepancies are type M01: overpayment; M02: underpayment; M20: payment for non-endorsed cases and M21: payment for non-billed case discrepancies. The Single Family Premium Collection Subsystem-Periodic (SFPCS-P) Information Packet contains Reconciliation Report Scenarios for each of these discrepancies and outlines common and what should be done in each case. Review the reasons and compare to the case in question. If you unable to resolve the discrepancy after researching your records and comparing to HUD's records, contact your Lender Representative.

Lenders can find Single Family Premium Collection Subsystem-Periodic Information Packet at <http://www.hud.gov/offices/hsg/comp/premiums/sfpcsp5.cfm>, as well as contact information and the most recent updates to the SFPCS-P system.

Servicing Branch

The Servicing Branch ensures that Secretary-owned assets are protected and serviced according to HUD regulations, and oversees the contract that is responsible for servicing the Secretary-owned portfolio.

The Servicing Branch oversees Home Equity Conversion Mortgages (HECMs), Good Neighbor Next Door Program, 235 Recaptures, reviews and approves/denies Loss Mitigation Extensions and PFS Variances, and services and releases Partial Claims (second mortgages).



CONTACT INFORMATION

Email us with questions about Loss Mitigation Extensions and Variances at extensionrequests@hud.gov.

HECM Email Box

HECM related questions may be directed to HECMHelp@hud.gov.

Reminder!

National Loan Servicing

Contractor

The contractor for the National Loan Servicing contract is C & L Service Corporation with Morris-Griffin Corporation, as the subcontractor. Contract contact information is:

C&L Service Corp/Morris-Griffin Corp.
(CLS-MGC)

2488 E 81st St. Suite 700

Tulsa, OK 74137

HUD's loan servicing contractor is responsible for reviewing and responding to most HECM requests.

Inquiries should be made in the following order:

C&L Service Corp-Morris Griffin Corp:
Phone 1-866-377-8667; FAX 1-866-249-0626

NSC: Jane Anderson, GTM, 1-800-594-9057 ext. 8957; email: hecmlhelp@hud.gov

HECM TRAINING—JUST AROUND THE CORNER— REGISTER NOW!

FHA HECM Servicing Training will be conducted in the National Servicing Center's Tulsa office on September 9, 2008. Learn about:

- Detailed HECM Servicing
- Assignment Process,
- Extensions & Variances Automated Requests System (EVARS),
- Tax & Insurance Defaults
- Updates from HUD,
- Insurance Accounting Collection System (IACS) & Claims.

Registration is required but there is no fee to attend! Find more information at the following website:

<http://www.hud.gov/offices/hsg/sfh/events/dok090908.pdf>

Partial Claims Reminder

Servicers are reminded that only HUD or its servicing contractor are permitted to quote and/or collect partial claim debts. Servicers must notify CLS-MGC when a payoff is quoted on a loan with an associated partial claim, so that they may also issue a payoff quote for the debt owed HUD. Payoff funds are to be remitted to CLS-MGC, who will issue a satisfaction of the subordinate mortgage. Servicers are not authorized to collect funds on HUD's behalf or release HUD's lien.

HECM Assignment Process Q&As

"Responses to Issues Pertaining to HECM Assignment Process As Discussed with National Reverse Mortgage Lenders Association Members April 2008" can be found on HUD's website at:

<http://www.hud.gov/offices/hsg/sfh/nsc/rep/hecmasqa.pdf>

HECM Inquiries

HUD's loan servicing contractor is responsible for reviewing and responding to assignment requests, with HUD overseeing the process. Please send your inquiries in made in the following order:

1. C&L Service Corp/Morris-Griffin Corp. (CLS/MGC) - (866) 377-8667
2. Carlos Torres – CLS/MGC First Mortgage Supervisor - (918) 551-5304
3. Zena Person – CLS/MGC Contract Manager – (918) 551-5301
4. Jane Anderson – HUD Government Technical Monitor – (918) 292-8961



Remember!!

Only HUD can collect

Partial Claim debts!

Submitted HECMs

How to Successfully Submit a HECM Request can be found online at:

<http://www.hud.gov/offices/hsg/sfh/nsc/rep/hecmasgn.pdf>

Data Integrity and Default Reporting is Important!

Default Reporting – New Functions Available

Lenders are now able to report close out status codes for some loans on which insurance has been previously terminated with a claim. Claim codes are the following:

- 17 – Preforeclosure Sale Closing Plan Accepted
- 46 – Property Conveyed to Insurer
- 47 – Deed-in-Lieu Completed and Conveyed
- 48 – Claims without Conveyance of Title
- 49 – Assignment Completed

If the case has not been archived by HUD's Single Family Insurance System, the loan was terminated with a claim code, the case is still on the Single Family Default Monitoring System (SFDMS) Active Database and the current mortgage code in SFDMS is **NOT** a claim/terminated mortgage status code (see above codes), lenders may update the case with a claim/termination code. If attempts are made to enter any code other than a claim/termination code, FHA Connection will display the following message:

“YOU CAN ONLY UPDATE THIS CASE WITH A CLAIM CODE: 17, 46, 47, 48, 49 OR 25 TO CANCEL CURRENT STATUS”

Lenders may also enter status code 25 to cancel the previous mortgage status code.

Using the same parameters listed above, and the current mortgage status code in SFDMS **IS** a claim/terminated mortgage status code, lenders may change incorrectly reported status codes with status code 25, followed by the correct claim termination code. If any code other than 25 is entered, FHA Connection will display the following message:

“YOU CAN ONLY UPDATE THIS CASE WITH A CODE 25 TO CANCEL CURRENT STATUS, FOLLOWED BY A CORRECTED CLAIM CODE: 17, 46, 47, 48, or 49”

Contact sfdatarequests@hud.gov with questions or assistance with default reporting.

