

MBA'S NATIONAL MORTGAGE SERVICING

BUILDING TOGETHER
for **TOMORROW**

CONFERENCE & EXPO 2008

MBA's National Mortgage Servicing Conference Property Preservation Session

Moderator:

Caroline Reaves, Mortgage Contracting Services

Panelists:

Sherilee Massier, Wells Fargo Home Mortgage

Marc Hinkle, PHH Mortgage

Vance Morris, Department of Housing and Urban Development

Leslie Bromer, Department of Housing and Urban Development

Robert Klein, Safeguard Properties

Introduction and Discussion of HUD Initiatives Presented by Vance Morris

- HUD will outline its goals to improve the preservation and protection of vacant FHA-insured properties, prior to such properties being conveyed to HUD.
- Improvements are needed to insure that vacant properties are maintained to a standard that does not blight communities or depreciate surrounding property values.

- The Department is investigating the use of commercial software to determine usual and customary preservation and protection costs, jurisdictionally.
- It is anticipated that implementation of the software will eliminate the Department's prescriptive guidance (and updates), cumbersome bid process, and over-allowable request process.

- In an effort to reduce the number of properties conveyed to the Department, HUD expects to expand its market value bid pilot, to include all services and all states.
- Under existing authority, servicers will be asked to obtain appraisals on all vacant properties and issue below market value bids at foreclosure sale in hopes of attracting third party bidders.

- In order for HUD to effectively dispose of its REO inventory, HUD is considering a tiered property disposition strategy that will be based a rating assigned to each property.
- The rating will consider factors such as property condition, repair cost and market demand. Top tier properties would be marketed competitively to owner occupants, while bottom tier properties may be eligible for discount sales to non-profit housing developers or sold in bulk sales.

- HUD will develop clear requirements for “conveyance condition” which may differ based on the marketability rating of a property.
- Bottom tier properties may require minimal pre-conveyance work, while mid and top tier properties may require interior and exterior maintenance and repair that exceeds current guidelines.

- **The Department is paying claims and accepting conveyance prior receiving evidence of marketable title.**
- **This practice delays marketing and is responsible for the majority of reconveyances processed annually. HUD is evaluating options to mitigate this problem.**

- HUD plans to increase its oversight and monitoring of servicing and conveyance activities from initial vacancy to conveyance.

- Best Practices
- Servicers
- Agencies
- Service Providers
- Challenges