

2024 NAMFS CONFERENCE

Servicer Panel: *A Day in the Life
of a Servicer*



2024 NAMFS Conference

Servicer Panel:

"A Day in the Life of a Servicer"

May 7, 2024, 1:30-2:30 PM CST



Talia Ramirez
SLS
Moderator



Candace Russell
Carrington
Mortgage Services



Amber Bell
LoanCare



AGENDA

Loan Lifecycle

Servicing Challenges

Disposition Strategies

Timelines

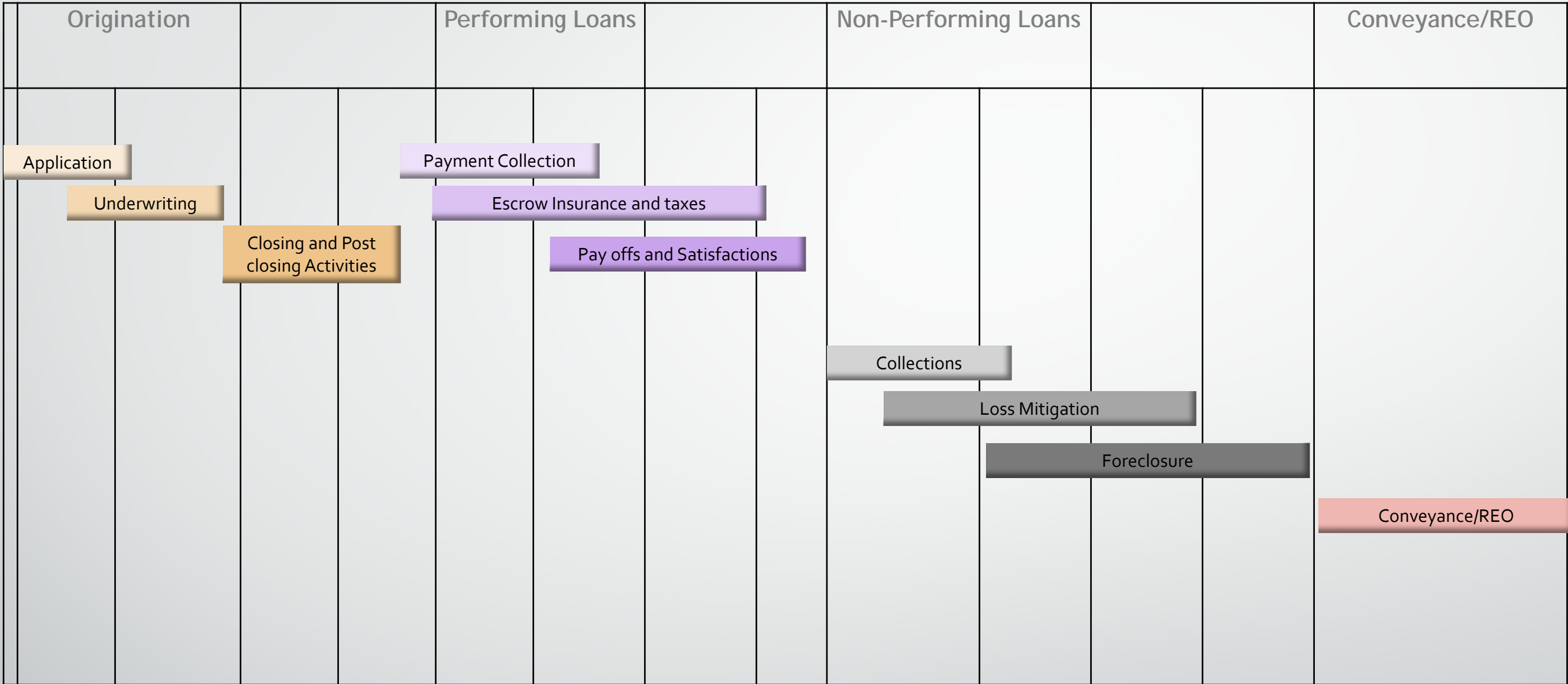
Expense Reimbursement

Vendor Performance & Partnerships

Looking Ahead

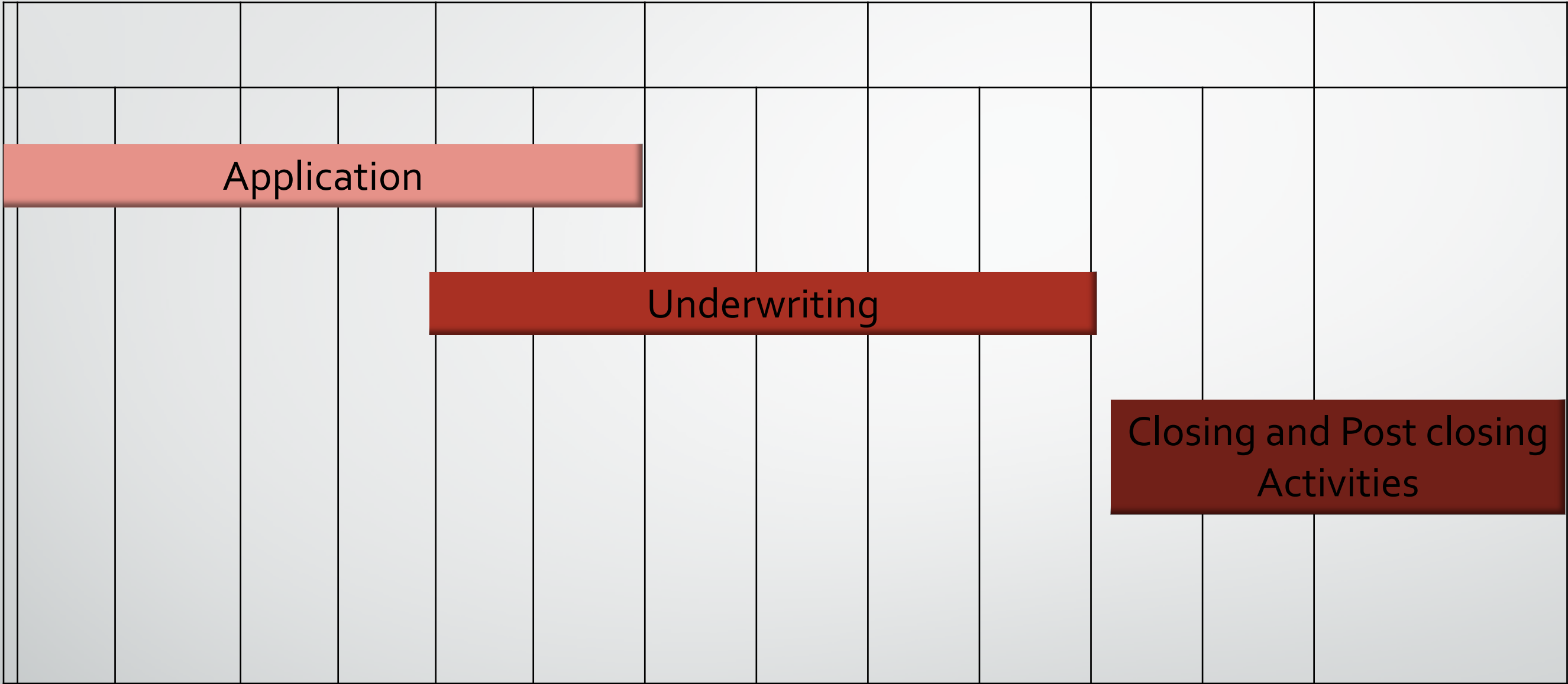
Life of Loan At A Glance

Complete Cycle



Life of Loan At A Glance

