Step 9. The step **Upload P&P Package the Complete Date** will be pre-populated with the current system date. For this step, a servicer must upload the P&P Package document. The step cannot be completed without attaching the required document. Once the document is attached, a servicer will click **Submit** for the document to be attached.

Step 10. A PDF icon is added next to the step; select the **PDF icon** to view the attached document. This document is also auto-saved in the Documents tab.

Step 11. The servicer will select the Preserve & Protect tab to add the additional expenses that require HUD review and approval.

Figure 7-128: Preservation and Protection Tab

Step 12. Click **New.**

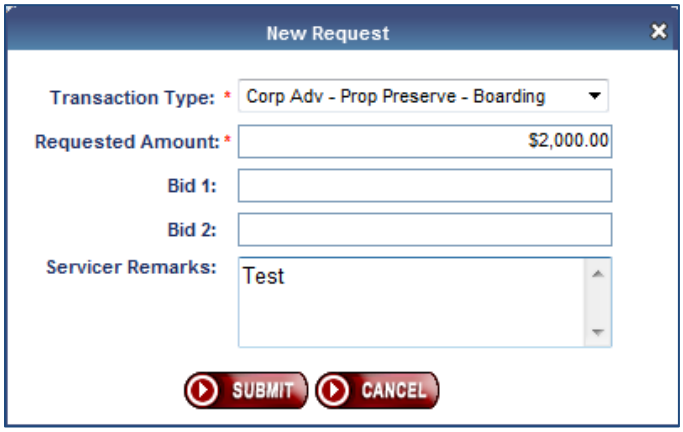

Figure 7-129: New Request for Preservation and Protection

Step 13. On the New window, populate the details of the expense (required fields marked with an asterisk). Click **Submit** to add the expense. Repeat the step for additional expenses. Upon completion of expenses, select the Request Steps tab.

Step 14. The servicer must generate the P&P request exceed cost letter.

Step 15. To submit the P&P request exceed cost letter, click the printer icon beside Send P&P Package to HUD, the **Modify Letter Fields** window is displayed. Edit the fields and select **OK**. The P&P request exceed cost letter is displayed with the updates and the additional expenses added on the Preserve & Protect tab. Once the letter is closed, the letter is submitted and is auto-saved in the **Documents** tab.

Step 16. The step **Send P&P Package to HUD** is auto-completed by the system.

7.3.1.10.2 HUD NSC Contractor Activities

HUD NSC Contractor must perform the following steps:

Step 1. Upon completion of the Request to Exceed Package review, a HUD NSC Contractor will complete the step Request to Exceed Package Reviewed. To complete the step, select the step, populate the completion date and click **Submit** on the **Edit Step** window.

Step 2. The HUD NSC Contractor will select the **Preserve & Protect** tab to approve or deny the request.

Figure 7-130: Preservation and Protection tab

Step 3. The HUD NSC Contractor will select the **edit document icon** beside the expense previously submitted by the Servicer. On the **Edit Request** window, the HUD NSC Contractor will select the dropdown for HUD Decision field.

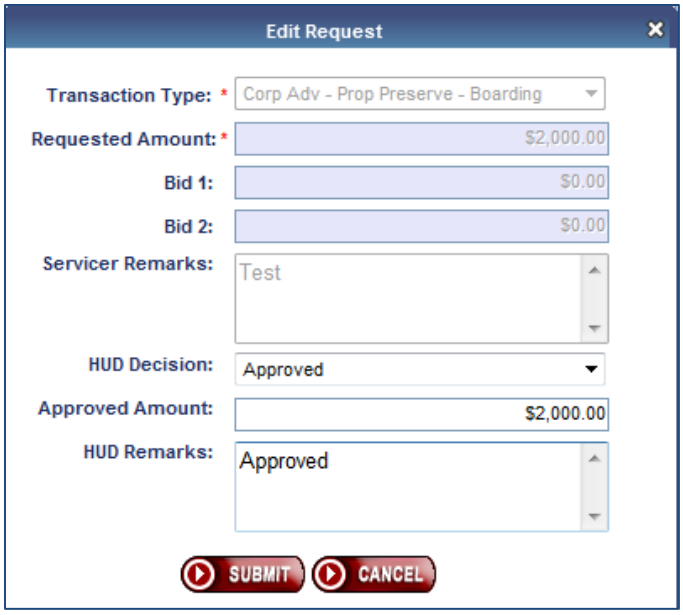

Figure 7-131: Edit Request for Preservation and Protection

Step 4. If Approved is selected, HUD NSC Contractor must enter the approved amount and optionally enter the HUD Remarks and click **Submit**.

Step 5. If Denied is selected, HUD NSC Contractor may optionally enter the HUD Remarks and click **Submit**.

Step 6. If Pending is selected, HUD NSC Contractor may optionally enter the HUD Remarks and click **Submit**.

Step 7. Upon completion of decision, select the **Request Steps** tab.

Step 8. The HUD NSC Contractor will add an optional step (Approved, Denied, or Pending) indicating HUD NSC Contractor decision. To add the step, click **New**.

Step 9. Select an optional step from the **Step Description** dropdown that needs to be added on the timeline (HUD Decision -Approved, HUD Decision -Denied, or HUD Decision – Pending), click **Submit** on the new window. The step will be added to the list of steps.

Step 10. Upon completion of the decision, a HUD NSC Contractor will generate the **Preservation and Protection Decision** Letter.

Step 11. To generate the Preservation and Protection Decision Letter, click the **magnifying glass** beside optional step that was added (HUD Decision -Approved, HUD Decision - Denied, or HUD Decision –Pending). The Preservation and Protection Decision Letter is displayed with the HUD Decision. To auto-save the document to the **Documents** tab, select the **printer icon**, this action will save the Preservation and Protection Decision Letter to the **Documents** tab and auto-complete the step.

