



## Single Family Housing Policy Handbook: *Servicing* Highlights of Changes and Clarifications Last Updated: July 7, 2015

The *Servicing* section of the *FHA Single Family Housing Policy Handbook* (SF Handbook) consolidates content from the Federal Housing Administration's (FHA) *Administration of Insured Home Mortgages* (4330.1) Handbook and subsequent Mortgagee Letters, relevant Housing Notices, and other servicing policies and regulations published since 1994.

These changes were made to accomplish the goal of conforming FHA policy to a standard format using clear, consistent language. Some of the changes may represent a proposed change to policy and, where appropriate, align with industry best practices.

### Highlights of Key Changes or Clarifications

#### **A. Laws Applicable to Mortgage Servicing Generally**

Reminds Mortgagees to comply with all laws, rules, and requirements applicable to mortgage servicing, including those issued by the Consumer Financial Protection Bureau

#### **B. Responsibility During Transfers of Servicing Rights**

Describes responsibilities of transferor and transferee servicing Mortgagees when servicing of an FHA-insured mortgage is transferred

#### **C. Communication with Borrowers and Authorized Third Parties**

Requires Mortgagees' compliance with all laws, rules, and requirements applicable to third-party access to documentation and to describe FHA's documentation requirements

#### **D. Application of Partial Prepayments**

Encourages Mortgagees to communicate with Borrowers on application of partial prepayments

#### **E. Escrowing of Funds**

Aligns FHA and GSE requirements on accounts used in escrowing of funds

#### **F. Late Charges**

States requirements for calculation of late charges

#### **G. Determination that the Property is Vacant or Abandoned**



The information in this document is not a replacement or substitute for information found in the *Servicing* sub-section of FHA's *Single-Family Housing Policy Handbook*, nor current FHA Single Family Housing Mortgagee Letters, Housing Notices and/or other policy documents.

Requires the Mortgagee to notify the Borrower by mail of the determination that the property is vacant or abandoned

**H. Reasonable Effort in Arranging a Face-to-Face Interview**

Allows for the use of a third-party vendor to schedule the Borrower's face-to-face interview with a Mortgagee representative

**I. Loss Mitigation Agreements**

Updates requirements for signatures on Loss Mitigation Option Agreements by Borrowers, Mortgagees, and Authorized Third Parties

**J. Exceptions to Owner Occupancy Requirements**

Describes standards for Loss Mitigation review for non-Borrowers to whom title was transferred subject to the Garn St. Germain Depository Institutions Act

**K. Property Condition (in sections on Special-Forbearance Unemployment, Loan Modification, and FHA - Home Affordable Modification Program (FHA-HAMP))**

Describes circumstances in which the Mortgagee must perform a property inspection in relation to Home Retention Option review

**L. Recordation of FHA-HAMP Partial Claim Documents**

Requires submission of executed Partial Claim security instruments for recordation within five business days from the date of receipt from the Borrower or, where HUD execution is required, receipt from HUD

**M. Pre-Foreclosure Sale (PFS) Approval to Participate**

Requires transmission of the PFS Approval to Participate (ATP) to the Borrower via methods providing confirmation or a timestamp of delivery; receipt within 10 Days of the date on the ATP

**N. Cash Reserve Contributions for Standard Deed-in-Lieu (DIL) Transactions**

Requires cash reserve contributions from certain Borrowers in Standard DIL transactions

**O. Local Property Preservation and Protection Requirements**

Requires the Mortgagee to notify HUD's Mortgagee Compliance Manager where state or local law inhibits the Mortgagee performance of HUD's required property preservation and protection actions