



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

May 9, 2013

Mortgagee Letter 2013-15

To **All Approved Mortgagees**

Subject **Updated Delinquency/Default Status Codes for the Single Family Default Monitoring System; Special Forbearances and Trial Payment Plans; New Reporting Requirement for Non-Incentivized Loan Modifications**

Purpose The purpose of this Mortgagee Letter is to:

- Introduce new status codes for reporting delinquent single-family mortgages in the Single Family Default Monitoring System (SFDMS), and
- Announce a new reporting requirement for non-incentivized loan modifications of FHA-insured loans.

Effective Dates The requirements to report each non-incentivized loan modification and to use these codes for delinquencies, defaults, and trial payment plans are effective six months from the date of this Mortgagee Letter.

Background: Reporting on Delinquent Mortgages in SFDMS Mortgagees are reminded that they are required to:

- Report their servicing efforts to HUD,
- Maintain accurate data in HUD's system(s) of record,
- Report the monthly status of a delinquent loan throughout the term of the mortgage, and
- Ensure proper documentation of servicing activities, complete with date and time notations.

Monthly reporting of delinquent servicing activities is required, and use of the updated codes introduced in this Mortgagee Letter should begin as soon as possible and no later than the effective date stated above. Mortgagees are reminded that failure to comply with HUD's policies and procedures will result in appropriate sanctions. For example, if evidence reveals that a mortgagee made an intentional error, routinely neglected default reporting, and/or materially violated FHA program statutes, regulations, handbook, or Mortgagee Letter requirements, the mortgagee may be referred to HUD's Quality Assurance Division or to the Mortgagee Review Board.

**New Status
Codes for
General Account
Delinquencies**

Mortgagees must use the following code to report assistance on delinquent accounts.

Status Code	Guidance for Usage
Status Code 78 Borrower Assistance	• The mortgagor applied for and has been approved for receiving assistance from a state, local, or federal program (such as the Emergency Homeowners Loan Program (EHLPP) and the Hardest Hit Fund). • The Default Status Date shall reflect the date of approval for the program. • If the loan reinstates from this assistance, it is to be followed by Status Code 98.

**New Status
Codes for
Delinquency
Workouts**

Mortgagees must use the following code to report delinquency workouts.

Status Code	Guidance for Usage
Status Code AA Complete Financials Received and In Review	• Must be reported when complete financials have been received by the mortgagee from the mortgagor and review for placement into an appropriate loss mitigation tool has begun. • Expect to see this code reported continuously until review is complete. • This code will likely be followed by a loss mitigation status code or an AO.
Status Code AH Streamlined Financials ¹ Received and In Review	• Must be reported when the mortgagor's streamlined financials have been received by the mortgagee and review for placement into an appropriate loss mitigation tool that has a streamlined approval process has begun. • Expect to see this code reported continuously until review is complete. • This code will likely be followed by a loss mitigation status code or an AO.

¹ As of the date of this Mortgage Letter, these financials are those related to FHA's Streamlined Pre-foreclosure and Streamlined Deed-in-Lieu transactions only.

New Status Codes for Ineligibility for Loss Mitigation

Mortgagees must use the following codes to report a mortgagor's ineligibility for loss mitigation.

Status Code	Guidance for Usage
Status Code AP Ineligible for Loss Mitigation Due to No Response	• Must be used when the mortgagor is ineligible for any loss mitigation relief because the mortgagee is unable to reach the mortgagor or because the mortgagor has not responded to any collection efforts and/or solicitations for loss mitigation assistance. • The Default Status Date is updated to reflect the date the determination of ineligibility was made.
Status Code AO Ineligible for Loss Mitigation	• Must be used when the: – Mortgagee has completed loss mitigation evaluation, per 24 CFR 203.605, and found the mortgagor ineligible, or – Mortgagor is eligible and qualifies for loss mitigation, but declines the tool that is offered.

New Status Codes for Accounts in Foreclosure

Mortgagees must use the following codes to report accounts in foreclosure.

