HUD'S NATIONAL SERVICING CENTER (NSC)

SFDMS REPORTING

TRAINING WEBINARS COMPANION DOCUMENT

PRESENTED BY SFDMS SYSTEM OWNERS,
REPORTING & ANALYTICS BRANCH 1, NSC
12/14/2016

CONTENTS

DISCLAIMERS TO THIS WEBINAR TRAINING COMPANION DOCUMENT

DISCLAIMER 1: This document and the contents herein are provided for informational purposes and may be subject to change.

DISCLAIMER 2: This document is not intended to substitute or alter requirements and guidelines found in FHA handbooks, mortgagee letters, and other official FHA publications.

DISCLAIMER 3: You should not program your system to automatically report codes or reject codes based on examples in this document. Circumstances specific to each loan may dictate a different reporting sequence. Every loan is different.

REMINDERS ABOUT DEFAULT REPORTING

Don't make default reporting so complicated. Don't think about what we are expecting to see. Just tell us what you are doing. Did you approve a loss mitigation tool? Tell us that. Did you initiate foreclosure? Tell us that. Did the borrower reinstate on their own? Tell us that.

REPORTING SHOULD ALWAYS FOLLOW SERVICING.

Default reporting staff should be familiar with servicing. It usually makes for better reporting.

We recommend that your SFDMS reports are reviewed for quality control purposes. Your default reporting staff should be properly trained and familiar with servicing actions and FHA compliance. It usually makes for better reporting. Your servicing and foreclosure staff should also be aware of reporting requirements and of cases reported. You should also review the SFDMS report format and content and check for errors, regardless if the report is prepared manually or by an automated system.

SFDMS SERVICER OF RECORD RESPONSIBILITIES

Ultimately, it is the Servicer of Record in HUD's system that is held responsible for correct and timely reporting.

As Servicer of Record, it is your responsibility to work with your SFDMS service providers and vendors that create your reporting files and/or report on your behalf. If you feel you need to have someone from the NSC involved in discussions with your service provider, please let us know by contacting sfdatarequests@hud.gov.

As Servicer of Record, you are held responsible for default reporting including fatal errors and neglected defaults.

IMPACTS ON YOUR DELINQUENCY RATIO

Reporting any specific code other than a reinstatement or a termination code will have no impact on your delinquency ratios. The loan is still delinquent, regardless of the status.

IS IT A TITLE II FORWARD MORTGAGE?

HUD's Single Family Default Monitoring System (SFDMS) accepts most default reporting on FHA Single Family Title II forward mortgage cases that have been endorsed for insurance. If it's not yet endorsed with FHA insurance, don't report it in SFDMS.

Additionally, default reporting on reconveyances that have terminated insurance are not accepted into SFDMS.

Default reporting on HECM, or reverse mortgages, are not accepted into the SFDMS.

Default reporting on Section 184 Indian Home Loans are not accepted into the SFDMS. This is a guarantee program, and as such, these cases are different than our insured cases. Please contact that office for more information on reporting delinquent loans to them.

IS IT IN DEFAULT OR HAS IT BEEN IN DEFAULT?

The name says it all. SFDMS stands for S̲ingle F̲amily **DEFAULT** M̲onitoring S̲ystem. **Don't** report cases that are not yet 30 days down, i.e. delinquent and not in default. **Do** report cases that were previously reported as in default and are now current (and do report that reinstatement code only once for the default episode). **Don't** report cases that are contractually current in a bankruptcy if there is no open default episode.

HOW MANY CODES SHOULD YOU REPORT?

You are only required by regulation to report to HUD the status of the loan as of the end of the month. This reporting is to occur during the first five business days of the following month.

You will not know the status of the loan as of the last day of the month until that day is over and/or all payments have been processed. Therefore, reporting before the month-end is not always advisable.

You must report every month, even if the status has not changed from the previous month.

Report until the default is resolved either through reinstatement or through termination.

You do not need to re-report the entire default history to us each month, and in fact, we ask that you do not do this. Every transaction reported to us takes up line item space in our system, and like everything, space is limited.

EXAMPLE: THE BORROWER WENT 30 DAYS IN DEFAULT (42) AS OF 6/30/2013, AND THEN FILED CHAPTER 13 BANKRUPTCY (67) IN JULY 2013. THIS WAS DISMISSED (76) IN AUGUST 2013. YOU THEN APPROVE A REPAYMENT PLAN (12) IN SEPTEMBER 2013.

YOU DO NOT NEED TO REPORT 42, 67, 76, AND 12 FOR THE SEPTEMBER 2013 REPORTING CYCLE.

FOR A GIVEN REPORTING CYCLE, YOU ONLY NEED TO REPORT WHAT OCCURRED DURING THE MONTH AND/OR THE STATUS AS OF THE LAST DAY OF THE MONTH.

You can report multiple codes during the month as needed or multiple codes during the 5-day reporting window as needed. However, you are not required to report multiple codes.

Make sure you report those in the proper order with the accurate OUI for that status code.

If you report during the month anything other than a reinstatement or termination code, make sure you still report to us the status of the loan as of the end of the month to remain in compliance with our regulations.

> **EXAMPLE:** YOU RECEIVE THE COMPLETE FINANCIAL PACKAGE FROM THE BORROWER ON 6/14/2013. YOU REVIEW IT AND APPROVE THE BORROWER FOR A TRIAL PAYMENT PLAN FOR AN FHA HAMP LOAN MODIFICATION ON 6/25/2013.
>
> YOU CAN REPORT AN AA AND 39 FOR THE JUNE 2013 REPORTING CYCLE, BUT YOU ARE ONLY REQUIRED TO REPORT THE 39 AS THAT WAS THE STATUS AS OF THE LAST DAY OF THE MONTH.
>
> **EXAMPLE:** YOU RECEIVE THE COMPLETE FINANCIAL PACKAGE FROM THE BORROWER ON 6/14/2013. YOU REVIEW IT AND APPROVE THE BORROWER FOR A TRIAL PAYMENT PLAN FOR AN FHA HAMP STANDALONE LOAN MODIFICATION ON 6/25/2013. THE BORROWER THEN FULLY REINSTATES THE LOAN ON 6/29/2013.
>
> YOU CAN REPORT AN AA, 39 AND 98 FOR THE JUNE 2013 REPORTING CYCLE (MAKING SURE YOUR OUI DATES ARE REPORTED CORRECTLY), BUT YOU ARE ONLY REQUIRED TO REPORT THE 98 AS THAT WAS THE STATUS AS OF THE LAST DAY OF THE MONTH.

If you filed the first legal and other events transpire in the same month, make sure you report your 68 timely in compliance with published regulations. You can be curtailed for missing the 68 reporting deadline.

If you made the determination that the borrower was ineligible for all loss mitigation and that it was time to refer, referred the loan to the attorney, and filed the first legal all in the same month, you are only required to report the 68 as that was the status as of the last day of the month. However, if you want to and can report the AO or AP as well the 68, please do.

WHAT DOESN'T HUD'S SYSTEM ACCEPT?

Our system only rejects a reporting occurrence for 6 reasons, which you may recognize as fatal errors:

Code	What It Is	Comments
R2	Bad FHA Case Number	Occurs when you report something our system does not recognize as a valid, previously endorsed, and actively insured FHA Case number.
R3	Bad Opening Status / Invalid Mortgage Status	Occurs when there is no open default episode and you report something other than a status code 42.
R4	Invalid Oldest Unpaid Installment Date	Occurs in the following scenarios: ▪ when you report a delinquent default status code with a current OUI, ▪ when you report an OUI of more than 10 years in the past, ▪ when you report an OUI of more than three months in the future, ▪ when you report an OUI earlier than the first payment due on the loan.
R5	Invalid Oldest Unpaid Installment Date Format	Occurs when you don't report the OUI as a date.
R6 (ZY)	Invalid Mortgage Status FHA Insurance Terminated	Occurs when insurance is terminated and you report a default status code other than a 13, 29, 73, 30, or 25.
R6 (ZX)	Invalid Mortgage Status FHA Insurance Claim Terminated	Occurs when insurance is claim terminated and you report a default status code other than a 17, 46, 47, 48, 49, or 25.

The only logic built into our system is that you

✓ Must start every new default episode with a status code 42

✓ Can't report a delinquent default status code with a current OUI or with an OUI that is more than 10 years in the past.

✓ Can't report a reinstatement with an OUI that is more than 3 months in the future.

✓ Can't report but a handful of codes when the insurance is terminated or claim terminated (see table above).

That's it. Our system does not reject any reporting for an illogical sequence other than what is stated above. If you are getting errors or rejects on your reporting because you are attempting to report a specific sequence of codes, that is coming from your system or your service provider, not from HUD.

WHY FATAL ERRORS MATTER

SERVICERS ARE HELD ACCOUNTABLE FOR THEIR FATAL ERRORS.

From time to time, our Quality Assurance Division (QAD) will target those servicers with a high rate of fatal errors and demand resolution. If it continues, servicers may be referred to the Mortgagee Review Board.

The Tier Ranking System II (TRSII) determines which mortgagees are eligible for additional increased incentives. One of the scoring elements is SFDMS Reporting. In this element, servicers are scored based on their fatal errors and neglected defaults. The lesser the rate of fatal errors committed, the better the servicer's score. The lesser the rate of neglected defaults, the better the servicer's score. Fatal errors can cause neglected defaults, although they are not the only cause of neglected defaults. For more information, please refer to the narrative.

All reporting occurrences are stored, regardless if they were fatal errors or not. Any occurrence stored takes space. The more fatal errors you commit, the more unnecessary space it takes up and ultimately, space costs HUD money.

