



OFFICE OF HOUSING
ASSET SALES OFFICE
OFFICE OF FINANCE AND BUDGET



Report to the Commissioner on Post Sale Reporting

Single Family Loan Sales
of
Distressed Asset Stabilization Program Loans

September 2019 REPORT

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

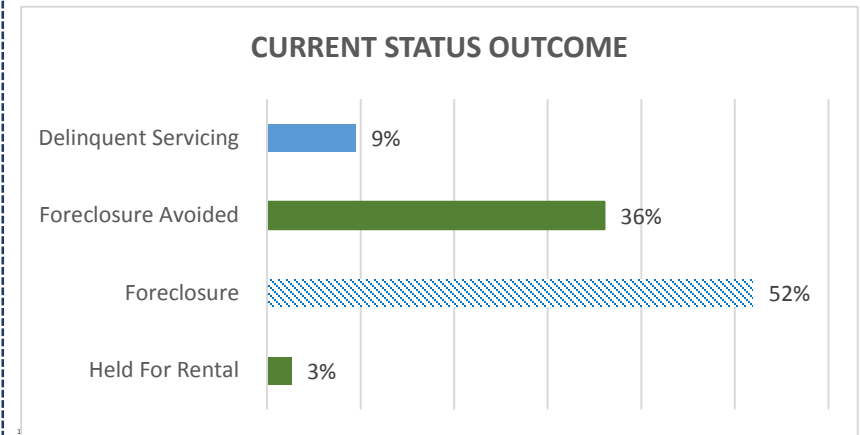
BACKGROUND

HUD's Distressed Asset Stabilization Program (DASP), introduced in 2012, is one of several disposition options that aids in the Secretary's fiduciary responsibility to ensure the Mutual Mortgage Insurance (MMI) Fund remains financially sound. FHA can accept assignment and sell DASP mortgages at auction through a single-family loan sale (SFLS) prior to a foreclosure sale, thereby avoiding the costly and potentially lengthy foreclosure process. This generates savings by avoiding claim, holding, and sales expenses that would be incurred through the REO program.

FHA servicers are required to evaluate all of the loss mitigation options prior to including the loan in a loan sale, including modification, forbearance, pre-foreclosure sale or a deed-in-lieu of foreclosure (see the Exhibit 12 Glossary). Selling the loans removes the requirements associated with FHA insurance. This provides the successful purchaser (Purchaser) with a wider range of loss mitigation options, which may offer Borrowers another chance at remaining in their homes.

As detailed in Exhibits 1-2, there were **108,709** DASP loans sold in eight sales with multiple parts between 2012 and 2016. On average the number of missed payments was two and a half years. This report includes data received through 8/6/2019.

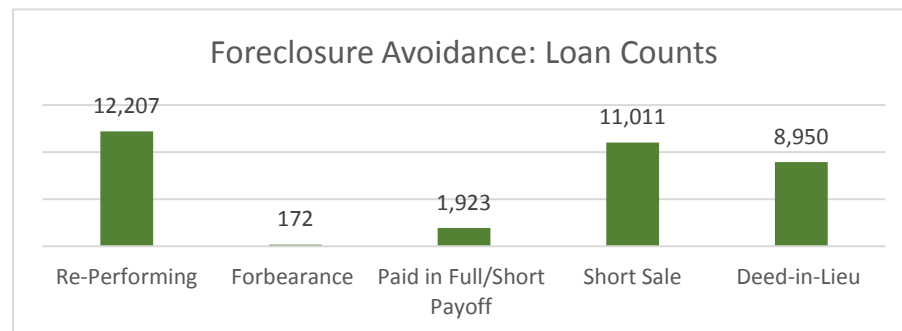
PORTFOLIO BY STATUS OUTCOME¹



- Of the 108,709 loans sold, there are 94,663 loans with a known current status outcome, and 14,046 loans with an unknown status.
- Approximately 9.2% of the loans sold are reported as unresolved and in Delinquent Servicing.
- Foreclosure was avoided on approximately 36% of the loans sold, representing 34,263 properties.

FORECLOSURE AVOIDANCE

For loans with known status outcomes, 12,207 of the approximately 34,263 loans that avoided foreclosure are Re-Performing¹.



DASP HIGHLIGHTS

- ❖ There were 82,414 loans sold in National Pools, and 26,295 loans sold in Neighborhood Stabilization (NSO) Pools.
- ❖ Three transactions have high Re-Performance outcomes: SFLS 2015-1 NSO (29%), 2016-1 NSO (28%) and 2016-2 NSO (34%).
- ❖ Approximately 18.9% of the loans in the portfolio (20,595 loans) were reported as modified by the Purchasers.
- ❖ For loans with known status outcomes, approximately 92% of the Re-Performing loans were reported as modified.
- ❖ Forgiveness of Principal was reported on approximately 41% of the modified loans, and 71% featured an interest rate reduction.