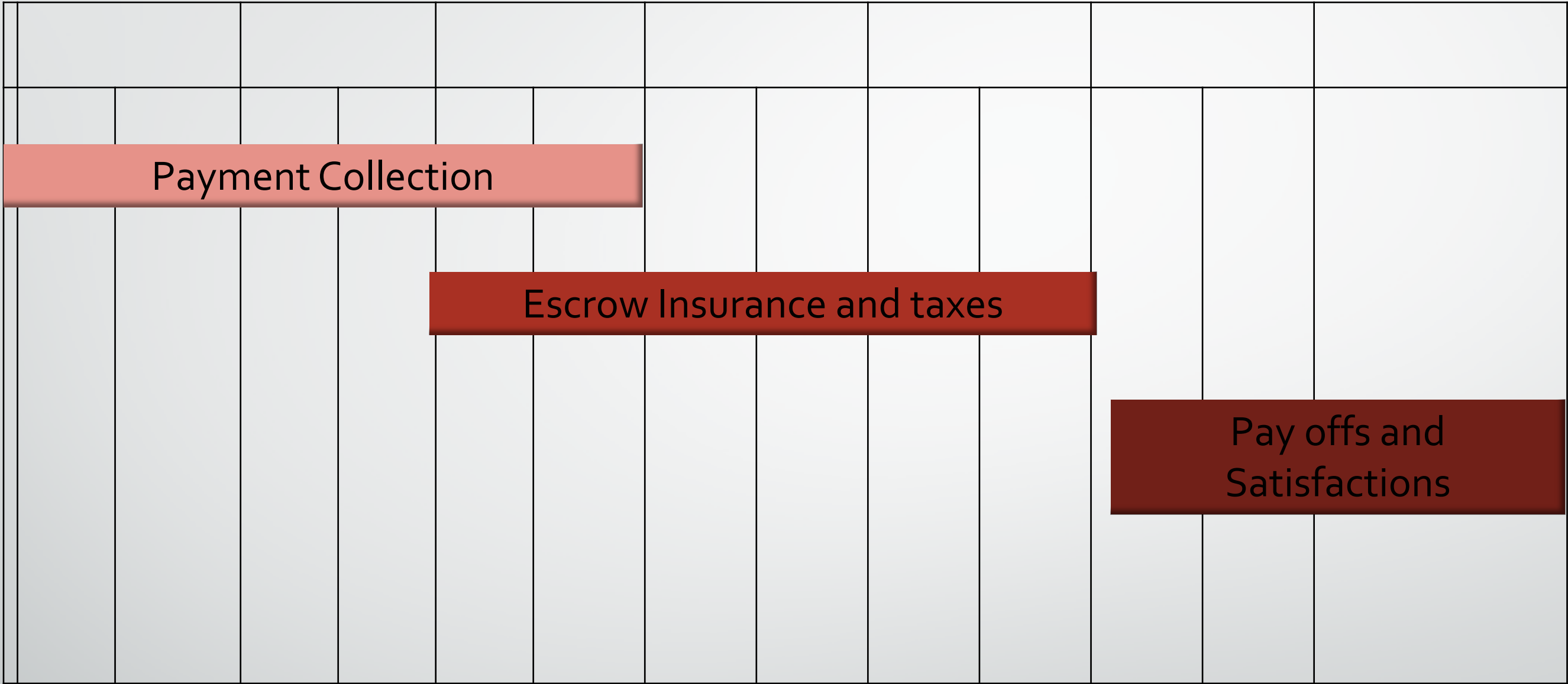
Origination



*Origination activities breakdown will not be provided within this presentation.

Life of Loan At A Glance

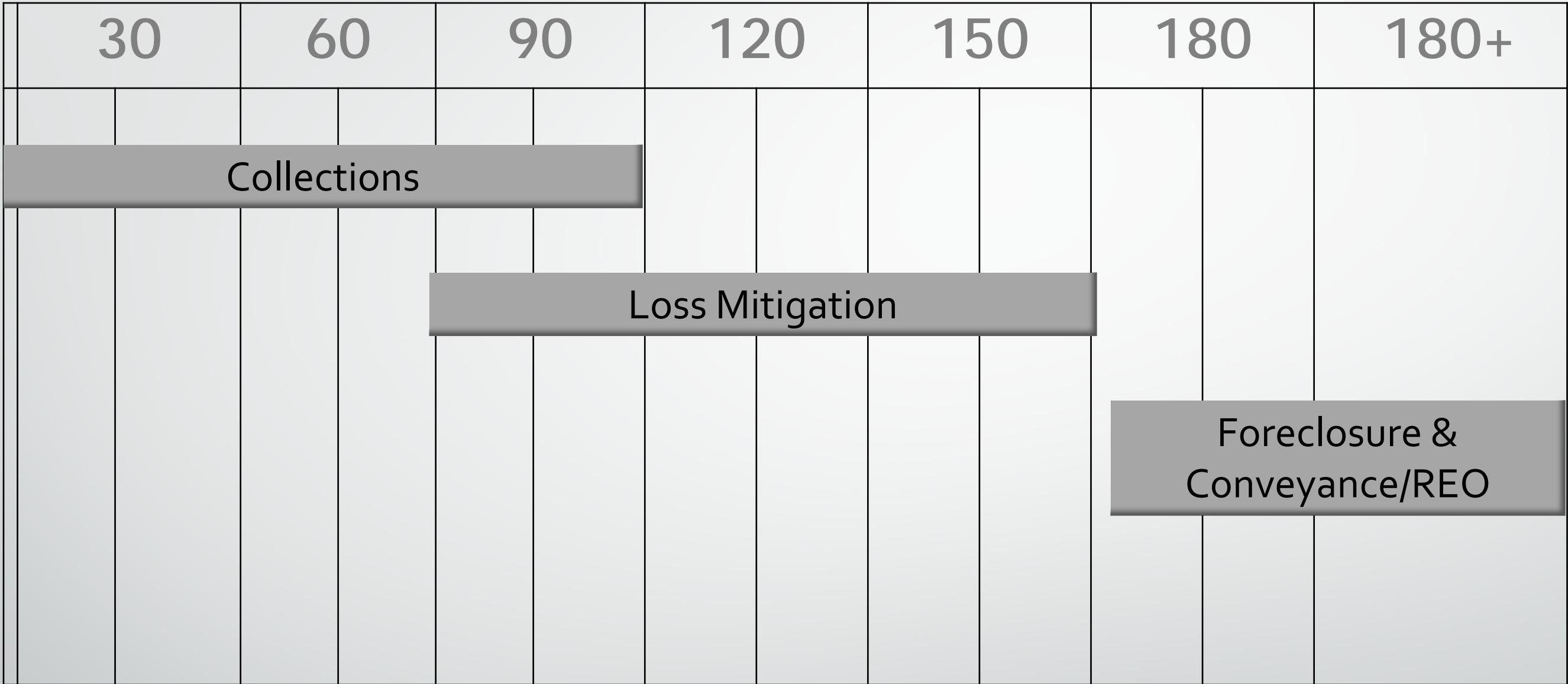
Performing Loans



*Performing loans activities breakdown will not be provided within this presentation.

