



OFFICE OF HOUSING
ASSET SALES OFFICE
OFFICE OF FINANCE AND BUDGET



Report to the Commissioner on Post Sale Reporting September 2023 Report

HUD-HELD VACANT LOAN SALES FOR
HOME EQUITY CONVERSION MORTGAGES

U.S. Department of Housing and Urban Development
Federal Housing Administration

BACKGROUND

HUD-held Vacant Loan Sales (HVLS) for home equity conversion mortgages (HECMs) were introduced in 2016. These sales maximize recoveries to the Federal Housing Administration (FHA) insurance fund on behalf of taxpayers through competitive auctions. HVLS transactions are comprised of a portfolio of defaulted, formerly FHA-insured, single-family reverse mortgage loans owned by HUD. The loans are first liens secured by 1 to 4 unit, residential properties with the following attributes:

- ❖ The last surviving borrower is deceased;
- ❖ No borrower is survived by a non-borrowing spouse;
- ❖ The property securing the mortgage loan is vacant; and
- ❖ The heirs of the estate have not paid off the debt.

The HVLS sold loans were assigned to HUD from prior servicers, who are able to assign the loans to HUD when the loan balance reaches 98% of Maximum Claim Amount (MCA). MCA is equal to the lesser of the loan's appraised value or the maximum FHA lending limit at origination. HUD takes over servicing when the loans are assigned.

HUD can foreclose on these vacant properties but that is usually lengthy and costly to the U.S. taxpayers. Selling these defaulted mortgages through a competitive auction generates savings for FHA by avoiding holding, foreclosure, and sales expenses that would be incurred with a disposition through the REO conveyance program.

The HVLS portfolio is summarized below. This report includes post-sale reporting data due 07/01/2023 on ten HVLS transactions, HVLS 2017-1 through HVLS 2023-1. Per sale requirements, Purchasers must ensure that the loans are serviced in accordance with the Conveyance, Assignment and Assumption Agreement (CAA) and all applicable state and federal laws and regulations.

The information contained herein is based upon data reported by Purchasers.

EXHIBIT 1: THE HVLS PORTFOLIO

Sale Name	Sale Date	Settled Loan Count	Updated Loan Balance (MM)	Repurchased Loans	Count without Repurchases	Number of Pools
HVLS 2017-1	11/30/2016	1,644	\$333.4	77	1,567	5
HVLS 2017-2	6/21/2017	864	\$171.7	59	805	5
HVLS 2018-1	4/11/2018	566	\$120.2	55	511	4
HVLS 2019-1	12/12/2018	964	\$201.4	44	920	8
HVLS 2019-2	7/24/2019	1,473	\$329.5	100	1,373	10
HVLS 2020-1	6/24/2020	638	\$146.6	11	627	10
HVLS 2022-1	12/1/2021	1,605	\$398.6	18	1,587	17
HVLS 2022-2 Part 1	6/8/2022	699	\$190.9	1	698	7
HVLS 2022-2 Part 2	7/27/2022	682	\$139.5	6	676	13
HVLS 2023-1	5/23/2023	1,145	\$301.1	0	1,145	14
HVLS Total		10,280	\$2,332.9	371	9,909	93

The table above includes settled loans only, including 371 loans that are shown as Repurchased by the Purchasers. The first reporting for HVLS 2023-1 is due on January 4, 2024, so repurchase and post-sale reporting data is not yet reported for that sale.

NONPROFIT HIGHLIGHTS

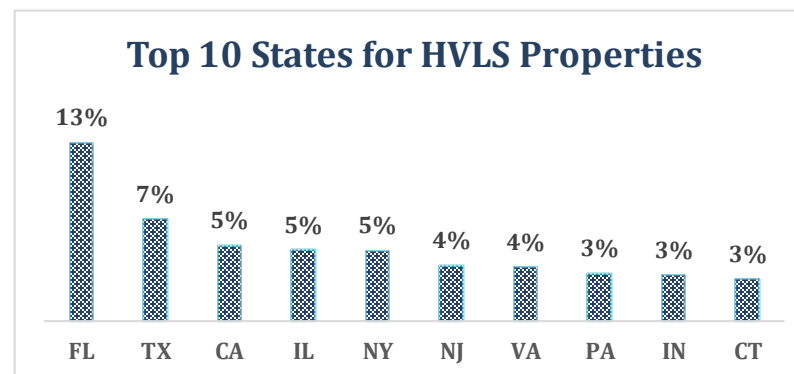
- ❖ A combined live/virtual training event for nonprofit organizations was held on April 24, 2023. The topic covered included an overview of the most recent HVLS 2023-1 sale, the bid submission process, bidder qualification requirements, an overview of the single-family property sales program for nonprofits, and success stories.