¹The 14,046 loans with an unknown status outcome were reported as sold in whole loan sales, charged off, or the status was unknown based on the post-sale reporting. See EXHIBIT 8, Notes on Status Outcome Data, for more information on the compilation of Loan Status Outcomes.

EXHIBIT 1: DASP NATIONAL OFFERINGS

Sale Name	Sale Date	Loan Count	Approximate UPB	Number of Pools
DISTRESSED ASSET STABILIZATION PROGRAM - NATIONAL				
SFLS 2012-3	9/12/2012	3,257	\$599,380,589	6
SFLS 2013-1	3/20/2013	10,397	\$1,865,696,475	10
SFLS 2013-2	6/26/2013	13,154	\$2,029,611,188	14
SFLS 2014-1 (Part 1 & 2)	10/30/2013 & 12/17/2013	17,183	\$3,025,961,206	23
SFLS 2014-2 (Part 1 & 2)	6/11/2014 & 9/30/2014	27,513	\$4,533,468,262	26
SFLS 2015-1	7/16/2015	4,280	\$661,569,290	5
SFLS 2016-1	11/18/2015	3,136	\$423,950,581	5
SFLS 2016-2	9/14/2016	3,494	\$554,986,484	7
DASP National Total		82,414	\$13,694,624,076	96

Note: Data compiled as of August 6, 2019.

EXHIBIT 2: DASP NSO OFFERINGS

Sale Name	Sale Description	Sale Date	Loan Count	Approximate UPB	Number of Pools
DASP NEIGHBORHOOD STABILIZATION OUTCOME					
SFLS 2012-3	NSO - Chicago, Newark, Phoenix, Tampa	9/27/2012	2,860	\$554,477,501	7
SFLS 2013-1	NSO - Atlanta, Ohio, Orlando, Florida, California	03/27/2013	3,284	\$522,807,467	5
SFLS 2013-2	NSO - California, Ohio, North Carolina, Chicago	07/10/2013	3,157	\$492,050,454	6
SFLS 2014-1	NSO - Atlanta, California, Las Vegas, Indianapolis, Baltimore, Prince George's County, Other	12/19/2013	3,186	\$656,985,708	7
SFLS 2014-2 Part 1	NSO - Atlanta, Chicago, Cumberland County, Detroit, Miami, Philadelphia, San Antonio, San Bernardino	6/25/2014	3,317	\$542,823,808	10
SFLS 2014-2 Part 2	NSO - Baltimore, New York, Texas, Florida, California, Philadelphia	11/19/2014	3,517	\$662,114,446	15
SFLS 2015-1	NSO - NJ Northern, NY Nassau Suffolk, Chicago, Baltimore, PA,DE,MD	7/16/2015	1,495	\$342,224,116	7
SFLS 2016-1	NSO - FL, NY, NJ, IL, IN, OH, PA, AL, GA, NC, TN, AZ, CO, ID, NM, NV, UT, CA, OR, WA, CT, ME, NH, RI, IA, KY, MO, LA, OK, TX, MI, MN, WI	11/18/2015	2,629	\$471,581,508	18
SFLS 2016-2	NSO - AL, AR, AZ, CA, CO, DE, FL, GA, IA, ID, IL, IN, KS, KY, LA, MD, MI, MN, MO, MS, NC, ND, NE, NJ, NM, NV, NY, OH, OK, OR, PA, SC, SD, TN, TX, VA, WA, WI	9/14/2016	2,850	\$477,540,077	8
DASP NSO Total	NSO		26,295	\$4,722,605,085	83
TOTAL	National and NSO (all DASP Sales)		108,709	\$18,417,229,161	179

Note: Data compiled as of August 6, 2019.