Additionally, there is a limit of how many reporting occurrences or transactions can be processed by our system in one day. If you report a lot of statuses that end up being fatal errors, that may have taken up transactions for that day, which may cause some of your other transactions or another servicer's transactions not to be processed that day and to be held for the next day. This then reduces the amount of time to then work the fatal errors received.

PRE-ENDORSEMENT DELINQUENCIES

Reporting on cases that are not yet endorsed will cause issues with endorsement. These fatal errors are collected and put into a table that is used for endorsement review. They are used as a flag that potentially there is an early payment default on a new loan, and as such, getting a case endorsed for insurance becomes more difficult.

The only resolution to these scenarios is that someone will need to report the case as current via EDI.

- ✓ A default status code 20 with a current Oldest Unpaid Installment (OUI) date must be reported.
- ✓ This cannot be done through FHA Connection.
- ✓ Oftentimes it may be easiest for the company attempting to obtain endorsement to reach out to the company that reported the delinquency and have that entity transmit the status code 20 via EDI.
- ✓ Whoever transmits this EDI transaction will get an R2 fatal error as a result.
- ✓ However, once the EDI file is processed, the system will mark it as "Previously Delinquent".

You also may need to be prepared to provide payment histories to the appropriate Home Ownership Center (HOC) to prove that the case is in fact current. If the case is not current, you will not be able to get it endorsed as this is a requirement of endorsement.

Servicers are responsible for reporting delinquent Single Family Forward FHA mortgages through SFDMS. Please make sure you allow enough time in your calendar to send the file, verify its processing, and work any errors, if necessary. SFDMS reporting must be done by the 5th business day of the month for the previous month's activity.

It takes 24 hours / 1 business day to receive notification of a processed EDI file. Your Application Advice Notice (AAN) or TS824 will should be available the following business day after your file is processed, not earlier and not later.

If an Application Advice Notice (AAN) is showing in FHA Connection, it means your file was processed. If you cannot find your TS 824 or TS 997, check with your service provider or VAN to see what might have happened to the results.

EDI TRANSACTION SETS AND OFFICIAL FEEDBACK ON YOUR FILE

If you report via EDI, you are responsible for ensuring that your file was properly accepted and processed.

The formal process that provides feedback on your files that has been established by HUD and EDI are the Transaction Sets (or TS) series of reports. This includes confirmation or rejection of the file.

- ✓ You transmit your TS 264 file to HUD via EDI.

- ✓ You will then receive a TS 997 report, which is an acknowledgement that will show if the file was accepted or rejected. If it is rejected, it will show this on the report. If it was accepted, it will have an "A" code on it.

- ✓ You will then receive the TS 824 the following business day which contains the fatal and non-fatal errors as well as accepted status code 68s.

- ✓ The TS 997 may be combined with the TS 824 into one report.

These report sets are the standard for all servicers. It is therefore the Servicer's responsibility to ensure the file is received, accepted, and processed based on these reports.

Emails from EDI, emails from your VAN, files in the VANs inbox, your system platform "confirmation" that the file was sent – none of that is true and valid confirmation that the file was received, accepted, and processed.

The only proof of this is the TS 997 from the right month with an "A" code on it. In lieu of a TS 997, the next best thing would be the TS 824 report.

TROUBLESHOOTING YOUR EDI FILE AND ITS PROCESSING

If you believe you transmitted your TS 264 correctly and successfully but you have not seen evidence that HUD has your data, there are a number of steps you can and should be taking. Time is critical so do not delay in determining what has happened.

- ✓ CONTACT YOUR SERVICE PROVIDER OR VAN.
  If you think your EDI file has not been processed, be sure to check with your service provider or VAN to make sure they actually sent the file for processing and take note of when they sent it.

✓ **FIND AND REVIEW YOUR TS 997.**
Just because you receive a TS997 does not mean that your file was actually processed. It might actually indicate that your file was rejected.

✓ **FIND AND REVIEW YOUR TS 824.**
This should be available the next business day after you transmitted if the file was accepted and processed by HUD. If it is not, this could indicate that your file was not received.

If you do not receive a TS 997 or TS 824 as expected, IMMEDIATELY contact the HUD EDI Help Desk. Do not give it more time to see if it shows up. Once the reporting window closes, there is nothing we can do to help, and you will not be in compliance with default reporting requirements.

FATAL ERRORS AND THE TS824 REPORT

You should be reviewing your TS824 report every month to work those fatal errors before the reporting window closes in order to ensure reporting for all cases as required per CFR has been completed.

The TS824 report is also available in FHA Connection under Application Advice Notice (AAN). However, please be advised that if you cannot pull up the report on this screen, whether it's a HUD system issue or an issue on your side, this is not a valid reason for failing to work your fatal errors. The AAN screen is provided as a courtesy and for convenience in FHA Connection. Either you or your service provider has the actual TS 824 report returned from EDI.

TS824 reports are sent to the entity (i.e. service provider or VAN) that transmitted the EDI file the next business day following that transmission. If you use a service provider or VAN for your default reporting, they may be receiving these.

TS824 reports contain all fatal errors, non-fatal errors, and successfully reported status code 68s.

✓ If there is no error indicated on the report for a particular reporting occurrence, then no error has occurred and that code was reported successfully.

✓ You can get a copy of your TS824 report from FHA Connection, Application Advice Notice (AAN). This is an electronic and interactive version of the error report returned by EDI and is available the next business day following the EDI transmission. There are some caveats to using this report, so please keep those in mind. See the Application Advice Notice (AAN) section for more information.

✓ Neighborhood Watch does not refresh with this information until AFTER the reporting window closes. If you are trying to correct any error for the same cycle of reporting, you should ALWAYS use the TS 824 report and/or the AAN in FHA Connection report.

SUMMARY OF RECOMMENDED EDI MONTHLY TASKS

1. Verify TS264 was sent to HUD before 5th business day.
2. Verify TS264 file was processed by reviewing TS997.
3. Find TS824 error report to work errors, if any, before 5th business day.
4. Contact EDIHelpDesk@hud.gov with EDI file processing issues. For issues with the Application Advice Notice (AAN), contact: sfdatarequests@hud.gov

CORRECTING FATAL ERRORS AND UPDATING NEGLECTED DEFAULTS

Neighborhood Watch does not refresh with the fatal errors for the current cycle until after the reporting window closes. If you have fatal errors to review and want to correct them before the close of the reporting window, do not wait to obtain this information from Neighborhood Watch.

Please see the EDI Information section of this document for more information and additional references.

As Servicer of Record, you are held responsible for default reporting, including neglected defaults – previously reported delinquencies that have failed to be updated properly.

- ✓ Presently, the best place to easily obtain a list of neglected defaults is from Neighborhood Watch, under Servicing, Loss Mitigation Total Delinquent Loans Reported.

- ✓ While we know that Neighborhood Watch has a 12,000 record maximum as a download into Excel, as long as you follow the instructions we have provided, every Servicer of Record, regardless of the volume, can work their neglected defaults using Neighborhood Watch. No servicer has more than 12,000 neglected defaults, and if something happens and you do, you won't need to worry about pulling that report out of Neighborhood Watch. We'll be reaching out to directly.

- ✓ For more information, please see the TRSII Servicer Narrative.

APPLICATION ADVICE NOTICES (AAN)

Although it is preferable that you use the TS824 file to review for errors, you may use an Application Advice Notice (AAN). Keep in mind that you will only be able to scroll through 100 loans at a time. In the event that the AAN is not available the next business day after your file was processed, please have your service provider or VAN verify that a TS997 was received that indicated the TS264 was processed.

This information is provided as a courtesy and for convenience in FHA Connection. Either you or your service provider has the actual TS824 report returned from EDI, and therefore, if these screens are not available or working for you, this is not an acceptable reason not to work your fatal errors.

For questions about AANs, contact: sfdatarequests@hud.gov

In FHA Connection, go to Single Family FHA, Single Family Servicing, Delinquent Loans,
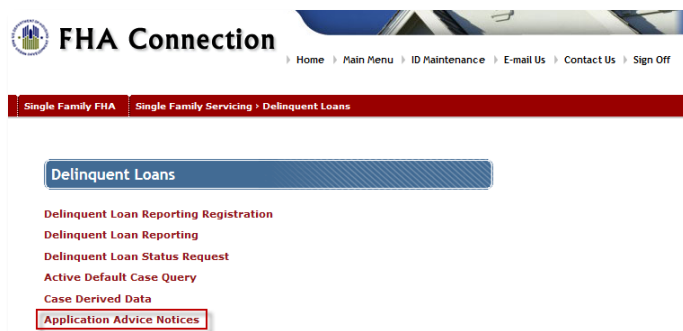
Enter your 10 digit HUD Lender ID that you use for your default reporting, if prompted. It may already be populated. Hit Send.

Choose the cycle for which you want to review the report. Most likely it will be the last one displayed, unless you want to view historical information.

Then choose the transaction date for which you want to view the report. Usually, there will be only one transaction date set listed. However, if you did more than one transmission for the cycle, multiple dates will be listed.

Once you click on the transaction date, it may take a while to load the report. This is normal.

Your report will then be displayed 100 reporting occurrences at a time.

✓ Currently, there is no way to download this report into another format.

✓ Your report will show the case number (which is hyperlinked to the default reporting screen for that loan), the current status code we have for the loan, the code you submitted (or tried to submit) and then columns indicated fatal and non-fatal errors, if any.

In the screen shot below, the first three cases have no fatal error indicated, but the first two have non-fatal errors. The third one was a successfully reported 68. The bottom three have fatal errors indicated.

You can always check here to review your TS824 report regardless if your service provider sends it to you or not, since ultimately, you the servicer are held accountable for correct and timely reporting.