Status Code	Guidance for Usage
Status Code 95 State-Mandated Delay and/or Mediation	• Foreclosure cannot be initiated per 24 CFR 203.355(c) or the foreclosure process is on hold due to a state-mandated delay, a state law change, or referral of the loan to mediation.
Status Code 33 Contested Foreclosure	• Must be reported when a foreclosure is placed on hold due to the mortgagor contesting the foreclosure. • This code will indicate to HUD that, as a result, increased attorney fees may be incurred and additional time may be necessary to deal with the litigation.
Status Code 1E Eviction Started	• Must be reported to indicate that the mortgagee has taken the first public action to initiate eviction. • Mortgagees are expected to follow timely and appropriate processes for evictions following foreclosure. • This code shall continue to be reported until a different status code is applicable.

**Status Codes
for Reinstated
Accounts**

As introduced in Mortgagee Letter 2006-15, mortgagees must use the following codes to report accounts that have been reinstated.

Status Code	Guidance for Usage
Status Code 98 Reinstated after Loss Mitigation Intervention	• Must be reported when a loan is reinstated; when the mortgagee has intervened and worked with the mortgagor to establish a repayment plan, obtain program assistance, or employ any home retention tool to reinstate the loan. Loss mitigation, as indicated by Status Code 98, includes the use of: – Military Indulgence (Status Code 32) – Borrower Assistance (Status Code 78) – Any of the Status Codes listed in the Delinquency Workout (AL) summary code block of Appendix 1.
Status Code 20 Reinstated without Loss Mitigation Intervention	• Must be reported when the mortgagor reinstates a loan without intervention by the mortgagee (i.e., without the use of a repayment plan, borrower program assistance, or other loss mitigation options). • If a loan is reinstated as a result of bankruptcy, a Status Code 20 is to be reported.

**Repayments,
Special
Forbearances
and Trial
Payment Plans**

Promises to Pay will no longer be reported as Repayment Plans and shall be reported as Status Code 11. This code is to be reported if the mortgagor has advised the mortgagee that the loan will be brought current by making a one-time payment. In this situation, the loan must have been reported as 30 days delinquent or more already in order to reflect this status.

Status Code 12 shall be utilized to report Informal/Repayment Plans, which are oral agreements designed to bring the loan current within three months or less and for which no incentive claim can be filed.

Status Code 06 shall be utilized to report when the mortgagor has been approved for a Formal Forbearance, which is a written agreement designed to bring the loan current within six months and for which no incentive claim can be filed.

Special Forbearances due to unemployment shall be reported as Status Code 09 and are the only forbearance tool for which an incentive claim can be filed.

**Reporting
Repayments/
Forbearances,
Special**

Mortgagees must use the following codes when reporting repayments, special forbearances and trial payment plans.

**Forbearances
and Trial
Payment Plans**

Status Code	Guidance for Usage
Status Code 11 Promise to Pay	• Mortgagor advises that the loan will be brought current by making a one-time payment. • This code can only be reported if the loan is 30 or more days delinquent. • No incentive claim can be filed.
Status Code 12 Repayment	• Mortgagor enters into an informal or oral agreement to bring the loan current within three months or less. • This code most likely will be reported for no more than three reporting cycles. • No incentive claim can be filed.
Status Code 06 Formal Forbearance	• Mortgagor has been approved for a Formal Forbearance Plan, which is a written agreement that is designed to bring the loan current within six months. • This code most likely will be reported for not more than six reporting cycles. • No incentive claim can be filed.
Status Code 09 Special Forbearance	• Mortgagor has been approved for a Special Forbearance due to unemployment. • The Reason for Default is to be reported as Status Code 016 Unemployment. • This code will likely be followed by another loss mitigation status code, AO, or AQ. • An incentive claim has been or will be filed.
Status Code 08 Trial Payment Plan	• Mortgagor has been approved for a Trial Payment Plan. • This code is to be reported upon approval and while the mortgagor is making the required trial payments as scheduled. • This code will mostly likely be followed by Status Code 28 or AQ. Upon prior approval, this code could be followed by a Status Code 10.

**FHA-HAMP
Utilization**

When approved for an FHA-HAMP option (Standalone Partial Claim, Standalone Loan Modification, or Loan Modification/Partial Claim), the mortgagor must first be placed in an FHA-HAMP Trial Payment Plan (Status Code 39). After the mortgagor's successful completion of the FHA-HAMP Trial Payment Plan, the mortgagee will report the appropriate Status Code for the FHA-HAMP option utilized:

- Status Code 36 FHA-HAMP Standalone Partial Claim Started,
- Status Code 37 FHA-HAMP Standalone Loan Modification Started, or
- Status Code 41 FHA-HAMP Loan Modification/Partial Claim Started.