Life of Loan At A Glance

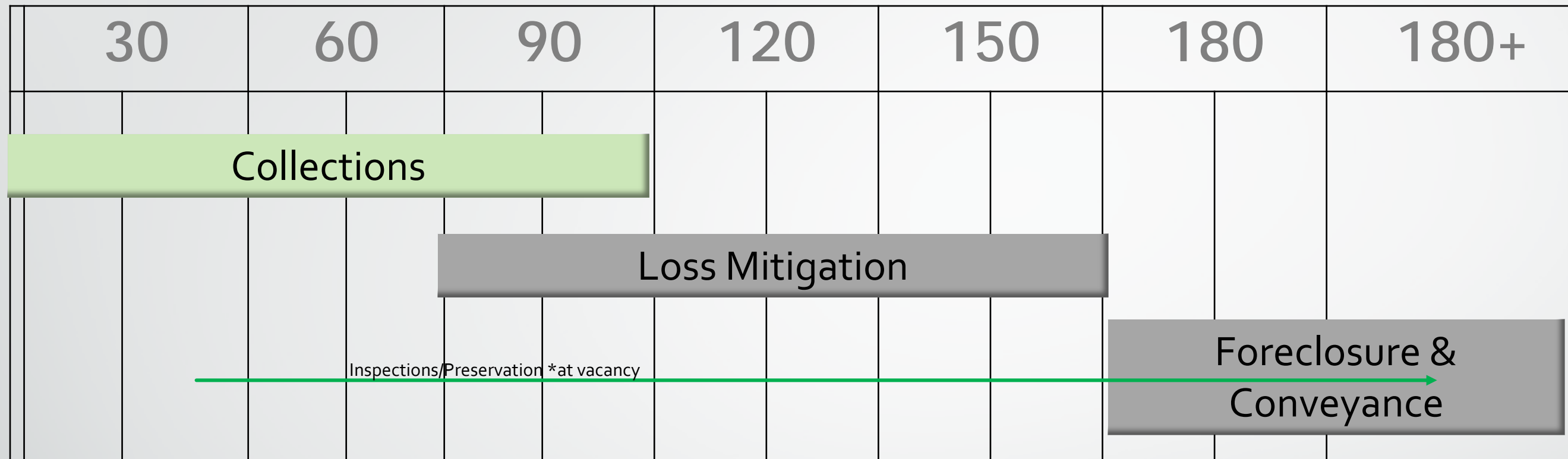
Non- Performing Loans



Hypothetical timeline is represented in days past due and may not be representative of all cases.
Bankruptcy, property vacancy and moratoriums are all factors that will impact timeline represented

Default Timeline At A Glance

Collection Activity



Day 10: Early Default contact required

Day 17: HUD-Telephone contact attempts must commence

Day 20: HUD- Personalized letters

USDA – Verbal and written contact attempts to identify reason and cure must commence

Day 32: HUD- Notification to homeowner re: availability of counseling

USDA- Best Practice Notification to homeowner re: availability of counseling (prior to day 60)

Day 45: HUD and USDA- **First occupancy inspection ordered**, HUD mailer sent and 5 business days allowed before inspection can be completed (completion deadline is day 60)

Day 62: Face to face interview if servicer has branch w/in 200 miles of owner- occupied property and no payment plan established

Day 90: USDA- Must have each loan for appropriate Loss Mit.

Default Timeline At A Glance

Loss Mitigation Activity

30		60		90		120		150		180		180+
Collections												
			Loss Mitigation & Pre-foreclosure									
										Foreclosure & Conveyance		

Day 60-120: Solicitation efforts, review of workout package, determination of appropriate workout option *Treble damages assessed for failure to assess eligibility of borrower*

FHA Waterfall: Covid FB, Informal forbearance, Formal Forbearance, Unemployment Forbearance, Loan Modification, ~~Hamp Loan Modification~~, Loan Modification/ Partial Claim Hybrid, Partial Claim, Payment Supplement Account, Equity Sale, Pre-Foreclosure Sale, DIL