REPORTING IN FHA CONNECTION

We get this question several times every month. It is usually all or combination of the following statements: "I keep getting an error and don't know what to do to report on this case. It's a valid case number. It's endorsed. I can see it as active in Neighborhood Watch. We are the servicer. It's delinquent now. It's been delinquent and we just discovered it, but the system won't let me report."

WHAT DO YOU NEED TO DO HERE? DO WHAT IT SAYS!

It's telling you to select the first menu option. Go to this screen and fill it out. You should immediately be able to go back into the Delinquent Loan Reporting screen to report on that case.
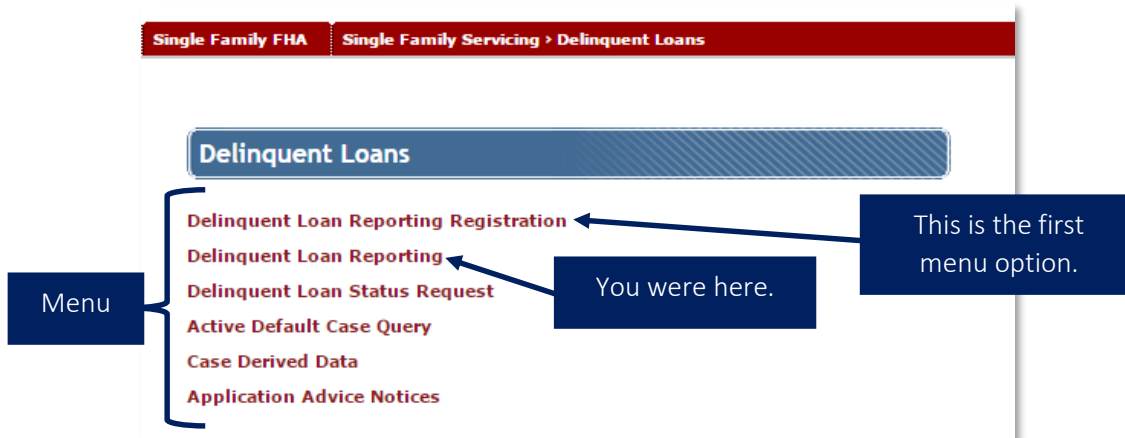
TIP: It will ask you for the number of cases in your Title II portfolio. If you don't know a number, go to Neighborhood Watch, Servicing, Single Servicer, enter you 5-digit ID, choose Portfolio Summary, and enter the number it shows for your Active Portfolio.

ONGOING REPEATABLE CODES VERSUS ONE-TIME EVENTS

You should always report the accurate status of the loan as of the end of the month. This may be a new code, or this may be the status from the previous month as the action remains ongoing. Some of our codes may seem like they are one-time event codes. However, most of these codes should continue to be reported until the status of the loan changes and another code applies.

The only true one-time codes are codes where no further reporting is required. These apply to our reinstatement codes, our claim termination codes, and our non-claim termination codes. If you look at the SFDMS Codes list in the supplemental documents for the Handbook, you'll see that they are grouped by Default Summary Codes that state whether or not additional reporting is required.

Any code that is a non-reinstatement, non-termination, and non-cancellation code could be reported and repeated month after month if applicable. For instance, once the first legal is filed, you should continue to report a status code 68 until another code applies. Another example is eviction started. You should continue to report the 1E until another code applies.

Some of these codes may make more sense to report only once or twice, as is the case with codes AQ, AP, AO, and 76. However, we do not have programming to reject any of these codes reported one after another since that may truly be an accurate representation of your default servicing actions.

LAST IN WINS

Remember, per our regulations you are required to report the status as of the end of the month, and you are only required to report one code to us.

The status as of the end of the month is important. We have some reports that look at the last status code reported and group those cases accordingly by the Default Status Codes and/or the Default Summary Codes. It is important for us to know what percentage of our portfolio is in foreclosure, in general delinquency, in loss mitigation, etc. and looking at the last status code reported is what classifies these loans since that is the most up to date information that you provide that we have.

Is it wrong to report more than one code to us for the month? No, it is not, as long as you do it correctly. Some of our reports do look at all of the codes you report for the month. Some of our scoring metrics evaluate all reporting occurrences and not just end of month statuses.   If you can and need to report multiple codes that are applicable in order to capture the all of the servicing actions that took place during the month, please go ahead and do that. If you don't need to or can't report multiple codes, that's fine, too*. We can often infer non-reported statuses based on what is else is reported, and we don't have any metrics for which if you do not report multiple codes to us for the month, it would significantly impact that result. Keep in mind that reporting non-termination codes along with termination codes in the same month may result in fatal errors. In these instances, only the termination code would actually be necessary.

*If you need to report a code 68 and another code for the month, please make sure you get that 68 reported.

In ML 2013-15, we retired status code 22. Our system continued to accept this until the November 2013 reporting cycle. As it is now retired, you will receive a fatal error if you report a status code 22 via EDI, and FHA Connection will not let you report a status code 22.

Status Code	Definition	Guidance for Usage: Use selected code to advise HUD that…
22	Servicing Transferred or Sold to Another Mortgagee	Removed effective date of Mortgagee Letter 2013-15

Notifying HUD of a servicing transfer is accomplished by filing your Mortgage Record Change (MRC). Remember, the selling servicer should file the MRC.

You can file MRCs in FHA Connection under Single Family FHA, Single Family Servicing, Mortgage Record Changes. Once you choose either Servicer/Holder Transfer (HUD Form 92080) or Servicer/Holder Transfer with CSV File, a help menu link will appear on that screen and can walk you through the process.

It is extremely important that you verify that the MRCs were successfully processed by HUD and that the Servicer of Record was in fact changed in our system.

There are a number of ways you can do this:

1) When you upload multiple records with a CSV file, per the FHA Connection Help Links, it will provide you with the results and any errors with the file.

2) Reconcile your portfolio before and after the transfer with HUD's records. You can get a real time portfolio from FHA Connection. For more information, please see our website on Portfolio Data Reconciliations.

3) Try to look up some individual cases in Neighborhood Watch, Queries, Case Status.

You do not need to report a status code in SFDMS to show that a servicing transfer has occurred.

✓ Whoever is servicing the loan as of the end of the month should report the appropriate and accurate status in SFDMS. The selling servicer should NOT report into SFDMS during the cycle of the sale.

✓ Currently, you do not have to be the Servicer of Record to report. However, the Servicer of Record will be held accountable for any fatal errors occurring on their loans as well as any neglected defaults.

✓ Default reporting should be coordinated between the selling servicer and the acquiring servicer.

DELINQUENCY/DEFAULT REASON CODES (AKA REASON FOR DEFAULT, RFD, DDR CODES)

You should report the reason code that is most descriptive of the reason for default. If the reason changes within a default episode, you can change the default reason code. However, as a general rule, this most likely won't change that often, if at all.

TO UPDATE OR NOT TO UPDATE

Unemployment: UPDATE!
If at any time the borrower becomes unemployed during a default episode, we do want you to change the reason for default to 016 unemployment.

Previously Talked to Borrower but Now Unable to Contact: DON'T UPDATE!
If you spoke with the borrower, found out the reason for the default, and then later are unable to contact the borrower, don't update the reason for default to 031 unable to contact borrower.
In this scenario the more descriptive reason previously obtained is what you should continue to report.

This includes default reason code 015 other. Do not update the reason for default to 031 unable to contact borrower even if the 015 was previously reported.

Natural Disasters: DEPENDS!
Just because you report a status code 34 or AS does not mean the reason for default needs to be 019.
If there is an open default episode when the disaster occurs, you should continue to report that already identified reason for default.

However, if through the course of determining if the borrower and/or the property was impacted by the disaster, you find that the disaster did adversely impact the borrower's ability to make on-time payments, even if the borrower was already having issues, you should update the reason for default to 019. This is especially true if you are offering special loss mitigation associated with a disaster declaration.

REASON FOR DEFAULT CODE 015 OTHER

The Reason for Default code 015 Other states in the guidance for usage that the delinquency is attributable to reasons that are not otherwise included in the list.

Default Reason Code	Cause of Default	Guidance for Usage: Use selected code to advise HUD that...
15	Other	Should be rarely used – additional reason codes at the request of the industry have been added; indicates that the delinquency is attributable to reasons that are not otherwise included in the list.

This implies that the reason **is known** and therefore **is not** Death of Principal Borrower, Illness of Principal Borrower, Illness of Borrower's Family Member, Death of Borrower's Family Member, Marital Difficulties, Curtailment of Income, Excessive Obligations – Same Income, Including Habitual Nonpayment of Debts, Abandonment, Distant Employment Transfer, Property Problem, Inability to Sell Property, Inability to Rent

Property, Military Service, Unemployment, Business Failure, Casualty Loss, Energy-Environment Cost, Servicing Problems, Payment Adjustment, Payment Dispute, Transfer of Ownership Pending, Fraud, Unable to Contact Borrower, or Incarceration.

Be careful about reporting an RFD 015, and you have not had any contact with the borrower.

REASON FOR DEFAULT CODE 031 UNABLE TO CONTACT BORROWER

The Reason for Default code 031 Unable to Contact Borrower came into existence with ML 2006-15. It states that on a new default we recognize that the servicer may not have "yet been able to contact" the borrower and as soon as the servicer knows what it is, the reason code should be updated.

The guidance for usage in the appendix goes on to state that this RFD is for when contact with the borrower has not yielded a response and that the borrower can't be located or hasn't responded to the servicer's inquiries.

Default Reason Code	Cause of Default	Guidance for Usage: Use selected code to advise HUD that...
31	Unable to Contact Borrower	For use with 30 and 60 Day delinquencies where contact with the Borrower has not yielded a response; should be used rarely for any 90 Day or more delinquency. Indicates that the reason for delinquency cannot be ascertained because the Borrower cannot be located or has not responded to the servicer's inquiries.