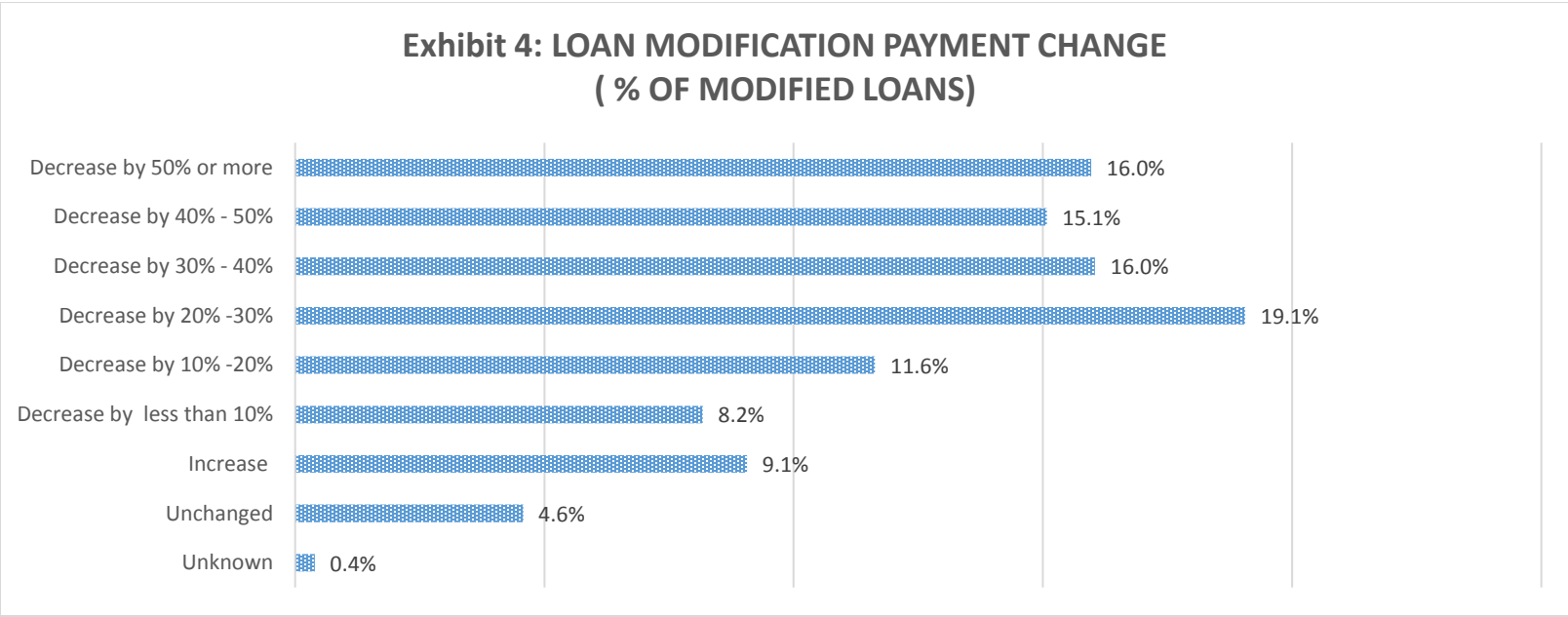
EXHIBIT 3: LOAN STATUS OUTCOMES – DASP PORTFOLIO

Category	Count	Percentage of Loans Sold	Percentage of Resolved Loans
RESOLVED			
Foreclosure Avoided			
Total Re-Performing	12,207	12.9%	14.2%
Re-Performing with Loan Modification	11,179	11.8%	13.0%
Re-Performing - Other	1,028	1.1%	1.2%
Forbearance	172	0.2%	0.2%
Paid in Full/Short Payoff	1,923	2.0%	2.2%
Short Sale	11,011	11.6%	12.8%
Deed-in-Lieu	8,950	9.5%	10.4%
Total Foreclosure Avoided	34,263	36.2%	39.9%
Foreclosure	49,261	52.0%	57.3%
Held For Rental	2,440	2.6%	2.8%
Total Resolved Outcomes	85,964	90.8%	100.0%
NOT YET RESOLVED			
Delinquent Servicing	8,699	9.2%	
Total Loans with Known Outcomes	94,663	100.0%	

Notes:

1. Data includes loans for SFLS 2012-3 through 2016-2, and represents post-sale reports received through August 6, 2019.
2. An additional 14,046 loans which were reported as being sold in whole loan sales, charged off or the status was unknown based on the post-sale reporting are excluded from this Exhibit since no current outcome data is available at this time.
3. See EXHIBIT 8, Notes on Status Outcome Data, for more information on the compilation of Loan Status Outcomes.
4. For further detail on Loan Status Outcomes for individual sales, see the DASP Library Appendices.

Only loans headed to foreclosure after all FHA prescribed loss mitigation efforts have failed are eligible for DASP sales, and the loans are on average approximately two and a half years delinquent at the time of settlement. The DASP provides an alternative to nearly assured foreclosure by offering homeowners a second chance to keep their home.