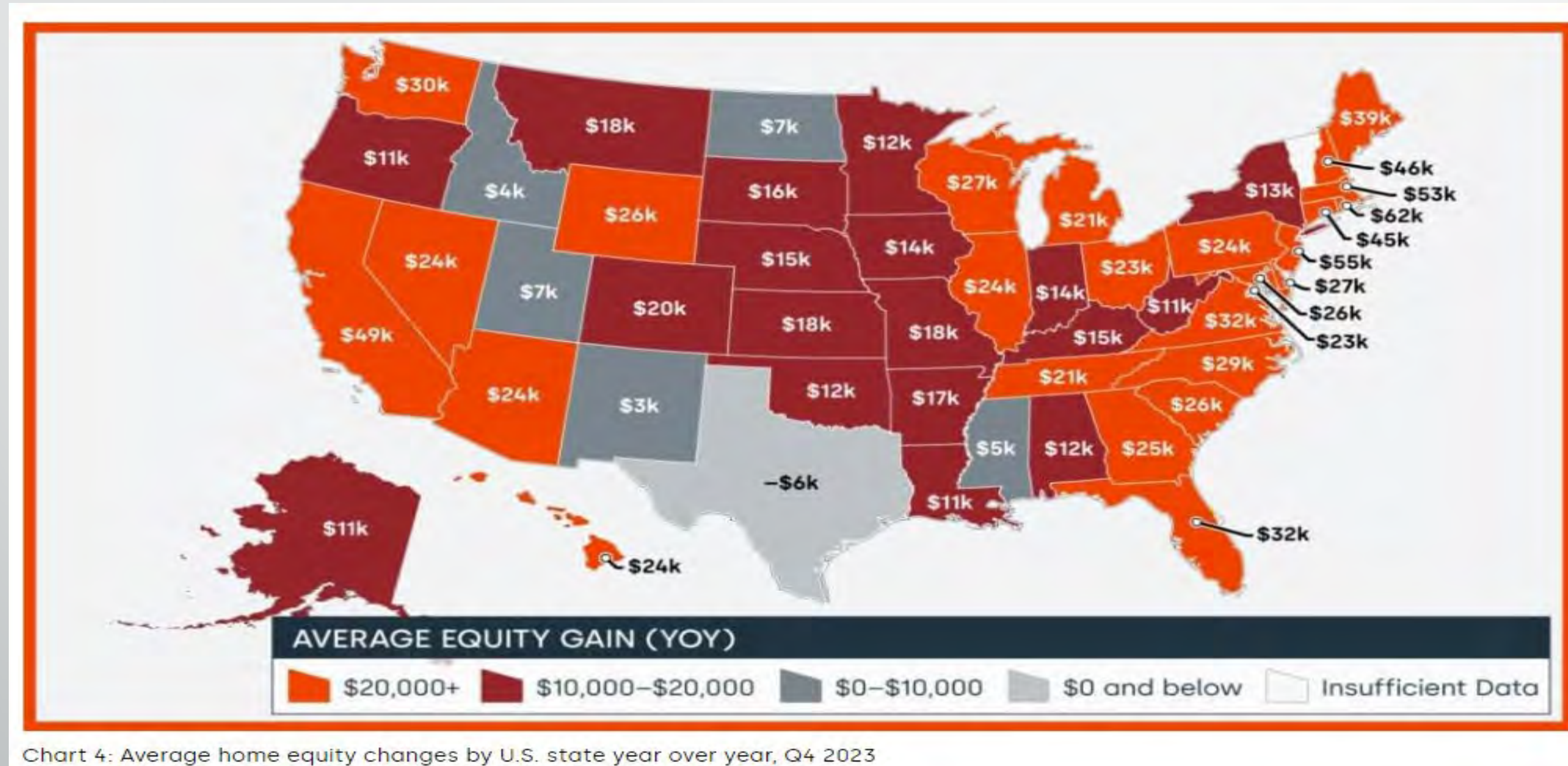
USDA Waterfall: Covid FB, Informal Forbearance, Special Forbearance, Loan Modification, MRA, MRA Payment supplement account, Equity sale, Pre-Foreclosure Sale, DIL

GSE: Covid FB, Informal FB, Formal FB, Deferral, Flex Mod.

VA: Covid FB, Deferral, Informal FB, Formal FB, tvap/refund, Loan mod, Streamline Loan mod, VA affordable mod, VA disaster mod, disaster extend mod, VASP