The new handbook states that if you report an RFD 031, you must document your efforts to contact the Borrower in the servicing file and continue to try to determine the actual reason for the default.

RFD 031 is not interchangeable with default status code AP. Reporting of one does not require the reporting of the other.

✓ It is extremely possible to have a scenario where you need to report the default status code AP and have an actual reason for the default other than unable to contact the borrower.

✓ It is also extremely possible to have a reason for default as a 031 unable to contact the borrower and you are not reporting a default status code AP.

✓ If you are have not made the decision to foreclose, if you are not referring the loan for foreclosure and getting ready to file the first legal, you should not be reporting an AP, even if you can't get into contact with the borrower.

Be very careful about reporting an RFD 031 and default statuses that indicate that you are in fact talking to and working with the borrower.

DEFAULT STATUS DATES

In general, the default status date you report is the date the loan entered that status which you are reporting.

Do not report future dates. This may become a fatal error instead of a non-fatal error. *You've been warned!*

When beginning to first report a default, use a status code 42 and a status date equal to of the end of the month. Why? This is when the loan entered into a 30-day default status, which is the first time it was required to be reported to HUD.

> **EXAMPLE:** THE LOAN IS DUE FOR 4/1/2013 AND IS IN DEFAULT AS OF THE END OF MONTH ON 4/30/2013. REPORT A 42 WITH A DEFAULT STATUS DATE OF 4/30/2013 FOR THE APRIL 2013 REPORTING CYCLE. DO THIS DURING THE FIRST FIVE BUSINESS DAYS IN MAY 2013.

You can report a default status date that is prior to the Oldest Unpaid Installment (OUI) date reported. You would need to do this for a rolling default in which the borrower is making payments but does not fully reinstate the loan.

> **EXAMPLE:** THE LOAN IS DUE FOR 4/1/2013 AND STILL IN DEFAULT AS OF THE END OF MONTH ON 4/30/2013. YOU REPORTED A 42 WITH A DEFAULT STATUS DATE OF 4/30/2013 AND AN OUI OF 4/1/2013 FOR THE APRIL CYCLE. THE BORROWER MAKES APRIL'S A PAYMENT IN MAY. AS OF 5/31/2013, THE LOAN IS DUE FOR 5/1/2013.
>
> REPORT A 42 WITH A DEFAULT STATUS DATE OF 4/30/2013 AND AN OUI OF 5/1/2013 FOR THE MAY 2013 REPORTING CYCLE. 4/30/2013 IS STILL THE DATE THE LOAN ENTERED A 42 STATUS CODE FOR THE FIRST TIME. DO THIS DURING THE FIRST FIVE BUSINESS DAYS IN JUNE 2013.

Continue to report this default status date until you report a different status code.

Once you report a different status code, update the default status date to the date that the loan entered the new status.

In the event you return to a previously reported code, such as in the scenario of going from an AQ back to a 42, the default status date should be either the original date reported with the first time the code was reported or the date you returned to that code. Choose which one you will use for those situations, document it in your procedures, and stay consistent.

The default status date for a status code 68 should be the date the first legal filed.

✓ Continue to report the same default status date for the code 68, as long as that first legal action stands and even if other codes are reported after the 68. This includes but is not limited to a bankruptcy or attempted loss mitigation.

- ✓ If it becomes necessary to re-initiate, such as in a start over state, report the updated first legal filing date as the default status date with the code 68.

OCCUPANCY STATUS AND OCCUPANCY STATUS DATE

Every loan must have an Occupancy Status reported, but only loans that are reported as a vacant status require an occupancy status date.

If you report a property as vacant, you must report a first time vacancy date (FTVD) as the occupancy status date, or you will get a non-fatal error. This same FTVD should continue to be reported every month with the vacant occupancy status code. Do not update the occupancy date every month to the most recent inspection result date.

If the property becomes re-occupied, update the occupancy status code appropriately, and you no longer need to report an occupancy status date. If and when the property becomes vacant again, report the vacant occupancy status code, and update the occupancy status date to the most recent earliest known vacancy date.

DISASTER REPORTING

General Account Delinquency (AD) – further reporting is required

Status Code	Definition	Guidance for Usage: Use selected code to advise HUD that…
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.

ABOUT THE CODES

Disaster reporting and moratoriums should be reported as applicable for any property located in a Presidentially Declared Disaster Areas. They should also be reported if the borrower contacts you to advise you he/she was impacted. Keep in mind that if you are not able to contact the borrower, that may be an indication that he/she was impacted.

Code 34 should be reported when the property is in a declared disaster area and/or if the borrower advises you that he/she is impacted. The code should continue to be reported until another code applies, such as loss mitigation, or until you determine that the borrower and/or property was not impacted by the disaster.

AS is a generic moratorium code and can be reported for different scenarios in which a HUD imposed moratorium occurs.

Effective with Mortgagee Letter 1998-20, HUD no longer issued separate Mortgagee Letters for each disaster declaration, and a 90 day moratorium on foreclosure is automatically imposed.

Reporting a 34 and an AS tells us the moratorium is due to disaster.

✓ Reporting the AS is what tells us you have temporarily suspended your foreclosure activity, whether it is postponing the filing of the first legal action or placing the entire foreclosure process on hold.

✓ Reporting the AS substantiates your claim of the automatic 90-day extension.

If you can't report both codes for the reporting cycle, and remember that you are only required to report the status as of the end of the month, the AS takes priority and should be reported.

If you can report both codes, report the 34 and then the AS.

LOSS MITIGATION AND DISASTERS

As a reminder, borrowers in Presidentially Declared Disaster Areas may be eligible for up to 12 months of formal forbearance. If you are doing a formal forbearance in these scenarios, the disasters Mortgagee Letter(s) provide you with the approval to do so, and you do not need to request a variance.

Report formal forbearances as a status code 06 and not a special forbearance status code 09; the latter is for unemployment only.

If the borrower is already engaged in loss mitigation and continues to be engaged, go ahead and report the loss mitigation status code.

If the borrower qualifies for loss mitigation, report one of those codes and stop reporting 34.

REPORTING TIPS

If the loan is current, don't report it.

If the loan becomes at least 30 days past due within a year of the disaster declaration, report a 42 and a 34.

If the loan is already at least 30 days past due and has already been reported in SFDMS as an active default, report a 34.

Continue to report the 34 until another default status code is appropriate.

If you determine that the property and the borrower's income is not impacted by the disaster, resume normal reporting and stop reporting 34.

If the foreclosure process is delayed or paused for the moratorium, report a 34 and an AS (or just the AS if you only report one code). Continue to do so until the moratorium has expired.

If the borrower qualified for loss mitigation and if you had the foreclosure process on hold for the moratorium, report one of those codes and stop reporting the 34 and AS. Just remember that if the borrower fails at the loss mitigation option and the moratorium is still in effect, go back to reporting the 34 and AS.

If the loan is in bankruptcy, report the 34 and the AS until the moratorium expires. Then resume reporting bankruptcy codes. If you become aware prior to the moratorium expiration that the neither the property nor the borrower's income have been impacted, resume reporting bankruptcy codes. If the borrower qualifies for loss mitigation and if it is approved by the court, report one of those codes and stop reporting the 34.

REASON FOR DEFAULT

If there is an open default episode when the disaster occurs, you should continue to report that already identified reason for default.

However, if through the course of determining if the borrower and/or the property was impacted by the disaster, you find that the disaster did adversely impact the borrower's ability to make on-time payments, even if the borrower was already having issues, you should update the reason for default to 019. This is especially true if you are offering special loss mitigation associated with a disaster declaration

OCCUPANCY STATUS CODES AND OCCUPANCY STATUS DATE

The Occupancy Status should remain the same unless you have reason to believe otherwise. If the property has been occupied, leave the Occupancy Status as Occupied unless you are informed that the property is vacant or an inspection reveals the property is vacant.

STATUS CODE 42 DELINQUENT

General Account Delinquency (AD) – further reporting is required

Status Code	Definition	Guidance for Usage: Use selected code to advise HUD that…
42	Delinquent	The account is delinquent, and there is no other action reportable. This code must be reported as the initial delinquency code.

Code 42 is the only code that will open a default episode. However, this is not the only time you can use it. You can report a 42 at any time during a default episode, provided the insurance isn't terminated.

We don't recommend reporting a 42 every month plus another code, and in fact, we ask that you don't do that. Our system will accept it, but it isn't correct reporting according to the guidance for usage. The guidance for usage specifically states there is no other action reportable.

Code 42 represents where a loan is not. If a loan is reported as a 42, it is not in loss mitigation, not ineligible for loss mitigation, not in bankruptcy, not in foreclosure, not reinstated or terminated.

Code 42 is also an anything-can-happen-next code. From a 42, a loan could go into loss mitigation, into ineligible for loss mitigation, into bankruptcy, into foreclosure, into reinstatement, or into termination. The loan could also sit tight at a status 42.

Depending on what you reported last, we often recommend continuing to report the last applicable code until another one applies. The last applicable code usually tells us more information about what is happening than a 42 does. When we run reports, we often look at the last status reported to classify where that loan is in the default process.

> **EXAMPLE:** IF YOU REPORT A 68 AND THEN A 42, THAT WOULD CLASSIFY THAT LOAN AS A GENERAL DELINQUENCY AND NOT AS IN FORECLOSURE.

IN FORECLOSURE IS MUCH MORE SERIOUS THAN GENERAL DELINQUENCY, SO OUR ANALYSIS OF THE STATUS OF OUR DELINQUENT PORTFOLIO AND OF YOURS COULD BE IMPACTED.

Code 42 can have implications of starting a process over.