Refresher on Reject Notice Codes

Reject Notice Codes (also known as Fatal or Hard errors) occur when incorrect default reporting is done through either FHA Connection or Electronic Data Interchange (EDI) to the Single Family Default Monitoring System (SFDMS). Detailed information on Error Codes for HUD Default Reported can be found at <http://www.hud.gov/offices/hsg/sfh/nsc/rep/sfdmserr.pdf>.

Prior to submission of each monthly report:

R1 Servicing Mortgagee: Ensure the correct ten-digit ID has been provided. When an incorrect or incomplete ten-digit HUD identification number is reported for the servicing mortgagee is not provided, HUD can not reference where to send the error report and as a result, an error report will not be sent and the ENTIRE transmission is rejected.

R2 FHA Case Number (Bad Case Number): Ensure correct FHA Case numbers are provided. Case status can be checked using FHA Connection. If a case has been terminated in error, contact Insurance Operations Div, website: www.hud.gov/offices/hsg/comp/premiums/sfdqrep.cfm.

R3 Invalid Status Code: When reporting a default status code other than 42, ensure the default episode is already open. If multiple events per loan are to be sent in one EDI TS264, ensure that if the default is not already open, that the 42 (or 22, if appropriate) is sequenced first.

R4 Invalid Oldest Unpaid Installment Date (OUI): HUD calculates the number of months delinquent based on the OUI date and the transaction date (date the submission in accepted into SFDMS). To prevent these errors, ensure the OUI date and correct status is entered in the transmission. R4 errors occur when the OUI reported is one of the following listed below.

1. Less than the first payment due under the mortgage or
2. More than 10 years in the past (calculated from the transaction date), or
3. Greater than the transaction date plus 3 months when reporting the close-out of an episode or
4. Greater than the transaction date, when reporting a default status code that indicates the delinquency is still open

R5 Invalid Oldest Unpaid Installment Date Format: As stated above, HUD calculates the number of months delinquent based on this date and the transaction date. R5 will occur when the OUI reported is either non-numeric (including blank, null, or populated with spaces) or the OUI month reported is

Remember!! Reporting Accuracy

Reconcile your company's records with the HUD system of record. Servicing mortgagees must insure that their portfolio is accurately reported in the HUD systems. Errors happen through acquisition issues, mergers, employee turn over or system errors that must be address promptly or they become much more difficult to correct. Don't let your company be out of compliance with HUD regulations and guidelines or have a claim delayed payment due to an error in reporting.

How do you reconcile? How often should the reconciliation be accomplished? For guidance, send an email to the sfdatarequest@hud.gov

Reminder!! To be included in the distribution of future NSC Newsletters, please send the names, job titles, mailing addresses and email addresses of interested individuals to: sfdatarequests@hud.gov. In the subject heading, place the word, “Newsletter”.

Claim Status: FHA_SFClaims@hud.gov or on [FHA Connection](#), select: SF Servicing | Claims Processing | Claim Status

Distributive Shares (800) 697-6967 or www.hud.gov/offices/hsg/comp/refunds/fhafact.cfm

EDI Help Desk (800) 483-4334 or www.hud.gov/offices/hsg/comp/edi/edi.cfm

Forms and Handbooks from HUD (800) 767-7468 or www.hudclips.org

Housing Counseling

List of Agencies: (800) 569-4287, TDD (800) 877-8339 www.hud.gov/offices/hsg/sfh/hcc/hccprof14.cfm

All about HCAs: www.hud.gov/offices/hsg/sfh/hcc/hcc_home.cfm

HUD Programs:

Description of All www.hud.gov/funds/index.cfm

Description of SF only www.hud.gov/offices/hsg/sfh/ins/singlefamily.cfm

Information in Spanish 800-Call-FHA

MIC information HOC Underwriting Divisions or use FHA Connection

MIP - Questions from Lenders

FHA home page at www.hud.gov/offices/hsg/index.cfm then Single Family | Audience Groups | Lenders | Insurance Premiums

[ACH Outreach Team](#) (202) 537-8004 for help with using ACH or HUD's MPC (Mtg Premium Connection) software to input MIP payment information

[SF Ins Operations Div Service Center](#) (SFIOD) (703) 526-0749 for help with data quality, using the SFPCS Periodic (SF Premium Collection Subsystem - Periodic), or refunds

[SFPCS-P Help Desk](#) (202) 708-0142 for help with FHA Connection Monthly Premium Report files

National Servicing Center:

Loss Mitigation— hsglossmit@hud.gov

Operations (TRS, Data, CAIVRS, Reporting SFDMs) - sfdatarequests@hud.gov

Servicing (HECM, Partial Claims, all Secretary Held notes) - extensionrequests@hud.gov
HECMHelp@hud.gov

RESPA (202) 708-0502 or (202) 708-6401 www.hud.gov/offices/hsg/sfh/res/respa_hm.cfm

Reverse Mortgages: www.hud.gov/offices/hsg/sfh/hecm/hecmhome.cfm

SFDMS (Single Family Default Monitoring System) <http://www.hud.gov/offices/hsg/sfh/nsc/sfdms.cfm>

National FHA Loss Mitigation Use by Type

Fiscal Year	Special Forbearance	Mortgage Modification	Partial Claim	Pre-foreclosure Sale/Deed in Lieu	Total
Through June 2008	16,656	42,974	11,127	3,284	74,041
2007	23,912	46,904	15,711	4,480	91,007
2006	20,666	38,508	16,354	5,244	80,772
2005	26,951	39,897	14,189	5,832	86,869