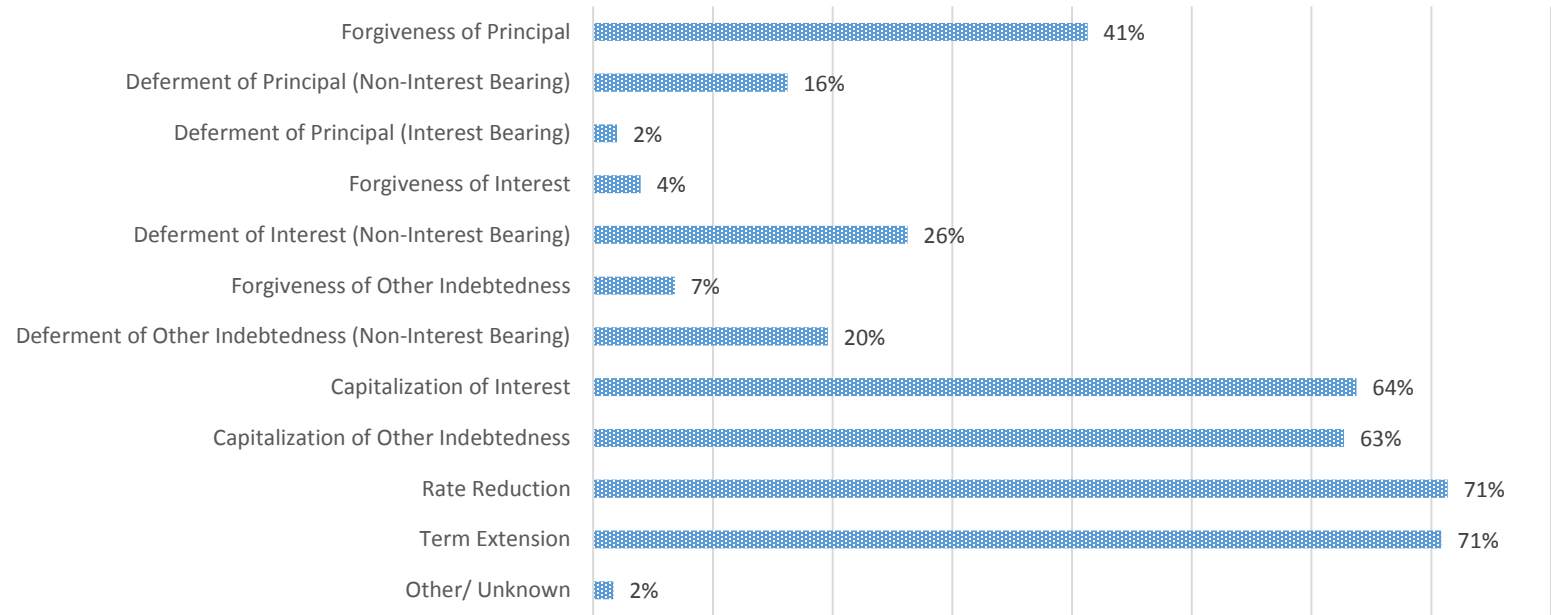


Note: Includes permanent and trial modifications from SFLS 2012-3 through 2016-2. Data received through August 6, 2019.

For SFLS 2012-3 through SFLS 2016-2 approximately 18.9% of the loans (20,595 loans) were reported as modified by the Purchasers. This includes 51 loans under a trial modification plan.

Approximately 31% of the modified loans had a payment decrease of 40% or more, and 66% of the modified loans had a payment decrease of 20% or more.