**Reporting
FHA-HAMP
Utilization**

Mortgagees must use the following codes when reporting FHA-HAMP tools.

Status Code	Guidance for Usage
Status Code 36 FHA-HAMP Standalone Partial Claim Started	• Mortgagor has been approved for an FHA-HAMP Standalone Partial Claim after successful completion of the FHA-HAMP Trial Payment Plan. • FHA-HAMP Standalone Partial Claim incentive claims are filed as “**HAMP-Partial Claim” and not “33 Partial Claim.”
Status Code 37 FHA-HAMP Standalone Loan Modification Started	• Mortgagor has been approved for an FHA-HAMP Standalone Loan Modification after successful completion of the FHA-HAMP Trial Payment Plan. • FHA-HAMP Standalone Loan Modification incentive claims are filed as “**HAMP-Loan Modification Incentive” and not “32 Loan Modification Incentive.”
Status Code 39 FHA-HAMP Trial Payment Plan	• Must be reported when the mortgagor has been approved for a Trial Payment Plan under FHA-HAMP and while the mortgagor is making the required trial payments as scheduled. • This code must be reported prior to reporting the codes for FHA-HAMP Standalone Partial Claim, FHA-HAMP Standalone Loan Modification, or FHA-HAMP Loan Modification/Partial Claim.
Status Code 41 FHA-HAMP Loan Modification/Partial Claim Started	• Mortgagor has been approved for an FHA-HAMP Loan Modification/Partial Claim after successful completion of the FHA-HAMP Trial Payment Plan. • FHA HAMP Loan Modification/Partial Claims are filed as “**HAMP- Loan Modification Incentive” and “**HAMP- Partial Claim.”

**Removal of
Existing Status
Code**

HUD will no longer use Status Code 1G Eviction Completed. Mortgagees shall report the appropriate foreclosure default status code listed in Appendix 1 of this Mortgagee Letter until the property is conveyed to HUD.

HUD will no longer use Status Code 77 Foreclosure Deed Recorded. Mortgagees shall report the appropriate foreclosure default status code listed in Appendix 1 of this Mortgagee Letter until the property is conveyed to HUD. HUD will no longer use Status Code 22 Servicing Transferred or Sold to Another Mortgagee. Mortgagees shall report the appropriate default status code listed in Appendix 1 of this Mortgagee Letter and continue to ensure that the Mortgage Record Change is properly and timely executed.

Non-Incentivized Loan Modification Reporting Requirement

HUD has established new capabilities that allow mortgagees to report loan characteristics for non-incentivized loan modifications in lieu of filing an incentive claim. Non-incentivized loan modifications are those modifications that are completed by the mortgagee, without the mortgagee's receipt of an incentive payment from HUD. This does not exempt the mortgagee from reporting the appropriate status in SFDMS.

After executing a loan modification, mortgagees are eligible to collect an incentive payment if they file a claim within 60 days of execution. In cases in which mortgagees miss this 60-day deadline, mortgagees must still report the characteristics of the loan modification (mortgage amount, interest rate, agreement date, first payment date and maturity date) through FHA Connection.

Further information on reporting the details of a modification after a mortgagee has missed the claim filing deadline can be found at <http://portal.hud.gov/hudportal/documents/huddoc?id=loanmod.pdf>.

Information Collection

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control numbers 2502-0589 (FHA-Insured Mortgage Loan Servicing Involving the Loss Mitigation Programs) and 2502-0584 (Mortgage Loan Servicing for Delinquent, Default and Foreclosure with Service Members Act). In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB Control Number.

Questions

Any questions regarding this Mortgagee Letter or requirements for reporting via SFDMS may be directed to HUD's National Servicing Center (NSC) at (877) 622-8525 or SFDDataRequests@hud.gov or please visit www.hud.gov/answers. Persons with hearing or speech impairments may reach this number by calling the Federal Information Relay Service at (800) 877-8339.

