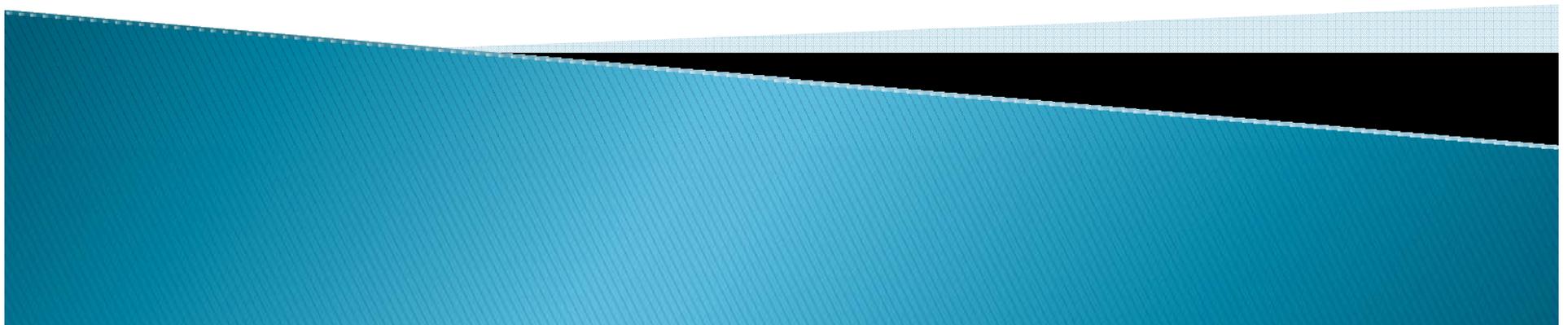




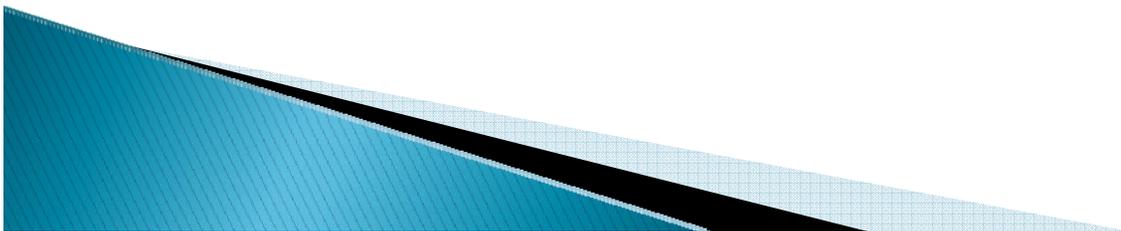
# FHA Today

FHA Loss Mitigation Education Series



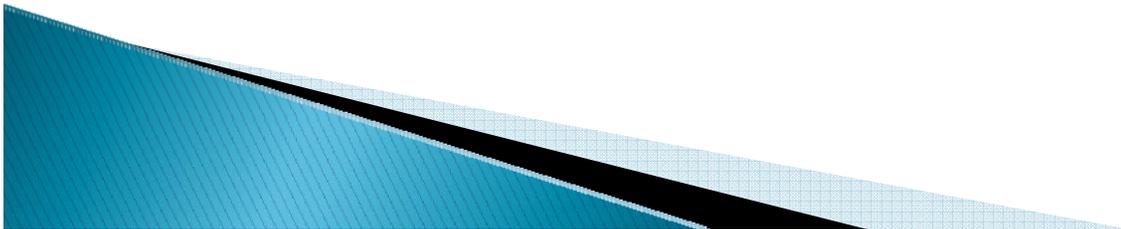
# Webinar Discussion

- ▶ General Program Requirements
- ▶ Imminent Default
- ▶ Forebearance Agreement
- ▶ 90-Day Review
- ▶ Q & A's



# Disclaimer

- ▶ *This program is provided for educational purposes. Additional program questions regarding Imminent Default or Loss Mitigation should be directed to the appropriate Homeownership Center or the National Servicing Center.*



# General Program Requirements

- ▶ Mortgagor may not own other real estate subject to FHA insurance.
- ▶ Co-mortgagor on a prior loan which an FHA claim had been paid within the past 3 years.
- ▶ CAIVRS—must be used to make above determinations
- ▶ Exceptions:
  - Property acquired through inheritance OR
  - Mortgagors who co-signed to enhance the credit of another mortgagor

# Imminent Default

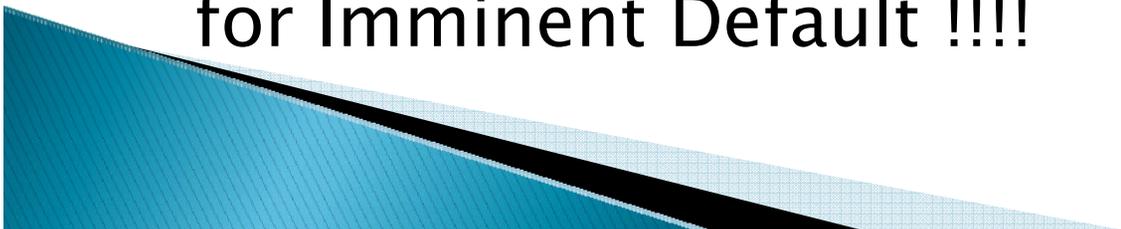
- ▶ **Defined:** an FHA borrower that is current or less than 30 days past due on the mortgage obligation and is experiencing a significant reduction in income or some other hardship that will prevent him or her from making the next required payment on the mortgage during the month that it is due.
  