**EXHIBIT 5: MODIFICATION TYPE - FREQUENCY OF OCCURRENCE
(% OF MODIFIED LOANS)**

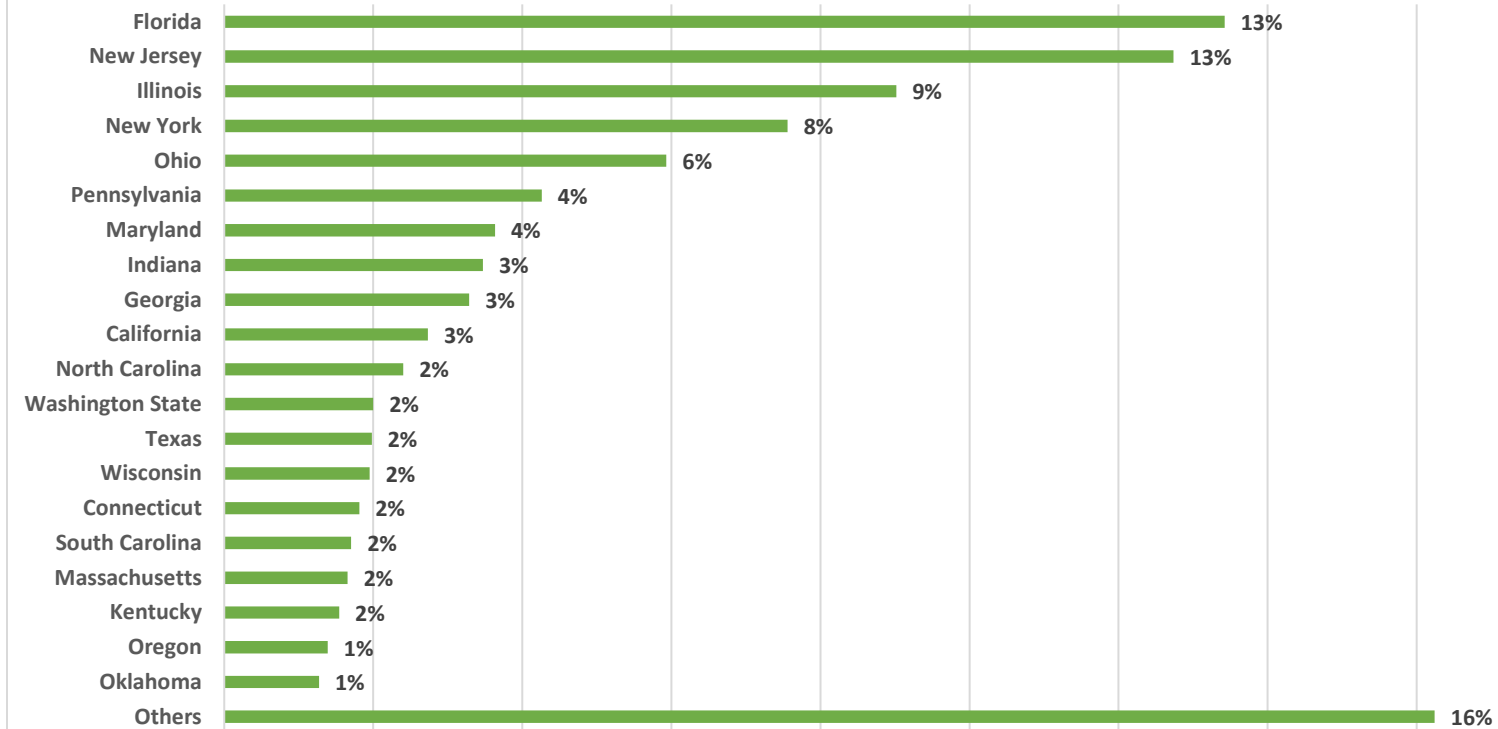


Notes: Includes permanent and trial modifications from SFLS 2012-3 through 2016-2. Data received through August 6, 2019.

For SFLS 2012-3 through SFLS 2016-2 approximately 18.9% of the DASP loans were modified by the Purchasers. Most loans had multiple modification features. The most common modification features were Rate Reduction and Term Extension, both of which were used for 71% of the loans modified.

Capitalization of Interest and Capitalization of Other Indebtedness were also common modification types, and they were used for 64% and 63% of the loans modified, respectively. Forgiveness of Principal was reported on approximately 41% of the modified loans.

EXHIBIT 6: GEOGRAPHIC DISTRIBUTIONS



Notes: The Exhibit above includes loans from SFLS 2012-3 through SFLS 2016-2. Data received through August 6, 2019.