Signature

Carol J. Galante
Assistant Secretary for Housing-Federal Housing Commissioner

Appendix 1 – Delinquency/Default Status (DDS) Codes

Status Code	Definition	Guidance for Usage: Use selected code to advise HUD that...
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General Account Delinquency (AD) – further reporting is required

42	Delinquent	The account is delinquent, and there is no other action reportable. This code must be reported as the initial delinquency code.
24	Government Seizure	There has been a government seizure.
31	Probate	The property is subject to probate (often a reason for foreclosure delay).
32	Military Indulgence	The servicer has granted a delinquent servicemember forbearance or foreclosure proceedings have been stayed under the provisions of the Servicemembers Civil Relief Act or any similar state law.
34	Natural Disaster	The property is in a Presidentially-declared disaster area (as defined by FEMA).
AS	(HUD FC Moratorium)	The foreclosure is on hold at HUD's written direction.
78	Borrower Program Assistance Received	The mortgagor applied for and has been approved for receiving assistance from a state, local, or federal program (such as the Emergency Homeowners Loan Program (EHLPP) and the Hardest Hit Fund).

Delinquency Workouts (AL) – further reporting is required

06	Formal Forbearance Plan	Mortgagor has been approved for a formal forbearance plan, which is a written agreement that is designed to bring the loan current within six months.
08	Trial Payment Plan	Mortgagor has been approved for a trial payment plan and is making the required trial payments.
09	Special Forbearance	Mortgagor has been approved for a Special Forbearance due to unemployment.
10	Partial Claim Started	Mortgagor has been approved for a Partial Claim.
11	Promise to Pay	Mortgagor advises that the loan will be brought current by making a one-time payment. This code can only be reported if the loan has already been reported as at least 30 days delinquent.

12	Repayment/Informal Forbearance Plan	Mortgagor has been approved for an informal forbearance plan, which is an oral agreement to bring the loan current within three months or less.
15	Preforeclosure Acceptance Plan Available	The mortgagor has been approved to participate in the Pre-foreclosure sale program.
26	Refinance Started	The mortgagor has been approved for a refinance.
28	Modification Started	The mortgagor has been approved for a Loan Modification.
36	FHA-HAMP Standalone Partial Claim Started	Mortgagor has been approved for a HAMP standalone Partial Claim, after successful completion of the FHA-HAMP Trial Payment Plan.
37	FHA-HAMP Standalone Modification Started	Mortgagor has been approved for a HAMP standalone Loan Modification, after successful completion of the FHA-HAMP Trial Payment Plan.
39	FHA-HAMP Trial Payment Plan	Mortgagor has been approved for a Trial Payment Plan under FHA-HAMP.
41	FHA-HAMP Modification/Partial Claim Started	Mortgagor has been approved for a HAMP Loan Modification and Partial Claim, after successful completion of the FHA-HAMP Trial Payment Plan.
44	Deed-in-Lieu Started	The mortgagor has been approved for a deed in lieu and processing has begun.
3B	Prequalified for 601	The case meets criteria for an Accelerated Claim.
AA	Complete Financials Received and In Review	Mortgagee has received complete financial information from the mortgagor and review for placement into an appropriate loss mitigation tool has begun.
AH	Streamlined Financials Received and In Review	Mortgagee has received streamlined financial information from the mortgagor and review for final approval for a streamlined tool has begun.
AQ	Option Failure	Mortgagor has failed to perform under the terms of the Loss Mitigation tool utilized by mortgagee.

Ineligible for Loss Mitigation (AI) – further reporting is required

AO	Ineligible for Loss Mitigation	Mortgagee either has completed loss mitigation evaluation (24 CFR 203.605) and the mortgagor has been found to be ineligible, or the mortgagor is eligible but declines the loss mitigation tool offered.
AP	Ineligible for Loss Mitigation Due to No Response	Mortgagor is ineligible for any loss mitigation relief because the mortgagor has not responded to any collection efforts and/or solicitations for loss mitigation.

Account in Foreclosure (AF) – further reporting is required

95	State Mandated Delay &/or Mediation	Foreclosure cannot be initiated or the foreclosure process is on hold due to a state mandated delay, a state law change, or referral of the loan to mediation. Please note, this may be reported before the status code 68 as applicable.
68	First Legal Action to Commence Foreclosure	The first public legal action required to initiate foreclosure was completed.
33	Contested Foreclosure	Foreclosure is placed on hold due to mortgagor contesting the foreclosure.
1A	Foreclosure Sale Held	The foreclosure sale was held.
1E	Eviction Started	The first public action to initiate eviction was taken.