To view the recorded training and the slide deck, see links below:

[\(YouTube video\)](#) / [\(Power Point slide deck\)](#)

- ❖ HVLS 2019-1, HVLS 2019-2 and HVLS 2020-1 featured carve-out pools which allowed nonprofits to self-select up to 10% of loans from the larger Regional pools offered for sale to all qualified bidders.
- ❖ In HVLS 2022-1 the percentage of loans nonprofits could self-select was increased to 50% of the loans from the Regional pools offered for sale. Individual loans were awarded and nonprofit organizations successfully won 50% of the notes eligible for carve-out bidding from each Regional pool.
- ❖ In HVLS 2022-2 bids were submitted for the first time on an individual loan basis for all the loans offered for sale.
 - For Part 1, loans were only offered to qualified nonprofit bidders.
 - For Part 2 loans were offered to all qualified bidders.
- ❖ In HVLS 2023-1 bids were submitted on an individual loan basis for all the loans offered for sale.
 - Nonprofits with a housing mission (Priority Bidders) were offered priority award up to 50% of the loan count.
 - Remaining loans were awarded to all qualified bidders.
- ❖ From time to time, HUD has also created set-aside pools offered only to nonprofit/local government bidders. These set-aside pools are a pre-defined set of loans within a larger pool offered for sale to all qualified investors.

GEOGRAPHIC DISTRIBUTION



The HVLS loans sold were secured by properties in all 50 states, the District of Columbia and Puerto Rico. Approximately 52% of the loans sold were from the top 10 states.

HUD's pooling strategies have helped increase the volume of loans sold to nonprofits:

- Prior to 2019, the total loans sold to nonprofits was 4%.
- For HVLS 2019-1 and 2019-2, a total of 19% of the loans were sold to nonprofits.
- For HVLS 2020-1 and 2022-1, 26% and 50%, respectively, of the loans were sold to nonprofits.
- In HVLS 2022-2 Parts 1 and 2 combined, approximately 62% of the loans offered were sold to nonprofits.
- In HVLS 2023-1, 41% of the loans offered were sold to Priority Bidders.

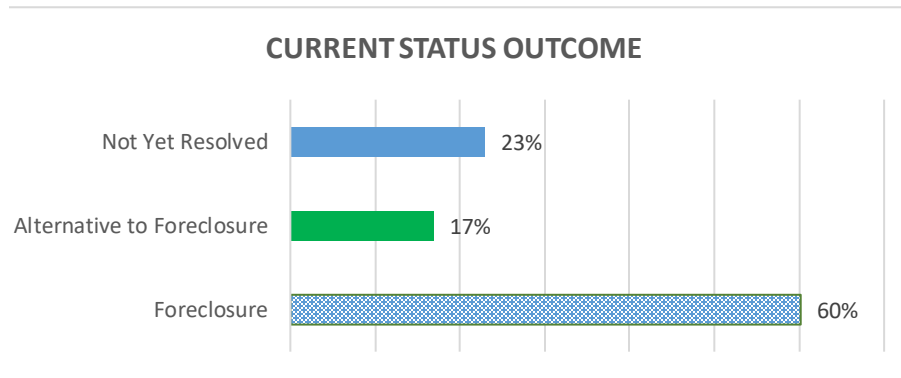
Nonprofits have purchased 28% of the total HVLS loans sold since the inception of the program.

(Note the data above reflects loan counts at settlement including Repurchases).