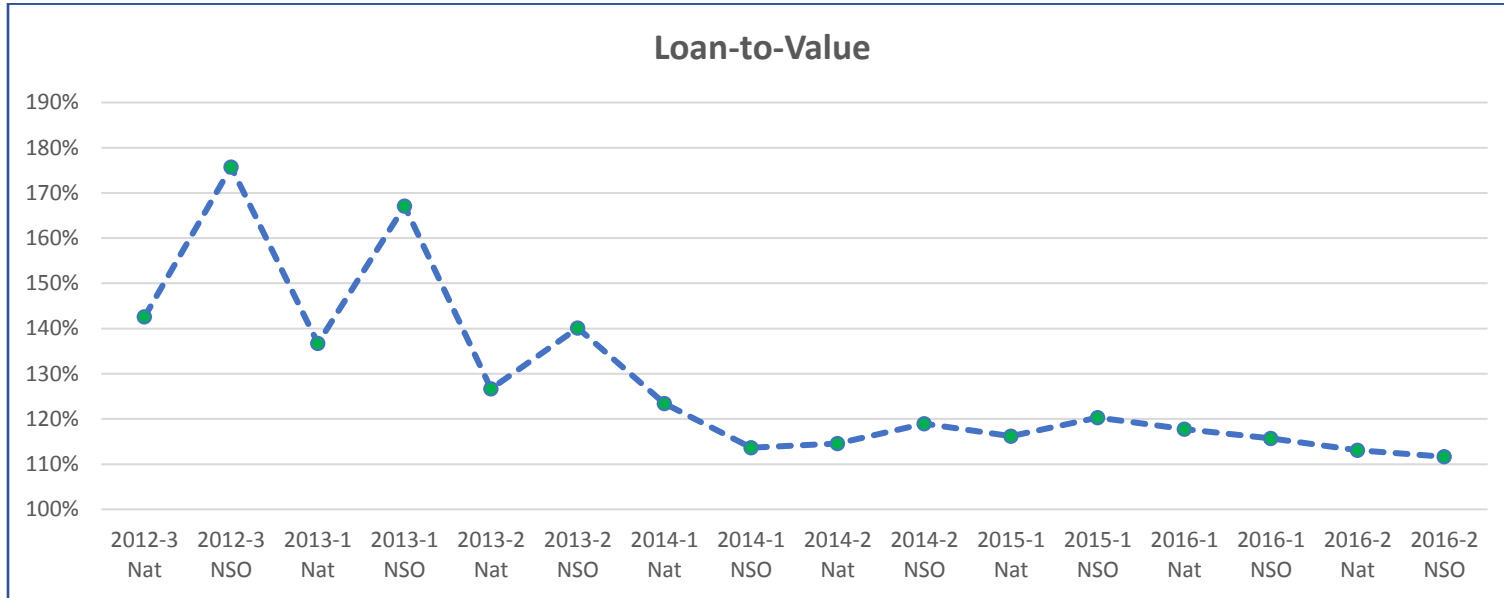
The loans were secured by properties in 49 states (except Hawaii), the District of Columbia, Puerto Rico and the U.S. Virgin Islands. Nearly 50% of the loans sold were from five states: Florida, New Jersey, Illinois, New York, and Ohio.

EXHIBIT 7: DASP PURCHASERS

DASP National Pools			
Purchaser	Count	UPB	Percentage of Total
Bayview Asset Management	18,511	3,216,007,349	22%
Lone Star Funds	17,994	3,096,788,260	22%
Angelo, Gordon & Co., L.P.	6,630	1,061,001,420	8%
Selene Residential Partners	6,388	1,025,041,890	8%
RBS Financial Products Inc	5,460	950,577,762	7%
Kondaur Capital Corporation	3,495	490,484,354	4%
Neuberger Berman - PRMF	3,165	603,673,066	4%
One William Street Capital Management	2,853	460,318,259	3%
OHA Newbury Ventures, LLC/MCM	2,618	412,873,223	3%
Varde Management, L.P / V Mortgage, LLC	2,442	364,541,856	3%
Credit Suisse /DLJ Mortgage Capital	2,214	314,153,812	3%
Altisource Residential Corporation	1,966	307,418,583	2%
Rushmore Loan Management Service LLC	1,931	293,984,361	2%
25 Capital Partners	1,895	332,455,256	2%
PIMCO/LVS	1,534	231,191,172	2%
Others	3,318	534,113,451	4%
National Total	82,414	13,694,624,076	100%
NSO Pools			
Purchaser	Count	UPB	Percentage of Total
Bayview Asset Management	12,698	2,389,003,174	48%
Oaktree Capital Management/DC Residential	4,762	806,158,977	18%
The Corona Group	3,202	656,491,469	12%
25 Capital partners	2,339	399,774,588	9%
Pretium Mortgage Credit Management, LLC	1,092	150,253,336	4%
MRF (Non-Profit)	970	131,414,729	4%
Community Loan Fund of New Jersey, Inc. (Non-profit)	360	77,491,687	1%
Kondaur Capital Corporation	549	66,933,715	2%
Hogar Hispano, Inc.	162	27,155,687	1%
Altisource Residential Corporation	135	15,210,744	1%
AMIP Management, LLC	26	2,716,978	0%
NSO	26,295	4,722,605,085	100%
Overall Total	108,709	18,417,229,161	100%

Notes: The Exhibit above includes loans from SFLS 2012-3 through SFLS 2016-2. The loan counts for the more recent transactions are subject to change as any repurchases under the representations and warranties are finalized. Data received through August 6, 2019.

