

SPECIAL EDITION



from the
DESK OF DAVID H. STEVENS
Assistant Secretary for Housing/Federal Housing Commissioner



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Over the past several days, it has been widely reported that there are deficiencies in the foreclosure documentation process used by mortgage servicers. In light of these reports, I strongly urge every FHA-approved servicer to immediately conduct a full review of its servicing operations and procedures to ensure full compliance with all HUD requirements.

HUD holds mortgagees accountable for their servicing practices in order to protect the public trust and the FHA Insurance Fund. FHA-approved servicers are obligated to comply with all applicable laws and regulations. When a servicer fails to comply with HUD's policies and procedures, HUD will take appropriate action. Servicers that violate HUD statutes, regulations, handbook requirements or mortgagee letters may be required to repay loss mitigation incentives or indemnify HUD for any losses. In addition, mortgagees may be referred to HUD's Mortgagee Review Board for appropriate sanctions.

HUD regulations and other directives establish acceptable standards for servicing FHA-insured mortgages. Accordingly, mortgagees' policies and practices must be consistent with those standards.

Each FHA-approved servicer must implement and maintain a written quality control plan that addresses mortgage servicing. Quality Control may be conducted by either an internal or external audit team, as long as they are knowledgeable and independent of the mortgagee's servicing operation.

The Quality Control Plan must be implemented and maintained in a manner that conforms to FHA requirements and that will assist management in determining whether the mortgagee is complying with HUD's policies and procedures. The plan must be comprehensive and include all aspects of loan servicing (e.g., escrow administration, delinquency management, loss mitigation, foreclosure processing, property conveyance). The mortgagee must sufficiently document its actions so that HUD can verify whether its requirements have been met.

Findings of fraud or other serious violations must be immediately reported to HUD using the web-based reporting feature of the Neighborhood Watch Early Warning System. Please contact HUD's National Servicing Center at 1-877-622-8825 with any questions or concerns.

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LINKS

HUD.gov/fha

[HUD press releases](#)