EXHIBIT 2: THE HVLS PURCHASERS

Purchaser	Settled Loan Count	% of Loan Count	Updated Loan Balance (MM)	Repurchased Loans	Count without Repurchases
Rushmore Loan Management Services LLC/Roosevelt	2,613	25.42%	\$558.60	200	2,413
GITSIT Solutions, LLC (Formerly known as Kondaur)	2,050	19.94%	\$ 434.2	35	2,015
Home Preservation Partnership, LLC (Non-Profit)	724	7.04%	\$227.10	7	717
Hogar Hispano, Inc. (Non-Profit)	723	7.03%	\$ 155.9	10	713
The Corona Group	543	5.28%	\$125.50	44	499
VWH Capital Management, LP/ VRMTG ACQ, LLC	651	6.33%	\$ 112.0	55	596
Upland Mortgage Acquisition LLC	503	4.89%	\$102.60	9	494
Waterfall Victoria Master Fund Ltd	399	3.88%	\$90.60	1	398
Western Run Capital Management (Non-Profit)	244	2.37%	\$61.70	3	241
Seattle Bank	299	2.91%	\$ 71.5	6	293
Hogar Hispano-1, Inc. (Non-Profit)	169	1.64%	\$37.40	0	169
Anders Capital Group	167	1.62%	\$ 44.5	0	167
RM ACQ, LLC (Non-Profit)	290	2.82%	\$ 77.2	0	290
Bayview Asset Management	162	1.58%	\$25.10	1	161
Skid Row Housing Trust (Non-Profit)	155	1.51%	\$40.10	0	155
American Built Communities, Inc (Non-Profit)	82	0.80%	\$ 27.5	0	82
Housing Opportunities, Mortgage Assistance & Effective Neighborhood Solutions, Inc. (Non-Profit)	62	0.60%	\$ 25.5	0	62
HECMResi 2023-1 LLC (Non-Profit)	62	0.60%	\$ 17.9	0	62
CAG National Fund II LLC (Non-Profit)	61	0.59%	\$15.80	0	61
SafeGuard Misty Realty Group LLC (Non-Profit)	44	0.43%	\$15.10	0	44
Headlands Foundation (Non-Profit)	36	0.35%	\$ 12.7	0	36
Southside NSP 2018-1 REO LLC (Non-Profit)	34	0.33%	\$4.90	0	34
NCP SSNS I LLC (Non-Profit)	29	0.28%	\$8.30	0	29
American Built Communities, Inc - North (Non-Profit)	25	0.24%	\$ 3.0	0	25
HHI Community Investment Fund (Non-Profit)	22	0.21%	\$6.30	0	22
LL Funds Administrative Agent, LLC (Non-Profit)	22	0.21%	\$5.10	0	22
Home Independence, LLC (Non-Profit)	19	0.18%	\$3.80	0	19
RDMO SSNS I LLC (Non-Profit)	19	0.18%	\$4.20	0	19
SafeGuard Credit Counseling Services Inc. (Non-Profit)	17	0.17%	\$ 5.0	0	17
American Built Communities, Inc (Non-Profit)	10	0.10%	\$2.30	0	10
Marigold, Iris and Yarrow Financial, LLC (Non-Profit)	10	0.10%	\$3.20	0	10
The Ogunsola Foundation, Inc (Non-Profit)	17	0.17%	\$ 4.4	0	17
NAAC 2022-2 LLC (Non-Profit)	6	0.06%	\$0.90	0	6
Land Quest Enterprises, LLC (Non-Profit)	5	0.05%	\$1.90	0	5
ARK (Non-Profit)	5	0.05%	\$.8	0	5
National Faith Homebuyers (Non-Profit)	1	0.01%	\$0.20	0	1
HVLS Total	10,280	100%	\$2,332.90	371	9,909

LOAN STATUS OUTCOMES SUMMARY



For loans where post-sale reporting has been received, 60% of the loans were resolved through foreclosure, and 23% of the loans have not yet been resolved. Since the borrowers are deceased, the primary resolution method for Purchasers is generally foreclosure; however, 17% of the assets were resolved through foreclosure alternatives.

According to the feedback from the Purchasers, these foreclosure alternatives have been accomplished by the Purchasers, as a final step, seeking out and working with the estate of deceased borrowers.