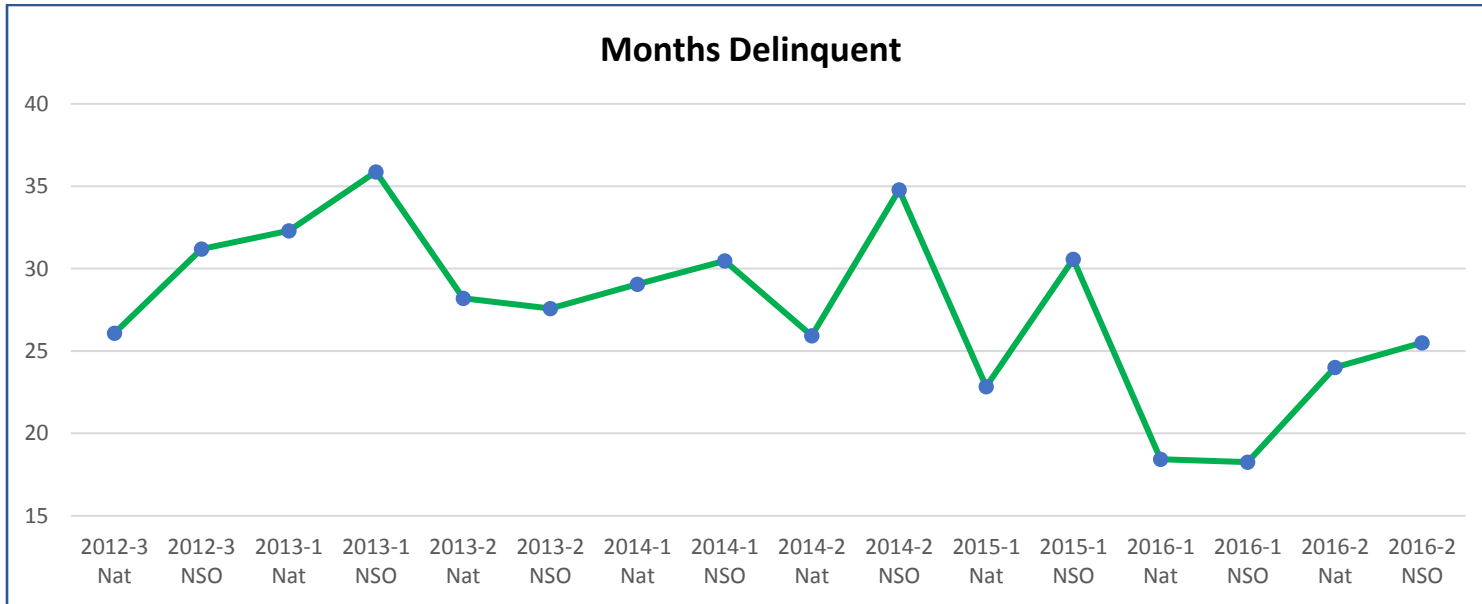
EXHIBIT 8: LOAN-TO-VALUE BY SALE AND SALE TYPE



Sale	2012-3	2013-1	2013-2	2014-1	2014-2	2015-1	2016-1	2016-2
National	143%	137%	127%	123%	115%	116%	118%	113%
NSO	176%	167%	140%	114%	119%	120%	116%	112%

Overall average for the portfolio is 124% Loan to Value.

EXHIBIT 9: MONTHS DELINQUENT BY SALE AND SALE TYPE



Sale	2012-3	2013-1	2013-2	2014-1	2014-2	2015-1	2016-1	2016-2
National	26	32	28	29	26	23	18	24
NSO	31	36	28	30	35	31	18	25

Overall average for the portfolio is 28 months delinquent at the time of sale.

EXHIBIT 10: NOTES ON STATUS OUTCOME DATA

1. DASP loans may change from one status category to another over time even if they were previously reported in a “resolved” category. The most recently reported status category provided is utilized for the introductory page and Exhibit 3 in this Report. The reasons for status changes may include the following:

- Whole Loan Sales (WLS): The data on loans that Purchasers report as whole loan sale loans is considered missing for the purposes of the status outcomes since the current status is not known.
- Re-Performing and Forbearance Loans: Re-Performing loans and loans in Forbearance are categorized as resolved loans. However they could revert to Delinquent Servicing, become Re-Performing and/or move to other status categories depending on future activities.
- Held for Rental Loans: Some assets in this status category may have been previously reported in the Deed-in-Lieu or Foreclosure categories, or may change to those categories if the properties are no longer Held for Rental.
- Other Revisions: Status reporting for some assets may change from one reporting period to the next based on a more thorough review of the loans by the Purchaser, a better understanding of the definition of the status categories, or minor changes to the manner in which loans are categorized based on feedback from Purchasers.

2. The required reporting period for SFLS 2012-3 through 2014-2 ended prior to the reporting date for this Report. The reporting data from the last reports received on those sales were utilized for this Report and the accompanying DASP LIBRARY APPENDICES.

3. There were 1,455 loans that were sold by the Purchaser of 2014-2, Part 1 just prior to the last required reporting period. The Loan Status Outcomes from the prior period were used for the purposes of this Report and the accompanying DASP LIBRARY APPENDICES.