EXAMPLE: IF WE SEE A 42 AFTER A 1A, WE INTERPRET THAT AS A POSSIBLE RESCINDED SALE. HOWEVER, IF YOU CONTINUE TO REPORT THE LAST APPLICABLE CODE OF 1A, WE KNOW THE FORECLOSURE SALE HAS HAPPENED AND THE NEXT STEP IN THE PROCESS SHOULD BE OCCURRING.

Code 42 can also have implications of reviewing a loan.

EXAMPLE: IF YOU OBTAIN RELIEF FROM THE BANKRUPTCY, MOST LIKELY YOU ARE DOING A FINAL REVIEW FOR LOSS MITIGATION AND/OR A FINAL REVIEW FOR REFERRAL FOR FORECLOSURE. REPORTING A 42 AFTER A 76 IS VERY APPROPRIATE AND ACCEPTABLE. HOWEVER, IF YOU CAN'T SOLICIT FOR LOSS MITIGATION DUE TO A CHAPTER 7 NON-REAFFIRMATION, YOU CAN REPORT AN AP AFTER A 76.

EXAMPLE: REPORTING A 42 AFTER AN AO WOULD APPEAR TO US AS IF SOMETHING ELSE IS HAPPENING BESIDES THE LOAN GETTING REFERRED FOR FORECLOSURE. IF YOU CONTINUE TO REPORT THE AO FOR A COUPLE OF MONTHS, WE KNOW THAT THE BORROWER IS INELIGIBLE AND THE PROCESS IS ABOUT TO CONTINUE.

LOSS MITIGATION DEFAULT STATUS CODES

If you are reporting multiple codes and/or if multiple statuses apply over the course of the month, the last code you report should be the status as of the end of the month.

If the loan is in bankruptcy and you have approval to review for loss mitigation, report both the bankruptcy code and the applicable loss mitigation code, and make sure that loss mitigation code is the last one in.

Loss mitigation default status codes are to be reported to us upon approval. Do not wait for receipt of funds or executed documents.

If the borrower fails to make a scheduled payment or send in signed documents, that is a failure of the tool and should be reported as an AQ. This allows us to have the most accurate data possible on the results of our loss mitigation tools.

If you place the borrower in a loss mitigation tool that does not comply with FHA regulations, we still want you to report that tool to us in your reporting. However, you should be prepared to explain why you utilized a tool that did not comply with FHA regulations.

As a reminder, borrowers in Presidentially Declared Disaster Areas may be eligible for up to 12 months of formal forbearance. If you are doing a formal forbearance in these scenarios, the disasters Mortgagee Letter(s) provide you with the approval to do so, and you do not need to request a variance. These should be reported a status code 06 and not 09.

STATUS CODE 78 BORROWER PROGRAM ASSISTANCE RECEIVED

General Account Delinquency (AD) – further reporting is required

Status Code	Definition	Guidance for Usage: Use selected code to advise HUD that...
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 (EHLP) and the Hardest Hit Fund).

While not part of the loss mitigation summary block of codes, we consider this code to represent a status of in loss mitigation.

Status code 78 should be reported when the borrower is getting assistance making their monthly mortgage payment from a program for which he/she applied. This includes, but is not limited to, assistance received from a state, local, or federal program such as EHLP and Hardest Hit Fund.

REPORTING TIPS

Report a code 78 when the borrower is approved for the program. Do not wait until you receive funds.

If the borrower is prequalified for a program, we consider this the same as approval so begin to report a 78 at that time.

You can report a 78 in concert with other loss mitigation codes as applicable.

Report a 78 for any of the programs approved for the Hardest Hit Fund. If you are going to be doing a modification/recast as part of this program, report the applicable code once the loan moves into a documentation phase. Make sure you enter it as a non-incentivized loan modification in FHA Connection.

If it is for unemployment under this program, continue to report a 78.

If you need extensions to the first legal deadline for loans that fall under this status, you should still request this manually through your regular process. Reporting the code 78 will help to substantiate your request.

If the loan becomes current because of this program, report a status code 98.

If the loan does not become current because of this program or if the program runs out of funds, report the applicable code for the status of the loan at such time the borrower assistance ends.

- ✓ AQ is appropriate to report after a 78 only if the borrower did not fulfill his/her obligations and failed to do something.
- ✓ If you are starting the re-solicitation for loss mitigation process, go back to reporting a 42. If you receive financials in for review, report an AA, etc.

The default status date should be the date the loan first entered the status of the code, so in this situation when it was approved for the program by the entity providing the assistance. It is ok if this date is prior to the OUI.

STATUS CODE 11 PROMISE TO PAY

Delinquency Workouts (AL) – further reporting is required

Status Code	Definition	Guidance for Usage: Use selected code to advise HUD that…
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.

WHEN SHOULD YOU REPORT AN 11?

Code 11 should be used when the borrower advises you that a one-time lump sum payment will be made to bring the loan current. **The key is that it is a one-time lump sum payment.** This could include funds for multiple months of delinquency.

Code 11 can be reported at any time it is appropriate, including before or after any other reported code that is not a reinstatement or a termination code.

Code 11 is a loss mitigation code and signifies that you are forbearing foreclosure activity (or intend to) in order to work with the borrower on reinstatement.

If the borrower says he/she will be reinstating the delinquency by making multiple payments over a period of time, this is not a promise to pay. This is an informal forbearance or repayment plan, even if all of the payments are scheduled for the same month.

> **EXAMPLE:** IF THE BORROWER STATES HE WILL MAKE UP HIS MISSED PAYMENT BY MAKING A PAYMENT AND HALF FOR THE NEXT 3 MONTHS, THIS IS AN INFORMAL FORBEARANCE OR REPAYMENT PLAN, NOT A PROMISE TO PAY.

> **EXAMPLE:** IF THE BORROWER STATES HE WILL MAKE UP HIS MISSED PAYMENTS BY MAKING A PAYMENT EVERY WEEK WITH AN INTENDED REINSTATEMENT BY THE END OF THE MONTH, THIS IS ALSO AN INFORMAL FORBEARANCE OR REPAYMENT PLAN, AND NOT A PROMISE TO PAY.

HOW MANY PAYMENTS SHOULD THE PROMISE TO PAY INCLUDE?

A promise to pay should bring the loan current. **Current means fully reinstated and due for the next month's payment, so often, this will be for the arrearage and the current payment due.**

You should not encourage the borrower to stay as a rolling 30 or 60-day delinquency by only making arrangements for the arrearage and not for the current month's payment.

Remember, most payments are due on the first of the month and if not paid, they are actually delinquent on the second of the month. (*Do not confuse this with what you are required to report. We only want to know about defaulted loans, i.e. loans that are 30 days or more past due, and not merely delinquent loans, i.e. loans that are less than 30 days past due.*)

> **EXAMPLE:** THE LOAN IS DUE FOR 4/1 AND ON 4/29 THE BORROWER MAKES A PROMISE TO PAY TO BRING THE LOAN CURRENT ON 5/15. YOU CAN REPORT THE 42 AND THE 11 FOR THE APRIL CYCLE. HOWEVER, THAT PROMISE TO PAY SHOULD IDEALLY INCLUDE NOT ONLY THE 4/1 PAYMENT BUT ALSO THE 5/1 PAYMENT AS THAT IS WHAT WOULD BE NEEDED BY 5/15 TO BRING THE LOAN CURRENT.

WHAT IF THE LOAN IS REALLY, REALLY DELINQUENT?

As a general rule, we expect to see a promise to pay used with a fair amount of frequency at 30 and 60 days down. The more delinquent the loan, the more we do not expect to see a promise to pay utilized as the loss mitigation solution for the borrower.

If the borrower makes a promise to pay for many months of delinquency in a one-time lump sum payment, make sure you are doing this cautiously, as it may be more appropriate to try to get that borrower into a more structured payment plan or formal loss mitigation tool.

There are circumstances when taking a promise to pay for multiple months of delinquency could be valid and appropriate. Examples of this could include the borrower having seasonal work income, bonus income, or simply a known behavior of the borrower or when this may be justified by prior months of payment history patterns.

REPORTING TIPS

If the loan goes 30 days past due and the promise to pay is taken all in the same month, you will need to report a 42 to open the default episode as well as the 11 to tell us that a promise to pay was made.

If the loan has already been reported as at least 30 days past due and if there is already an open default episode when you take the promise to pay, you can report just the 11 and you do not need to report a 42.

If the borrower fails to comply with the terms of the promise to pay, meaning the borrower doesn't make the payment when it's due, report an AQ.

If the borrower is approved for a promise to pay, and then, prior to the date the borrower is to make the one-time payment, the borrower is approved to move into a more structured loss mitigation tool including an informal forbearance plan/repayment plan, begin reporting that loss mitigation tool. You do not need to report an AQ as the borrower did not fail to comply with terms.

DEFAULT STATUS DATE

The default status date should be the date the loan entered that status. This would be the date you took/approved the promise to pay, not the date the payment is scheduled to be received. Do not report future default status dates as this will result in a non-fatal error.

It is fine to report an initial 42 with a default status date of the end of the month, and an 11 with a default status date of prior to the end of the month, if that is what happened. This tells us you took the promise to pay before the loan became 30 days delinquent.

REPORTING SCENARIO EXAMPLES

Scenario #1

Date of Activity	Activity
6/1/2016	Payment missed.
6/15/2016	Borrower advises will make a one-time payment on 6/25/2013.
6/25/2016	Borrower makes the payment and the loan is now current.
6/30/2016 CYCLE	DO NOT REPORT. THIS LOAN NEVER BECAME 30 DAYS PAST DUE.