- ▶ The borrower must be able to document the cause of the imminent default.
  1. A reduction in or loss of income that was supporting the mortgage loan.
  
  2. A change in household financial circumstances.

# Forbearance Agreement

- ▶ Definition – A forbearance agreement is an agreement by the Servicer to postpone, reduce or suspend payment(s) due on a loan for a limited and specific time period.
- ▶ Imminent Default does not qualify for Special Forbearance. The Special Forbearance option is available for FHA loans in default.

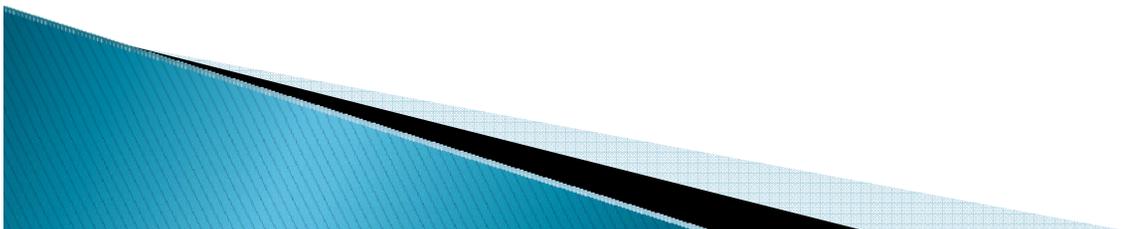
# Loss Mitigation Options for Imminent Default

- ▶ Forbearance Agreement
  - Informal Agreement
  - Formal Agreement
- ▶ FHA HAMP
  - Mortgagor must successfully complete a 4 month trial modification period. If the mortgagor does not successfully execute the loan modification, the mortgagor is no longer eligible for FHA-HAMP.
- ▶ No other Loss Mitigation Options Available for Imminent Default !!!!



# 90 - Day Review

- ▶ Informal forbearance is a verbal agreement between the Servicer and borrower. The duration for an informal forbearance must be three months or less.
- ▶ Formal forbearance is an agreement in writing between the Servicer and borrower. Where the duration of the forbearance agreement will be for more than three months



# FHA – Home Affordable Modification Program (FHA – HAMP)

- ▶ “Making Home Affordable Program: FHA’s Home Affordable Modification Loss Mitigation Option.”
- ▶ Eligible FHA Mortgagors that are:
  - ▶ Facing Imminent Default
  - ▶ Currently in Default
- ▶ Imminent Default Mortgagor must first complete a 4-month trial modification plan.
  - ▶ FHA-HAMP program requirements include both income and expense calculations in addition to front end and back end ratio calculations.

# Data Reporting & Monitoring

- ▶ Servicers are required to report all standard loss mitigation activities prior to the HAMP option implementation according to the guidance established in Mortgagee Letter 2006-15 and subsequent guidance. Specific reporting requirements for FHA-HAMP were provided in Mortgagee Letter 2009-39, which was issued on October 9, 2009.
- ▶ FHA holds servicers accountable for their servicing practices in order to protect the public trust and the FHA Insurance Fund. When a servicer fails to comply with FHA's policies and procedures, FHA will take appropriate action.

# Data Reporting

- ▶ Servicers that violate FHA program statutes, regulations, handbook requirements and mortgagee letters may be subject to numerous actions including: the repayment of loss mitigation incentives, indemnification, and referral to HUD's Mortgagee Review Board for appropriate sanctions.

# Conclusion

## ▶ Avoiding Foreclosure

- ▶ [http://portal.hud.gov/portal/page/portal/HUD/topics/avoiding\\_foreclosure](http://portal.hud.gov/portal/page/portal/HUD/topics/avoiding_foreclosure)
- ▶ [https://www.hmpadmin.com/portal/docs/hamp\\_borrower/hamphardshipaffidavit.pdf](https://www.hmpadmin.com/portal/docs/hamp_borrower/hamphardshipaffidavit.pdf)
- ▶ <http://www.hud.gov/offices/adm/hudclips/letters/mortgagee/index.cfm>

## ▶ Q & A's

## ▶ Future Webinars

- <http://www.hud.gov/offices/hsg/sfh/nsc/training.cfm>
- Special Forbearance
- Loan Modification
- Partial Claim
- Home Affordable Modification Plan (HAMP)
- Preforeclosure Sale
- Deed-in-Lieu of Foreclosure

