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Revisions to FHA's Loss Mitigation Home Retention Options

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**Mortgagee Letter (ML) 2012-22
Revisions to FHA's Loss Mitigation Home Retention Options
Frequently Asked Questions (FAQs)**

- 1. If a mortgagee has not reassessed a mortgagor for the new loss mitigation waterfall (i.e., delineated in ML 12-22) as of December 16, 2012, will interest be curtailed?**

No. Mortgagees may claim debenture interest for loans suspended during the period December 16, 2012 through February 15, 2013, provided the suspension was necessary to fully implement ML2012-22.

- 2. If a property is non-owner occupied, vacant, or an investment property, does the mortgagee have to cancel a foreclosure sale date and reassess a mortgagor for loss mitigation retention options, pursuant to ML 2012-22?**

No. The mortgagee does not have to cancel a foreclosure sale date in this circumstance because loss mitigation retention options are only available to owner occupants.

- 3. If a mortgagor initially failed to respond to the mortgagee's outreach attempts and a foreclosure sale is scheduled for a date after December 15, 2012, does the mortgagee have to reassess the mortgagor for loss mitigation options under ML 2012-22?**

Yes. FHA expects mortgagees to re-solicit mortgagors who were previously unresponsive to the mortgagee's outreach attempts prior to the issuance of ML 2012-22 unless the foreclosure sale occurred prior to December 16, 2012. Foreclosure sales scheduled on or after December 16, 2012, do not have to be canceled to reassess a mortgagor. However, these foreclosure sales cannot occur prior to the mortgagee making the determination and documenting that its solicitation attempts have been unsuccessful.

- 4. ML 2012-22 permits mortgagors to receive a loan modification or FHA-HAMP once within a 24 month period. When does the 24 month period begin?**

The 24 month period, referenced in ML2012-22, starts on the latter of the ML's issuance date (November 16, 2012) or the last date of a mortgagor's executed loan modification or FHA-HAMP. For example, if a mortgagor received an FHA-HAMP modification on March 18, 2012 and is currently in default, the mortgagee would have to reassess the mortgagor under the new waterfall prior to proceeding with a foreclosure sale that is scheduled after December 15, 2012.

- 5. Prior to the February 16, 2013, which waterfall is the mortgagee expected to use?**

The mortgagee shall use the previous waterfall (described under ML 2009-23, 2002-17, 2000-05) until it implements the new waterfall outlined under ML2012-22. However, if a mortgagor fails to cure the default under the previous waterfall, then the mortgagor must be considered under the new waterfall before the mortgagee may complete a foreclosure sale.

- 6. In order to comply with ML 2012-22 does a mortgagee have to cancel all foreclosure sales after December 15, 2012?**

No. The mortgagee does not have to cancel the foreclosure sale date unless the mortgagor was properly reassessed under the new waterfall and deemed eligible for a loss mitigation home retention option under ML 2012-22. However, the mortgagor must be reassessed under the new waterfall prior to the mortgagee proceeding with a foreclosure.