Scenario #2

Date of Activity	Activity
6/1/2016	Payment missed.
6/15/2016	Borrower advises will make a one-time payment of both his June and July payments on 7/25/2016.
6/30/2016 CYCLE	Report a 42 and an 11.
7/25/2016	Borrower makes the one-time lump sum payment, and the loan is now current and due for 8/1/2016.
7/31/2016 CYCLE	Report a 98.

Scenario #3

Date of Activity	Activity
6/1/2016	Payment missed.
6/15/2016	Borrower advises will make a one-time payment of three payments on 8/25/2016.
6/30/2016 CYCLE	Report a 42 and an 11.
7/31/2016 CYCLE	Report an 11.
8/2/2016	Borrower makes the one-time lump sum payment, and the loan is now current and due for the 9/1/2016 payment.
8/31/2016 CYCLE	Report a 98.

Scenario #4

Date of Activity	Activity
6/1/2016	Payment missed.
6/15/2016	Borrower advises will pay the 6/1 payment on 7/3 with no commitment on the 7/1 payment.
6/30/2016 CYCLE	Report a 42.
7/3/2016	Borrower makes promised 6/1 payment. Loan is now due for the 7/1 payment.
7/5/2016	Borrower advises will pay the 7/1 payment on 8/3 with no commitment on the 8/1 payment.
7/31/2016 CYCLE	Report a 42.

Scenario #5

Date of Activity	Activity
6/1/2016	Payment missed.
6/15/2016	Borrower advises will pay the 6/1 payment on 7/3, and the 7/1 payment on 7/15.
6/30/2016 CYCLE	Report a 42 and a 12.
7/3/2016	Borrower makes promised 6/1 payment. Loan is now due for the 7/1 payment.
7/15/2016	Borrower makes promised 7/1 payment. Loan is now due for the 8/1 payment.
7/31/2016 CYCLE	Report a 98.

Scenario #6

Date of Activity	Activity
6/1/2016	Payment missed.
6/30/2016 CYCLE	Report a 42.
7/1/2016	Payment missed.
7/31/2016 CYCLE	Report a 42.
8/1/2016	Payment missed.
8/3/2016	Borrower advises will pay the 6/1 payment on 8/4, the 7/1 payment on 8/15, and the 8/1 payment on 8/29.
8/29/2016	Borrower completes all payments as promised. Loan now due for the 9/1 payment.
8/31/2016 CYCLE	Report a 12 and a 98.

Delinquency Workouts (AL) – further reporting is required

Status Code	Definition	Guidance for Usage: Use selected code to advise HUD that…
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.

WHEN SHOULD YOU REPORT AN AA OR AH?

Begin reporting an AA when you have enough of the financial documents for your loss mitigation specialist to review for qualification into an appropriate tool. You may have this defined in your shop as a complete loss mitigation package or a facially complete loss mitigation package. You may be missing a document or two of the financials or other items, or you may find you need some additional documents. This is ok. You can still continue to report the AA as long as you are holding this loan in the review process.

We know that other documents may be needed in order to review the loan properly. However, the financial documents are the main driver of review, so AA is tied to that set of documents.

Begin reporting an AH when you are qualifying a borrower for a streamlined loss mitigation tool. Currently, the only streamlined loss mitigation tools available are for Pre-Foreclosure Sales and Deeds-in-Lieu. If we add more streamlined programs, you will be advised of this if and when it occurs.

If you have already received a full financial workout package, and it is determined afterwards that the borrower should be in a streamlined loss mitigation tool, you can report the AH after the AA.

Report an AA or AH for as long as the loan is in review. Just keep in mind that if we see an AA or AH reported month and after month after month after month, we may wonder what is happening.

DO YOU HAVE TO REPORT AN AA OR AH?

Not necessarily. If your review process is fast enough that you get the required financials in, review and approve the borrower, and the borrower accepts all within the same month, then all you are required to report is the loss mitigation tool utilized, since that is the status as of the end of the month. However, if you can and wish to report the AA or AH along with the loss mitigation tool code in these scenarios, please do so.

WHAT IF THE BORROWER DOESN'T SEND IN DOCUMENTS?

If the borrower fails to send you needed documents in order to qualify for a tool and becomes non-responsive in the process, what you report next is based on where you are in the process.

Early in the Delinquency and/or Not Ready to Proceed to Foreclosure? 42

If you aren't ready to sign off on referral to foreclosure, go back to reporting a status code 42. This tells us it's still going through the collections process and you are still trying to work with the borrower to bring the loan current.

Later in the Delinquency and/or Ready to Proceed to Foreclosure? AP

AP tells us you are done attempting to collect, attempting to work with the borrower to bring the loan current, the borrower isn't responsive to your efforts, and it is time to move on to the foreclosure process. As a general rule, we don't expect to see an AP before the loan is at least 4 months past due. If you are not referring for foreclosure at this time, do not report the AP. Also as a general rule, once we see the AP, we expect to see the 68 in the next month or two.

DON'T YOU NEED TO SEE A CODE REFLECTING THE OUTCOME OF REVIEW?

We don't have an underwriting decision code. AO or AP is to be used when you decision the loan overall to move into foreclosure. If the borrower doesn't qualify for a loss mitigation tool and if it is not yet time to do that, report a code 42. We understand what that means. If the borrower does qualify, is approved, and accepts, then report the appropriate loss mitigation code. We understand what that means, too.

DEFAULT STATUS DATE

The default status date should be the date the loan first entered the status of the code. You do not need to update it for every single new piece of documentation received.

FORBEARANCES DEFAULT STATUS CODES 06, 12, AND 09

Delinquency Workouts (AL) – further reporting is required

Status Code	Definition	Guidance for Usage: Use selected code to advise HUD that…
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.
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.
09	Special Forbearance	Mortgagor has been approved for a Special Forbearance due to unemployment.

STATUS CODES 06 & 12

Codes 06 and 12 are loss mitigation options that are not incentivized loss mitigation tools, i.e. you do not file a claim with HUD.

If you have the borrower on a payment plan that is three months or less, regardless if it is only oral or if you went above and beyond the regulations and have a signed agreement, report a 12. Informal forbearances associated with Presidentially-Declared Major Disaster Areas (PDMDA) should also be

reported as a 12, regardless of the duration of the plan. Reporting a default reason code of 019 will help to substantiate the reporting of the 12.

If the payment plan is between four and six months, it is a formal forbearance plan and should be reported as 06. Make sure you have a signed agreement for those types of plans. Extended formal forbearances associated with Presidentially-Declared Major Disaster Areas (PDMDA) should also be reported as an 06, regardless of the duration of the plan. Reporting a default reason code of 019 will help to substantiate the reporting of the 06.

You should report these codes when the borrower is approved for the plans, not when the first payment is received.

If for some reason, these plans don't bring the account contractually current at their conclusion, report a 42, loss mitigation code, or whatever code is applicable. However, these plans are supposed to bring the accounts contractually current.

If the borrower fails to make scheduled payments, then report the AQ.

DEFAULT STATUS CODE 09

Code 09 is only for special forbearances for unemployment and is incentivized, i.e. you file an incentive claim with HUD. Reporting a default reason code 016 will help to substantiate the reporting of the 09.

This code should be reported upon approval, regardless of the months past due at the time of approval. Just keep in mind that in order to have the borrower execute the agreement and file the incentive claim, there are certain delinquency requirements.

If the unemployment forbearance ends and if the loan is still delinquent, resume regular default reporting. For instance, if you are re-soliciting for loss mitigation, report a 42, or if the borrower now qualifies for another loss mitigation tool, report the applicable loss mitigation code.

If the borrower fails to make scheduled payments, then report the AQ.

STATUS CODE 28 MODIFICATION STARTED

Delinquency Workouts (AL) – further reporting is required

Status Code	Definition	Guidance for Usage: Use selected code to advise HUD that…
28	Modification Started	The mortgage has been approved for a Loan Modification

HEY WAIT! DIDN'T RECENT POLICY CHANGES MAKE THE STANDARD MODIFICATION OBSOLETE? WHY DO YOU STILL HAVE THIS CODE?

For the most part yes, this is now obsolete. However, any time you are doing a modification that outside the waterfall and for which you will not be filing an incentive claim, you would report this code.

For instance, Presidentially Declared Disaster Areas have specific guidelines about modifications that you can offer the borrower that are not part of the waterfall and are not FHA-HAMP. You would report the 28 in these scenarios. ***Note that an 08 is probably no longer needed prior to a 28.***

Delinquency Workouts (AL) – further reporting is required

Status Code	Definition	Guidance for Usage: Use selected code to advise HUD that…
AQ	Option Failure	Mortgagor has failed to perform under the terms of the Loss Mitigation tool utilized by mortgagee.

Code AQ should be reported when the borrower fails to perform or to fulfill obligations made for a loss mitigation tool.

Continue to report the AQ until another code applies. Most likely, you won't report the code for more than a month or two in a row.

Remember, you are to re-evaluate the borrower for other loss mitigation tools after a particular tool fails.

If the borrower does not qualify for another tool, you should be reviewing for foreclosure or resuming foreclosure, depending on where you are in the process.

WHICH CODES CAN BE AQ' D?

It is appropriate to report an AQ after any of the codes listed as part of the Delinquency Workout codes that signify tools (06, 08, 09, 10, 11, 12, 15, 26, 28, 36, 37, 39, 41, 44) for which the borrower could fail to take some sort of action necessary to perform and/or complete that tool.

It is also appropriate to report an AQ after a 78 if the borrower failed to do something associated with the program for which he/she has been approved.

If the borrower fails to make a scheduled payment for a forbearance, trial payment plan, or promise to pay, report an AQ.

If the borrower fails to return documents for a trial payment plan or other documents required for a loss mitigation tool, FHA-HAMP or otherwise, report an AQ.

WHICH CODES REALLY CAN'T BE AQ' D?