EXHIBIT 11: DASP SERVICING REQUIREMENTS

- DASP loans must be serviced by a servicer that the Purchaser certifies is:
 - ✓ Either an FHA-approved Mortgagee or a Fannie Mae or Freddie Mac approved servicer; and
 - ✓ In good standing and rated average or above by the agencies.
- For properties that are occupied, Purchasers are not permitted to foreclose for at least 12 months absent extenuating circumstance.
- Purchasers are required to evaluate the Borrower for modifications, and principal forgiveness is one of the first options Purchasers must consider offering to Borrowers.
- Purchasers are encouraged to offer specific payment shock protection: limiting interest rate increases to no more than 1% per year after a five-year period where the rate is fixed.
- Prohibitions designed to prevent Purchasers from “walking away” from vacant properties are included to help protect communities from blight.
- Post-sale reporting to HUD on Borrower outcomes and modification activity is required for four years after sale by Purchasers.

EXHIBIT 12: GLOSSARY OF TERMS

Term	Definition
Borrower	A borrower whose mortgage loan was sold through DASP.
Charge-Off	The Purchaser has written off the mortgage as uncollectible or bad debt.
Deed-in-Lieu	A Borrower willingly conveys property to the new servicer in lieu of undergoing foreclosure proceedings.
Delinquent Servicing	Loans that remain delinquent that the Purchaser continues to actively service.
Forbearance	A Borrower and new servicer enter into an agreement whereby all or a portion of the Borrower's debt service obligations are suspended temporarily. This agreement delays foreclosure and provides Borrowers with an opportunity to recover from a short-term financial issue.
Foreclosure	The servicer undergoes legal proceedings to take control of the property which serves as security for the FHA-insured mortgage. This includes instances where the property is sold at the foreclosure sale.
Foreclosure Avoided	The Foreclosure Avoided loans are comprised of loans in the following status outcome categories: Re-Performing; Forbearance; Paid in Full/Short Payoff; Short Sale and Deed-in-Lieu.
Held for Rental	The Purchaser has acquired REO via a Deed-in-Lieu or foreclosure, then offers the property for rent.
Paid in Full	A Borrower repays the entire remaining principal balance on a loan, often via a refinancing transaction.
Purchaser	An entity who purchased mortgage loans through DASP.
Re-Performing	Loans are considered Re-Performing only if there have been six consecutive on-time payments at the time of the current reporting period. The mortgage may or may not have been modified through a permanent or trial modification.
Re-Performing with Loan Modification	Loans are considered Re-Performing only if there have been six consecutive on-time payments at the time of the current reporting period. The loan has been modified through a permanent or trial modification since the Purchaser took ownership of the loan.
Re-Performing Other	Loans are considered Re-Performing only if there have been six consecutive on-time payments at the time of the current reporting period. The loan does not appear to have been modified by the Purchaser.
Repurchase	The Purchaser has put the loan back to FHA due to a breach of the representations and warranties included in the sale agreement.
Resolved Loans	All loans not reported as delinquent servicing, whole loan sale loans or charge offs, including re-performing loans which notably may be reported in delinquent servicing in future reporting cycles in the event of future missed payments.

Term	Definition
Short Payoff	The Borrower repays a portion of the remaining principal balance, the remainder of which is written off by the Purchaser.
Short Sale	The Purchaser and/or Borrower arrange the sale of a property to a third party, allowing the Borrower to leave the home and avoid foreclosure proceedings.
Whole Loan Sale	The Purchaser sells the mortgage to another entity, and the current underlying reporting status category is unknown.

EXHIBIT 13: NOTES ON THE REPORT POPULATION

Cause	Explanation
New Transactions	New transactions are added to various Exhibits in the Report as they occur, and important notes on the population captured in each Exhibit are provided in the notes to the Exhibit. Post-sale reporting data on a new sale is added to the Exhibits as it is received. The post-sale reporting begins a few months after the settlements have been completed and the servicing has been transferred.
Final Settlement	The populations for the more recent transactions are subject to change as the final post-sale reporting and settlement data becomes available. Not all loans that were offered for sale reach final settlement and have the servicing transferred because the loans may become ineligible.
Repurchases	Some repurchases may occur under the representations and warranties for more recent sales.

The overall population in the Report and in the Exhibits change over time for a variety of reasons including those listed in the Exhibit above.

DASP LIBRARY APPENDICES

The DASP Library Appendices, dated September 2019, has been prepared as a separate series of data tables that accompany this Report. The Appendices contain sale and pool level data on each of the sales. It includes data on Borrower outcomes, NSO status, Purchasers and geographic information on the loans included in each transaction. The DASP Library Appendices are attached as a separate document.