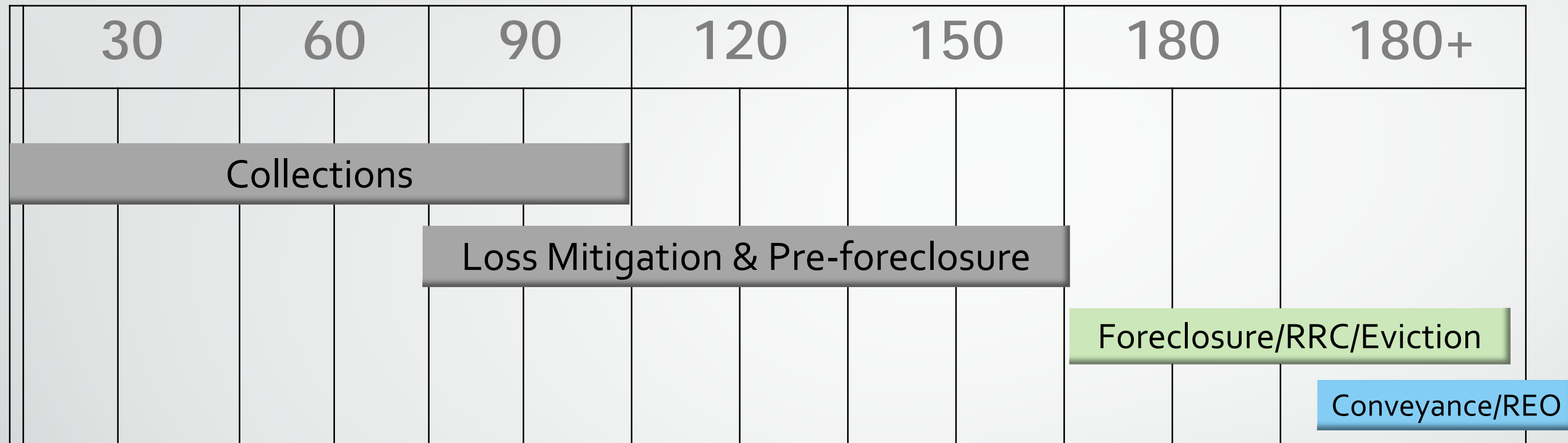
Day 120-180: Completion of approved workout, acceleration letter sent for non-eligible borrowers or failed workout, foreclosure referral sent to attorney after expiration of acceleration letter

HOMEOWNER EQUITY



Default Timeline At A Glance

Foreclosure Activity



Completion of Foreclosure and Acquisition of Property

Day 180: FHA/USDA-First legal action must be filed, notification of foreclosure must be provided to HUD within 30 days of first legal. *For vacant properties, first legal must be filed within the later of 120 days after vacancy, 60 days after property is discovered vacant or day 180*

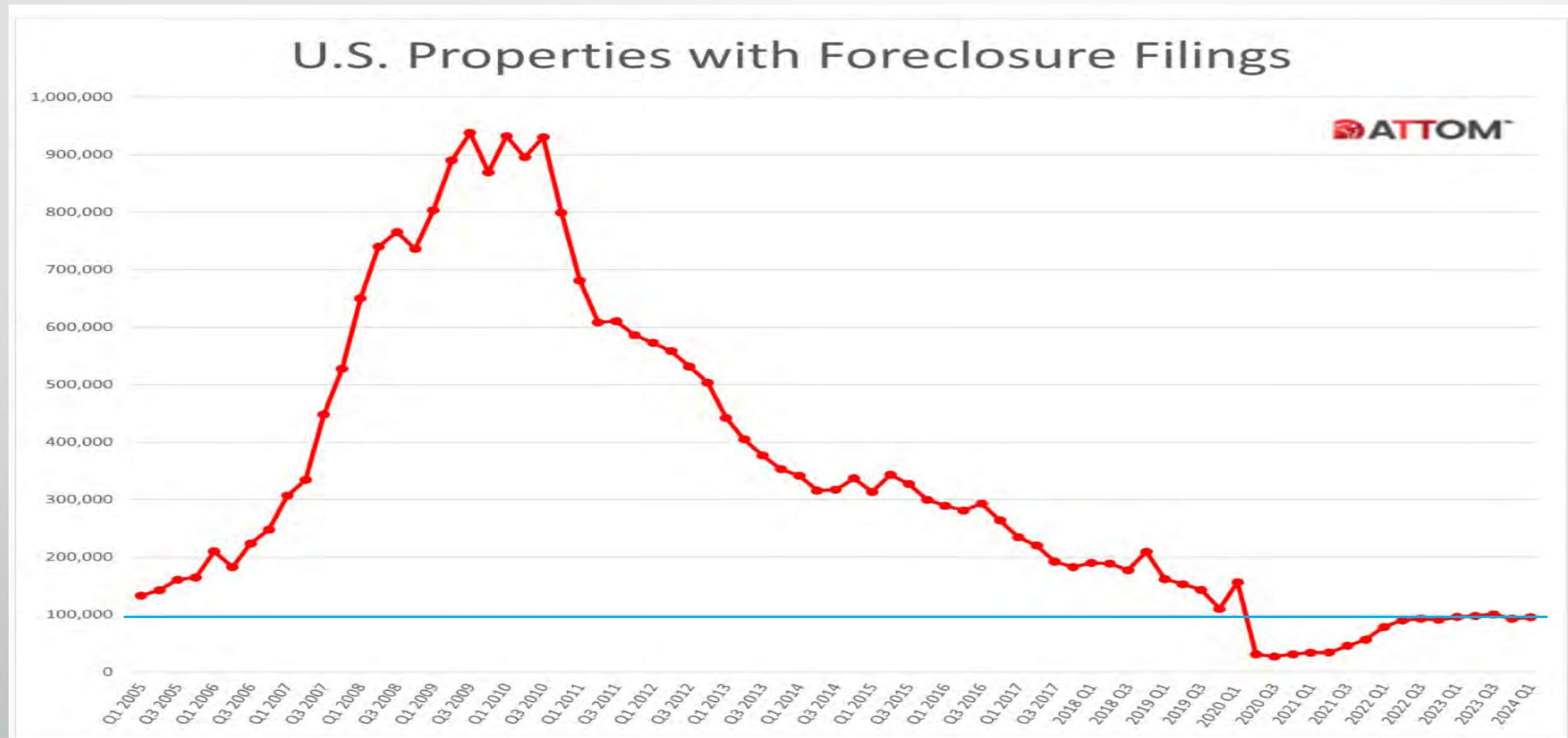
Reasonable diligence of foreclosure: time between first legal and filing of certificate of title, timeframe established for each state ranging from 5 – 36 months by state