It is not really appropriate to report an AQ after a code 32 since that is usually just a specific time period the loan is on hold. It's not really up to the borrower to perform for the most part.

Do not report an AQ on a Preforeclosure sale plan until the marketing period expires. If a sale falls through and if there is still marketing time remaining, continue to report the 15.

Status codes AA and AH are also exceptions. If the borrower fails to send you needed documents in order to qualify for a tool and becomes non-responsive in the process, most likely you would either go back to reporting a status code 42, or if it's time to refer for foreclosure, reporting a status code AP may be appropriate at this time.

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

Status Code	Definition	Guidance for Usage: Use selected code to advise HUD that…
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.

PAY ATTENTION!

Neither is intended to signify a credit decision on the loan after loss mitigation review.

Both are intended to signify a determination has been made on the loan that it is time to foreclose.

WHEN SHOULD YOU REPORT AN AO OR AP?

You've determined it's the end of collections and attempts to actively engage in loss mitigation because either the borrower is not responsive or does not qualify for any loss mitigation, home retention, or non-home retention.

A review has occurred to make the decision to foreclose, and this would be evidenced through a form or checklist.   A supervisor higher than the person submitting the Mortgage for foreclosure must sign or electronically acknowledge that they have reviewed and approve the document evidencing the decision to foreclose. (See 4000.1: FHA Single Family Housing Policy Handbook, III. A. 2. r. Foreclosure).

As a general rule, it is at this time – and not before this time – that we expect to see an AP or an AO reported.

This will often coincide with the referral to your foreclosure attorney to begin proceedings.

if we see a status code AO or an AP at 30 or 60 days past due, you are telling us that you have signed off on starting foreclosure and a code 68 will be reported within a month or two.

BUT THE BORROWER SUBMITTED A PACKET AT 60 DAYS AND DOESN'T QUALIFY. SHOULDN'T I REPORT CODE AO TO REFLECT THIS?

In a word – NO. If at 60 days down we see a code AA and then a code 42, we know what happened. We infer that the borrower submitted a package, it was reviewed, and the borrower did not qualify at that time. Going back to the code 42 tells us that you are soliciting the borrower for loss mitigation and making your collection calls.

SHOULDN'T I JUST HAVE MY SYSTEM PROGRAMMED TO AUTOMATICALLY REPORT AN AO OR AP BEFORE A CODE 68?

An AO or an AP is not required prior to reporting a code 68. However, most likely you will be reporting one or the other before a code 68.   We do not recommend programming a system to report like that. Your servicing files and notes must substantiate the codes reported into SFDMS, and if for some reason you did not do this formal determination and review and reported the code anyway, you may have issues with various auditors.

Remember, reporting should follow servicing.

REINSTATEMENTS AFTER AN AO OR AP – WHICH CODE TO REPORT

Reinstatement after an AP indicating borrower was non-responsive: code 20
If you report an AP due to no response from the borrower for additional information or clarification on a financial packet, you have decided to refer for foreclosure, and if the borrower reinstates after becoming non-responsive, you should report a status code 20 for that reinstatement.

Reinstatement after an AO indicating the borrower was engaged: code 98
If you report an AO because the borrower doesn't qualify for loss mitigation or declines the offer made, you have decided to refer for foreclosure, and if the borrower then reinstates, you should report a status code 98 for that reinstatement.

MORE SPECIFICS ABOUT STATUS CODE AP

Once the decision is made to refer the loan for foreclosure, and if the borrower has never responded with a commitment to participate in the loss mitigation process or to otherwise bring the loan current, report an AP.

AP is not a substitute for and should not be used the same as the default reason code of 031 unable to contact borrower. You can report a status code AP and not a reason code 031 and vice versa.

You may have talked to the borrower during the collection process, or you may not have. Regardless, this code indicates that the borrower would not play a role in reinstating his/her loan.

If the borrower was engaged and then becomes non-responsive and uncooperative, and it is time to refer for foreclosure, you can report an AP, even if the previously reported code was an AA. This tells us that the issue became lack of cooperation by the borrower.

If the borrower was engaged and failed to complete a loss mitigation tool, report an AQ, not an AP.

If, after the AQ is reported, the borrower is non-responsive, and it is time to refer for foreclosure, report an AP.

If the borrower didn't reaffirm the mortgage debt after bankruptcy, and you can't solicit for loss mitigation or make collection calls, you can report an AP if it is time to refer for foreclosure.

Account in Foreclosure (AF) – further reporting is required

Status Code	Definition	Guidance for Usage: Use selected code to advise HUD that…
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.
96	Federal Law Mandated Delay &/or Mediation	Foreclosure cannot be initiated or the foreclosure process is on hold due to a federal mandated delay, a federal law change, or referral of the loan to mediation. Please note, this may be reported before the status code 68 as applicable.
33	Contested Foreclosure	Foreclosure is placed on hold due to the mortgagor contesting the foreclosure.
1A	Foreclosure Sale Held	The foreclosure sale was held.

Status codes 95, 96, or 33 should not be used if there is a title issue that you have to resolve to obtain good and marketable title.

STATUS CODE 95 STATE MANDATED DELAY &/OR MEDIATION

WHAT'S THE PURPOSE OF CODE 95?

Our Code of Federal Regulations states in 24 CFR 203.355 (c) "Prohibition of foreclosure within time limits. If the laws of the State in which the mortgaged property is located, or Federal bankruptcy law: (1) Do not permit the commencement of foreclosure within the time limits . . . the mortgagee must commence foreclosure within 90 days after the expiration of the time during which foreclosure is prohibited; or (2) Require the prosecution of a foreclosure to be discontinued, the mortgagee must recommence the foreclosure within 90 days after the expiration of the time during which foreclosure is prohibited."

This is really about communicating to us that you can't proceed with the foreclosure action. We've had the bankruptcy codes available to report since 2006, so you were able to communicate that part of this CFR to us since then, and those status codes substantiate the automatic 90-day extension that you get associated with bankruptcies. Until we added code 95, there was nothing to report to us to substantiate the automatic 90-day extension you get for the other parts of this CFR related to state laws.

Code 95 should be reported when there is a legal reason or impediment to your ability to initiate or proceed with the foreclosure process, and the processing of a foreclosure is outside of your control, outside of HUD's control, and someone else at a state level has the control.

These types of scenarios could include but are not limited to the following:

- ✓ State law changes

- ✓ A judge in a particular county is not issuing summary judgment on any cases.
- ✓ The state legislature has passed legislation to place all foreclosures on hold.
- ✓ State regulations provide for mediation prior to foreclosure initiation.

WHEN SHOULD YOU REPORT A 95?

Report the code 95 when you would otherwise be initiating foreclosure but cannot.

Report the code 95 when you would otherwise be in the foreclosure process but that process had to be placed on hold. In those scenarios, we would expect to see 68(s) and then a 95.

Continue to report the 95 until the reason or impediment you could not initiate or proceed with foreclosure is no longer there.

One automatic 90-day extension for the initiation of foreclosure is allowed for by this regulation.   If you require additional time, you should request an extension through EVARS.

If these delays are occurring after your first legal has been filed, you can extend the due diligence deadline as provided for in our regulations.

Once the mandated delay or mediation period is over, resume regular default reporting. If you have already initiated foreclosure and can pick it back up, go back to reporting a 68. If you have to reinitiate, report the most applicable code, which may be a 42.

STATUS CODE 96 FEDERAL LAW MANDATED DELAY &/OR MEDIATION

WHAT'S THE PURPOSE OF CODE 96?

Where a federal law or regulation requires a delay in the initiation of foreclosure, a servicer must initiate foreclosure no later than 90 Days after the expiration of the time during which foreclosure is prohibited.

This is really about communicating to us that you can't proceed with the foreclosure action. We added code 95 in 2013, so that has been available to report to us to substantiate the automatic 90-day extension you get for the prohibition of foreclosure due to state laws. Until we added code 96, there was nothing to report to us to substantiate the automatic 90-day extension you get for changes to federal law.

Code 96 should be used when there is a legal reason or impediment to your ability to initiate or proceed with the foreclosure process and the processing of a foreclosure is outside of your control, outside of HUD's control, and someone else at a federal level has the control.

The intent of this code is to allow a servicer and/or HUD time to internalize a new process required by Federal policy or regulation.

These types of scenarios could include but are not limited to the following:

- ✓ The Consumer Finance Protection Board (CFPB) makes a change to their regulations and policy that affects foreclosure initiations or foreclosure due diligence timeframes.
- ✓ Federal law changes
- ✓ Congress passes a new Federal Act that affects foreclosure initiations or foreclosure due diligence timeframes.
- ✓ Congress has passed legislation to place all foreclosures on hold.

✓ Federal regulations provide for mediation prior to foreclosure initiation.

WHEN SHOULD YOU REPORT A 96?

It is up to the servicer to obtain notice of these changes through their own compliance processes. HUD will not be providing official notice of these changes and/or notice to place processes on hold.

Report the code 96 when you would otherwise be initiating foreclosure but cannot.

Report the code 96 when you would otherwise be in the foreclosure process but that process had to be placed on hold. In those scenarios, we would expect to see 68(s) and then a 96.

Continue to report the 96 until the reason or impediment you could not initiate or proceed with foreclosure is no longer there.

One automatic 90-day extension for the initiation of foreclosure is allowed for by this regulation. If you require additional time, you should request an extension through EVARS.

If these delays are occurring after your first legal has been filed, you can extend the due diligence deadline as provided for in our regulations.

Once the mandated delay or mediation period is over, resume regular default reporting. If you have already initiated foreclosure and can pick it back up, go back to reporting a 68. If you have to reinitiate, report the most applicable code, which may be a 42.

