



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

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

January 31, 2013

MORTGAGEE LETTER 2013-03

To **All FHA-Approved Mortgagees, Single Family Servicing Managers**

Subject **Extension of Implementation Date for Mortgagee Letter 2012-22,
Revisions to FHA's Loss Mitigation Home Retention Options**

Purpose The purpose of this Mortgagee Letter is to: (1) notify mortgagees that the implementation date for Mortgagee Letter 2012-22 has been extended to March 15, 2013; and (2) clarify questions HUD received from the industry regarding the proper implementation of Mortgagee Letter 2012-22.

Frequently Asked Questions (FAQs) on ML 2012-22 Attachment 1, *Mortgagee Letter (ML) 2012-22 Revisions to FHA's Loss Mitigation Home Retention Options Frequently Asked Questions (FAQs)*, is incorporated as an amendment to Mortgagee Letter 2012-22.

Information Collection Requirements Paperwork reduction information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. § 3501-3520) and assigned OMB Control Number 2502-0589. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB Control Number.

Questions Any questions regarding this Mortgagee Letter may be directed to the HUD's National Servicing Center at (877) 622-8525. Persons with hearing or speech impairments may reach this number by calling the Federal Information Relay Service at (800) 877-8339. For additional information on this Mortgagee Letter, please visit www.hud.gov/answers.

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

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

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

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

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

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

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

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

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

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

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

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

must be considered under the new waterfall before the mortgagee may complete a foreclosure sale.

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

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