EXHIBIT 3: LOAN STATUS OUTCOMES BY SALE

Category	Count					% of Loans Sold				
	2017-1	2017-2	2018-1	2019-1	2019-2	2017-1	2017-2	2018-1	2019-1	2019-2
RESOLVED										
Alternative to Foreclosure										
Paid in Full	55	24	3	6	10	3.5%	3.0%	0.6%	0.7%	0.7%
Short Payoff	0	1	2	12	4	0.0%	0.1%	0.4%	1.3%	0.3%
Short Sale	393	124	12	75	115	25.1%	15.4%	2.3%	8.2%	8.4%
Deed-in-Lieu	30	13	27	60	39	1.9%	1.6%	5.3%	6.5%	2.8%
Charge-Off*	2	0	0	9	10	0.1%	0.0%	0.0%	1.0%	0.7%
Total Alternative to Foreclosure	480	162	44	162	178	30.6%	20.1%	8.6%	17.6%	13.0%
Foreclosure	978	623	404	700	1,101	62.4%	77.4%	79.1%	76.1%	80.2%
Total Resolved Outcomes	1,458	785	448	862	1,279	93.0%	97.5%	87.7%	93.7%	93.2%
NOT YET RESOLVED										
Not Yet Resolved	109	20	63	58	94	7.0%	2.5%	12.3%	6.3%	6.8%
Total Loans Sold	1,567	805	511	920	1,373	100.0%	100.0%	100.0%	100.0%	100.0%

Notes: The table above includes settled loans only, and excludes 371 loans shown as Repurchased by the Purchasers in their post-sale reporting.

*Property was sold at a tax sale or loan was otherwise uncollectible.

Category	Count				% of Loans Sold			
	2020-1	2022-1	2022-2 Part 1	2022-2 Part 2	2020-1	2022-1	2022-2 Part 1	2022-2 Part 2
RESOLVED								
Alternative to Foreclosure								
Paid in Full	8	28	7	11	1.3%	1.8%	1.0%	1.6%
Short Payoff	6	11	0	7	1.0%	0.7%	0.0%	1.0%
Short Sale	39	120	7	49	6.2%	7.6%	1.0%	7.2%
Deed-in-Lieu	72	59	10	13	11.5%	3.7%	1.4%	1.9%
Charge-Off*	0	7	0	0	0.0%	0.4%	0.0%	0.0%
Total Alternative to Foreclosure	125	225	24	80	19.9%	14.2%	3.4%	11.8%
Foreclosure	410	699	226	132	65.4%	44.0%	32.4%	19.5%
Total Resolved Outcomes	535	924	250	212	85.3%	58.2%	35.8%	31.4%
NOT YET RESOLVED								
Not Yet Resolved	92	663	448	464	14.7%	41.8%	64.2%	68.6%
Total Loans Sold	627	1,587	698	676	100.0%	100.0%	100.0%	100.0%

Notes: The table above includes settled loans only, and excludes 371 loans shown as Repurchased by the Purchasers in their post-sale reporting.

*Property was sold at a tax sale or loan was otherwise uncollectible.

EXHIBIT 4: GLOSSARY OF TERMS

Term	Definition
Charge-Off	The Purchaser has written off the mortgage as uncollectible or bad debt.
Deed-in-Lieu	The property is willingly conveyed to the new servicer in lieu of undergoing foreclosure proceedings.
Foreclosure	The servicer undergoes legal proceedings to take control of the property which serves as security for the mortgage. This includes instances where the property is sold at the foreclosure sale.
Alternative to Foreclosure	The Alternative to Foreclosure loans are comprised of loans in the following status outcome categories: Paid in Full; Short Payoff; Short Sale; Deed-in-Lieu; and Charge-Off.
Not Yet Resolved	Loans that the Purchaser continues to actively service.
Paid in Full	The full amount of the debt is paid to the Purchaser. This includes a pay off at foreclosure sale when a third party bids more for the property than the amount of the outstanding debt or when the estate elects to pay off the debt to preserve the property.
Purchaser	An entity who purchased mortgage loans through HUD's HVLS Program.
Repurchase	The Purchaser has put the loan back to FHA due to a breach of the representations and warranties included in the CAA.
Resolved Loans	All loans not reported as Not Yet Resolved.
Short Payoff	A portion of the remaining principal balance is paid off, the remainder of which is written off by the Purchaser.
Short Sale	The underlying property is sold to a third party, allowing foreclosure proceedings to be avoided.

HVLS LIBRARY APPENDICES

The HVLS Library Appendices, dated September 2023, has been prepared as a separate series of data tables that accompany this Report. The HVLS Library Appendices contain sale and pool level data on each HVLS transaction where available. It includes data on status outcomes, Purchasers and geographic information on the loans sold in each transaction. The HVLS Library Appendices are attached as a separate document.