Account in Bankruptcy (AB) – further reporting is required

65	Chapter 7 Bankruptcy	Mortgagor filed petition of bankruptcy under Chapter 7.
66	Chapter 11 Bankruptcy	Mortgagor filed petition of bankruptcy under Chapter 11.
67	Chapter 13 Bankruptcy	Mortgagor filed petition of bankruptcy under Chapter 13.
59	Chapter 12 Bankruptcy	Mortgagor filed petition of bankruptcy under Chapter 12.
69	Bankruptcy Plan Confirmed	Bankruptcy court confirmed the bankruptcy plan.
76	Bankruptcy Court Clearance Obtained	Bankruptcy is no longer a bar to foreclosure.

Account Reinstated (AR) – reporting on this case is concluded, unless it returns to a delinquency status

20	Reinstated by Mortgagor Who Retains Homeownership w/o Loss Mitigation Intervention	Mortgagor reinstated delinquency without use of Loss Mitigation (a Special Forbearance, Loan Modification, Partial Claim, or FHA-HAMP), without the use of a informal or formal forbearance/repayment plan, without the use of borrower assistance, or without a promise to pay.
21	Reinstated by Assumptor	Mortgage reinstated by Assumptor.
98	Reinstated after Loss Mitigation Intervention	Mortgagor reinstated delinquency with benefit of Loss Mitigation (a Special Forbearance, Loan Modification, Partial Claim, or FHA-HAMP), with the use of an informal or formal forbearance/repayment plan, with the use of borrower assistance, or was brought current as agreed when a promise to pay was made.

Claim Termination of Insurance (CT) – reporting on this case is concluded

17	Pre-foreclosure Sale Completed	Pre-foreclosure sale has been held.
46	Property Conveyed to Insurer	Property was conveyed to HUD (the insurer).
47	Deed-in-Lieu Completed & Property Conveyed	Deed in lieu of foreclosure was completed & property conveyed to HUD.
48	Claim without Conveyance of Title	A third party purchased the property at foreclosure where HUD authorized the use of the Claim without Conveyance of Title procedure.
49	Assignment Completed	An assignment was completed for an ACD, Section 247 or Section 248 case.

Non-Claim Termination of Insurance (NC) – reporting on this case is concluded

13	Paid in Full	The mortgage loan has been paid in full.
29	Charge-off	The mortgagee has charged off part of the funds that would have paid the account in full. No claim will be filed with HUD.
30	Third Party Sale	The foreclosure was held, but a third party paid the indebtedness in full. No claim will be filed with HUD.
73	Property Redeemed	According to state law requirements the mortgagor redeemed the property after the foreclosure sale. The loan is paid in full and no claim will be filed with HUD.

Account Cancel (AC) - Case Reported in Error – further reporting requirements are based on the reporting requirements of the last correctly reported Default Status Code.

25	Cancel	Advise that the last status code was reported in error. Required when an incorrect default status code under summary codes AR, CT, or NC reported, as codes under these summary codes would have closed the default episode. Reporting the 25 ‘re-opens’ the episode closed in error, allowing further reporting.
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List of Codes Removed from Use

14	Current	Removed from approved list effective 9/30/1997 (ML 97-18)
19	Partial Reinstatement	Removed from approved list effective 10/31/2006 (ML 06-15)
39	Pre-Claim Enrolled	Removed from approved list effective 10/31/2006 (ML 06-15); repurposed as FHA HAMP Trial Modification Plan in ML 09-39.
41	Supplemental Pre-Claim	Removed from approved list effective 10/31/2006 (ML 06-15); repurposed as FHA HAMP Modification Started in ML 09-39.
43	Foreclosure Started	Removed from approved list effective 10/31/2006 (ML 06-15)
45	Foreclosure Completed	Removed from approved list effective 10/31/2006 (ML 06-15)
77	Foreclosure Deed Recorded	Remove effective date of Mortgagee Letter.
1G	Eviction Completed	Remove effective date of Mortgagee Letter.
22	Servicing Transferred or Sold to Another Mortgagee	Remove effective date of Mortgagee Letter.