HUD- Initiation of eviction or possessory action: must take the first public legal action within 30 calendar days of foreclosure completion

¹¹

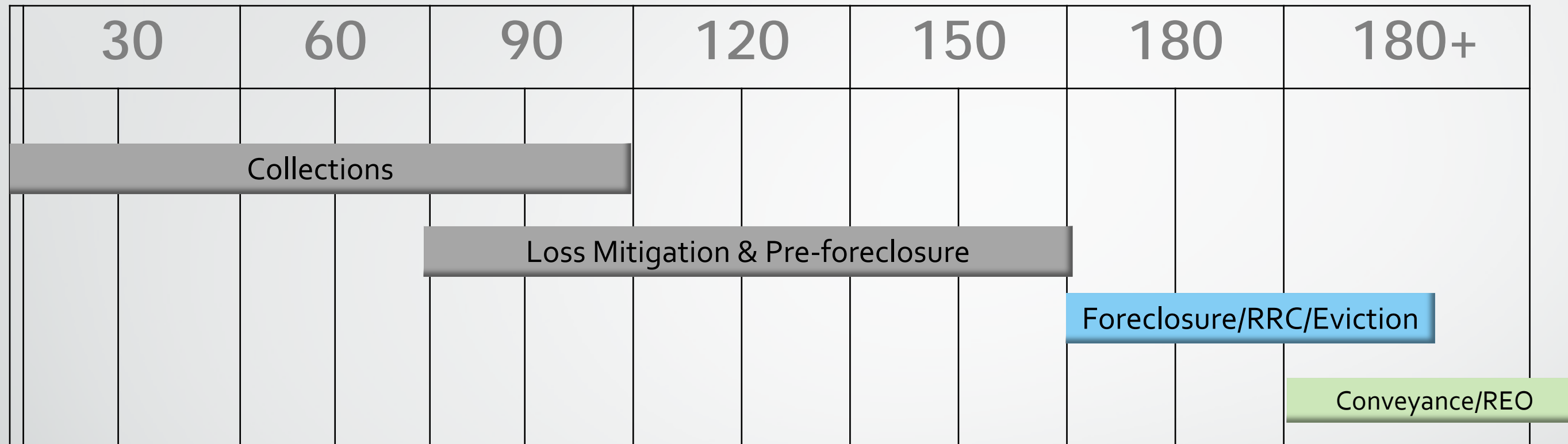
USDA- Follows HUD

FORECLOSURE



Default Timeline At A Glance

Conveyance/REO Activity



Conveyance of Property to HUD

90-120 day hold/marketing period for HUD first glance program- 30 days for owner occupants next 60 for localities
 Conveyance to HUD: within 30 calendar days of acquisition or within time required to perfect title servicer must record deed to HUD

Submit Part A Claim: submit on date deed is recorded or mailed for recording

Submit Title Evidence: no later than 45 days after deed is recorded

Submit Part B Claim: within 45 days of deed recording

Supplemental Claim: limited to one, HUD will not accept more than 6 months after final payment of Part B claim