EXAMPLE: EFFECTIVE IMMEDIATELY, A FEDERAL LAW CHANGE NOW REQUIRES ALL LOANS TO HAVE A 60 DAY NOTICE ISSUED TO THE BORROWER THAT MUST BE GIVEN TIME TO EXPIRE PRIOR TO THE FILING OF THE FIRST LEGAL ON ALL LOANS WHERE NO FIRST LEGAL HAS BEEN FILED YET.

IT IS 7/10 AND YOU HAVE A LOAN THAT THE FIRST LEGAL DEADLINE IS ON 8/1. YOU ADVISE THE ATTORNEY TO PLACE THE FILE ON HOLD AND ISSUE THE NOTICE TO THE BORROWER. REPORT A 96 FOR THE 7/31 CYCLE AND THE 8/31 CYCLE. REPORT THE MOST APPLICABLE CODE FOR THE 9/30 CYCLE, MOST LIKELY A 68 OR 42. THE AUTOMATIC 90-DAY EXTENSION TO INITIATE FORECLOSURE WOULD BEGIN ON 9/8 (ASSUMING YOU SENT THE 60 DAY NOTICE ON 7/10).

IT IS 7/10 AND YOU HAVE ANOTHER LOAN THAT THE FIRST LEGAL DEADLINE IS ON 10/1. YOU HAVE TIME TO SEND THE 60 DAY NOTICE, ALLOW IT TO EXPIRE, AND FILE THE FIRST LEGAL ON TIME. CONTINUE WITH NORMAL DEFAULT REPORTING.

ONCE YOU INTERNALIZE THE PROCESS OF SENDING THE NEW 60 DAY NOTICES, YOU DO NOT NEED TO REPORT A 96 OR TAKE AN AUTOMATIC 90-DAY EXTENSION.

STATUS CODE 33 CONTESTED FORECLOSURE

Code 33 should be used when the borrower contests the foreclosure. These types of scenarios could include but are not limited to the following:

✓ The borrower files an answer to the complaint, either through an attorney or pro se.

✓ The borrower disputes the payments due.

✓ The borrower alleges predatory lending, origination errors, servicing errors, custodial document errors, etc. specific to his/her loan.

STATUS CODE 1A FORECLOSURE SALE HELD

If you get a Consent Judgment, this is the equivalent of a foreclosure sale, so report the 1A to signify this action.

Per policy, required documentation for automatic extensions includes the reporting of the applicable status codes in the Single Family Default Monitoring System (SFDMS). For the automatic extensions now allowed as of ML 2016-04, below is what we expect to see in SFDMS reporting to substantiate the automatic 90-day extension. We would infer that the extension of time would begin after the last instance of the code shown in the "Expected Reporting" column.

What you report during the 90 days should reflect the servicing actions you are taking. If there is no other applicable code, report a code 42.

Extension	Description	Expected Reporting
Bankruptcy	Mortgagees are allowed an automatic 90-day extension from the date of the applicable release of stay or bankruptcy discharge date.	76
Presidentially-Declared Major Disaster Areas	Mortgagees are allowed an automatic 90-day extension from the date the foreclosure moratorium expires.	AS
Loss Mitigation	Mortgagees are allowed an automatic 90-day extension from the first legal action initiating foreclosure if they have evaluated and approved a Borrower for loss mitigation before the expiration of that first legal timeframe and need additional time to send and receive back the executed documents or to initiate foreclosure.	Approved Loss Mit Code Then: AQ = Failed Subsequent Loss Mit Code or 98 = Successful
Special Forbearance	Mortgagees are allowed an automatic 90-day extension from the failure of a Special Forbearance (SFB) – Unemployment or completion of a SFB to review for additional loss mitigation options or to initiate foreclosure.	09 Then: AQ = Failed 09 = Completed
Pre-Foreclosure Sale (PFS or short sale)	Mortgagees are allowed an automatic 90-day extension from the expiration of the PFS marketing period to pursue a deed-in-lieu of foreclosure or to initiate foreclosure if a qualified offer is not obtained.	15
State Law Prohibition	Mortgagees are allowed an automatic 90-day extension from the expiration of the time during which the foreclosure is prohibited or delayed due to state law prohibitions.	95
Trial Payment Plans	Mortgagees are allowed an automatic 90-day extension from the date the trial payment plan fails.	AQ
Service members Civil Relief Act (SCRA)	Mortgagees are allowed an automatic 90-day extension from the date the SCRA foreclosure moratorium expires.	32
Loss Mitigation Denial	Mortgagees are allowed an automatic 90-day extension, from the date the borrower has been denied loss mitigation, to comply with the appeals process required by federal regulation.	AA/AH Then: Any Other Code Besides a Loss Mit Tool = Denied
Federal Regulation	Mortgagees are allowed up to a 90-day extension after the expiration of the time during which foreclosure is prohibited by federal regulation.	96

Account Cancel (AC) - Case Reported in Error – further reporting requirements are based on the reporting requirements of the last correctly reported default status code.

Status Code	Definition	Guidance for Usage: Use selected code to advise HUD that…
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.

In order for the 25 to work in cancelling the last code reported, another code must be reported immediately following the 25. You cannot just report a 25 and then no other codes as this may cause system problems.

WHAT CAN YOU 25?

You can cancel the last accepted code into our system, regardless of when that code was reported. It may have been reported 5 minutes ago, 2 days ago, last default cycle, 5 years ago, it doesn't matter. Reporting the 25 will say to our system, going forward, ignore that status because it wasn't right. Again, just make sure you immediately report the correct code after the 25.

WHAT CAN'T YOU 25?

You can't cancel a fatal error, and please don't try. It makes a bigger mess.

You can never cancel more than the last reported and accepted code.

You can never cancel an entire episode reported in error, even if that episode is comprised of one 42 reported in error.

✓ If you need to cancel a 42 that was reported in error/an entire default episode, all you can really do is close out the episode. If there is a 25 showing as the last code reported in FHA Connection but not as the last code reported in Neighborhood Watch, report another 42 and then a status code 20.   If there is no 25 showing as the last code reported, just report a status code 20.

These should be reported in FHA Connection any time you are doing a loan modification and not filing an incentive claim with us. Our insurance system is set to update the terms of the loan based on the loan modification incentive claim, so if you don't file one, this is the only way we have of updating our insurance system to reflect the correct terms, including the maturity date. Examples of this would be:

- You miss the 60-day deadline for filing your incentive claim

- The modification was not done in accordance with FHA guidelines, and you have no exception waiver for the modification terms.

You should always report any modification you do in SFDMS if the loan is delinquent using a default status code 28 for a non-HAMP modification or 37 for a standalone FHA HAMP modification. If the loan is not delinquent, do not report it.

FHA Connection provides instructions for filling out this screen. There has been an issue if the first payment date is before the execution date, as our system will not accept this.

The help menu in FHA Connection for incentivized modification claims states that the agreement date should be the execution date.

| 9. Agreement Date | MM/DD/YYYY | (Required)
Claim type 31: Enter date special forbearance agreement is executed.
Claim type 32 and HAMP Loan Modification: Enter date loan modification is executed.
Claim type 33 and HAMP Partial Claim: Enter date subordinate mortgage is executed. |

However, non-incentivized modifications are not claims, and therefore, these instructions are not necessarily applicable. The help menu in FHA Connections states agreement date is the effective date of the agreement. This may or may not be the execution date.

| Agreement date | Enter the month, Day and four digit year in CCYY format (leap years considered). | (Required Entry) Effective date of the Agreement. New Agreemnet Date must be greater than 90 days form the Last Agreement Date. |

Additionally, the FHA User Guide only states that the agreement date must be 90 days later than a prior agreement date.

4. Complete the Loan Modification (Non-Incentivized) Transaction page (**Figure 16**). In the **Modified Value** column, enter the information on the modified loan. Information is required in all fields.

- **Mortgage Amount:** Do not enter a dollar sign, comma, or cents.
- **Interest Rate:** Use this format: *nn.nnn*. For example, for a 3.5% interest rate, enter 03.500.
- **Agreement Date:** The date must be 90 days later than the prior **Agreement Date.**
- **First Payment Date:** The date must be later than the **Agreement Date.**
- **Maturity Date:** Month and year the loan reaches maturity under the new loan modification agreement.

WHAT DATE SHOULD YOU USE FOR THE AGREEMENT DATE?

First and foremost, use a date our system will accept.

It must be before the first payment date.

It must be at least 90 days from the last agreement date.

Develop your own internal procedure on the date to use, document it in your procedures, and stay consistent.

We would recommend that you use the execution date when possible. This would keep both processes for incentivized and non-incentivized modifications congruent. In those instances, where it is not possible, choose another date that makes sense such as the date you approved the borrower for a modification or the day before the first payment date, and stay consistent with this choice.

RESOURCES

For questions about what is in this document, please email sfdatarequests@hud.gov, and please be specific about your question including a page reference.

For upcoming webinars including the SFDMS series for which this is a companion document, please see our Training website at *https://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/nsc/training.*

We also publish our upcoming trainings in the FHA INFO distribution. To subscribe to the Single Family FHA INFO mailing list

- Link: FHA INFO
- Site: https://portal.hud.gov/hudportal/HUD?src=/subscribe/signup&listname=FHA%20Homeownership%20Update&list=Homeownership-L

You will also receive notices about new policy, other announcements, and other pertinent information to Single Family FHA origination and servicing.

For reporting questions and data requests, please email *sfdatarequests@hud.gov.*

For information on TRSII, please refer to our *TRS website.*

For other SFDMS Reporting guidance, please see our *SFDMS website.*

For guidance related to servicer/holder reconciliation issues, please see our *Portfolio Data Reconciliation website.*

FHA Resource Center Online Knowledge Base: *http://portal.hud.gov/hudportal/HUD?src=/FHAFAQ*