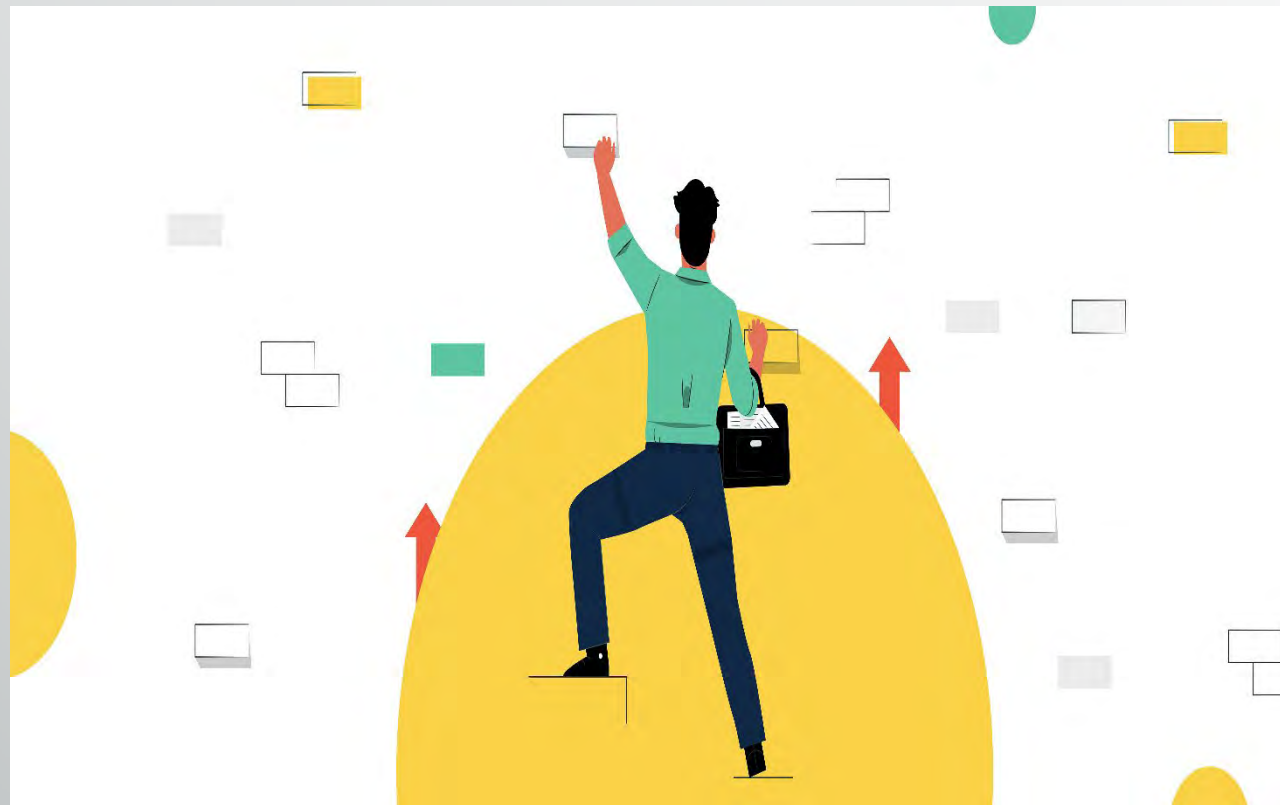
USDA REO Liquidation

After Foreclosure sale a claim is submitted and a black box calculation is made to give a similar to appraisal payment and the REO is sold in REO..

USDA Loss Claim- Within 45 days of REO sale, FCL, or Short sale. Within 30 days from liquidation appraisal on non-sold REO.

Servicing Challenges

- What are the top challenges you would say right now we are facing as servicers?



Disposition Strategies

- What key risk factors play a part in your determination to look for alternative routes of disposition on assets?
- Would you say that the homes making their way through the pipeline are distressed more so today than we have seen in prior years? Does this change your approach to disposition?
- Which way are investors and noteholders leaning in today's market when it comes to disposition strategies?
- Would you say you are taking a more conservative approach to preservation today?
- Where are there potential opportunities for field service providers with HUD? 203K and 203H inspectors?
https://www.hud.gov/program_offices/housing/sfh/203k/203khow

Timelines

- Natural Disasters are increasing on a much larger and more impactful scale, how do you decide when to order disaster inspections as they aren't always reimbursable? Is your decision impacted by delinquency of a loan?
- Inspectors are going to receive normal monthly inspections at the same time as disaster inspections, can you explain which inspection is more important based on timelines and why is that?
- Can you please explain why timelines are so important? What are the consequences of late inspections, untimely work, untimely or incorrect bids, and lack of communication on issues/distressed assets?

Expense Reimbursement

- Fannie, Freddie and HUD have increased allowables, but we are still seeing increasing costs of preserving these properties due to rising costs, material shortages, and the distressed condition of these assets. As servicers, what is your strategy regarding non-reimbursable expenses?
- Are there cases where municipalities can make this more expensive for servicers/investors?
- Do you spend the increased cost to preserve the asset even though the investor or govt allowables may not cover the full cost where it makes sense?
 - Example: HUD will not cover the structural engineer inspection even though it is absolutely needed to determine bids/condition of the home. Do you approve the cost as a cost to you?

Vendor Performance

- What do you look for in choosing a vendor? What is important to you in a vendor? How can they maximize their value to you and best meet your needs?
- How do you manage vendor performance? How do you manage an underperforming vendor?
- What does an ideal relationship between vendor and servicer look like? Can you talk about the interaction between clients/vendors/property preservation company? How can you leverage the partnership effectively and work together to solve problems?
- How important is data integrity from the vendor?
- As servicers, what can we do better for the field service providers? What are some changes to how we communicate that have improved for the better as an industry and where can we improve the most going forward?

Looking Ahead

- What three pieces of the servicing preservation puzzle do you predict will have the greatest impact on the industry in the next five years?