Step 12. To complete the next step, select the step **Servicer Notified of Decision**, and populate the completion date, and click **Submit** on the **Edit Step** window.

7.3.1.10.3 Servicer Activity

Step 13. Upon approval on the additional Preservation and Protection expense, a servicer must re-submit the transaction on the **Transactions - Loan** screen. The approved expense is displayed on the New Preservation & Protection Transaction window. Select the approved expense and populate the required fields and click **Submit**. The transaction is added to the list of loan transactions.

7.3.1.10.4 Servicer and HUD NSC Activities

Step 14. If the request was denied or more information is needed, a Servicer must add the optional step, **Resubmit P&P package to HUD**. Update the expenses and re-generates the P&P Request Exceed Cost letter (select the **printer icon** beside **Resubmit P&P package to HUD**, the **Modify Letter Fields** window is displayed. Edit the fields and select **OK**. The P&P request exceed cost letter is displayed with the updates. Once the letter is closed, the letter is submitted and is auto-saved in the **Documents** tab).

Step 15. HUD NSC Contractor reviews the updated package and obtains HUD's decision. If a servicer does not submit the required documents, a HUD NSC Contractor adds the optional step, Follow-up.

Step 16. If additional HUD review is needed, then the optional step **Sent to HUD for review** must be added on the timeline and completed.

Step 17. Once a decision has been made, HUD NSC will add the optional step **HUD Decision issued to Contractor**. To add an optional step, click **New**, select the optional step from the step description dropdown, populate the completion date and click **Submit**. The optional step is added to the list of steps.

7.3.1.11 Request for HUD Advance (Assignment)

A servicer initiates the HUD Advance timeline when an unscheduled advance request from the mortgagor pushes the loan balance greater than 100 percent of the maximum claim amount. This timeline can be initiated only if the pay plan type on the loan is modified term, modified tenure or line of credit. The case status must be Endorsed and the sub-status must be Loan Active. This timeline requires interaction with a HUD NSC Contractor.

Multiple active requests for HUD Advance (Assignment) timelines cannot be initiated on a loan. The Servicing Management tab can be used to activate or inactivate the timeline. Once the timeline is inactivated, none of the steps can be edited.

To initiate and complete the **Request for HUD Advance (Assignment)** timeline:

7.3.1.11.1 Initiate Timeline – Servicer Activities

The servicer must perform the following steps to initiate the timeline:

Step 1. From the **Endorsed** menu, select **Request**, and click **Setup**.

Step 2. On the **Endorsed Request Setup Search** Screen, enter the loan search criteria and click **Search**.

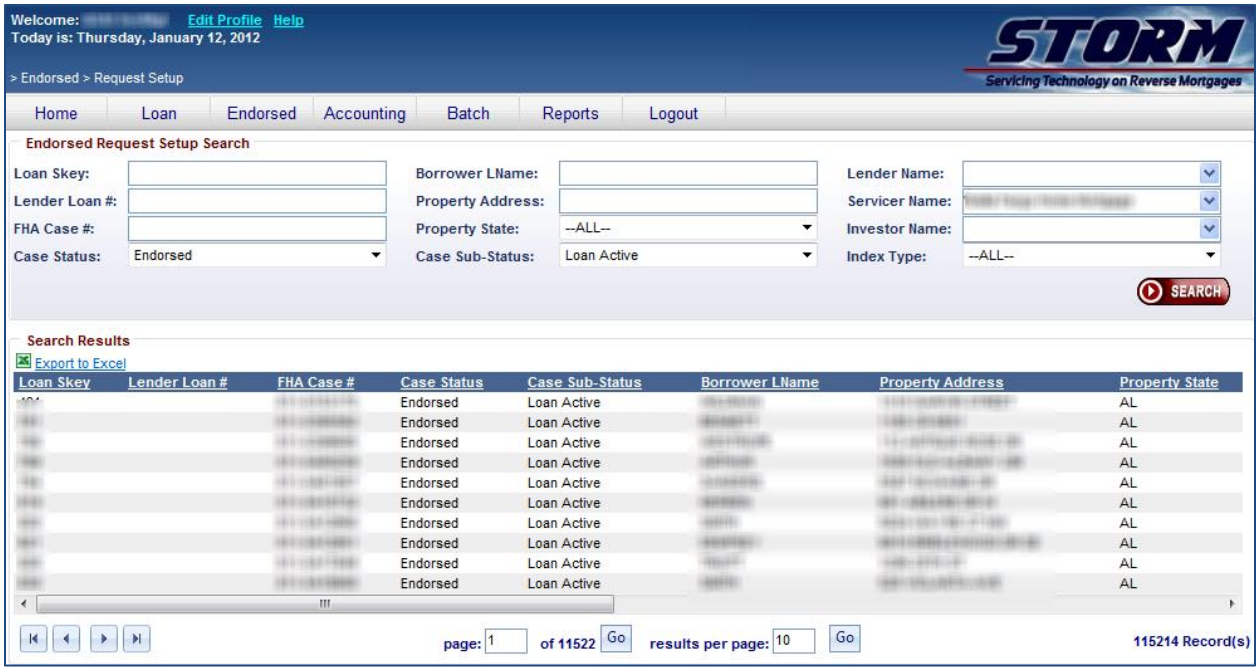

Figure 7-132: Setup Search – Endorsed Request for HUD Advance (Assignment)

Step 3. From the search results, select a loan to initiate the timeline.

Step 4. On the **Edit Servicing Management** screen, select Request for HUD Advance (Assignment) from the **Servicing Type** dropdown and populate the required fields (marked with an asterisk).

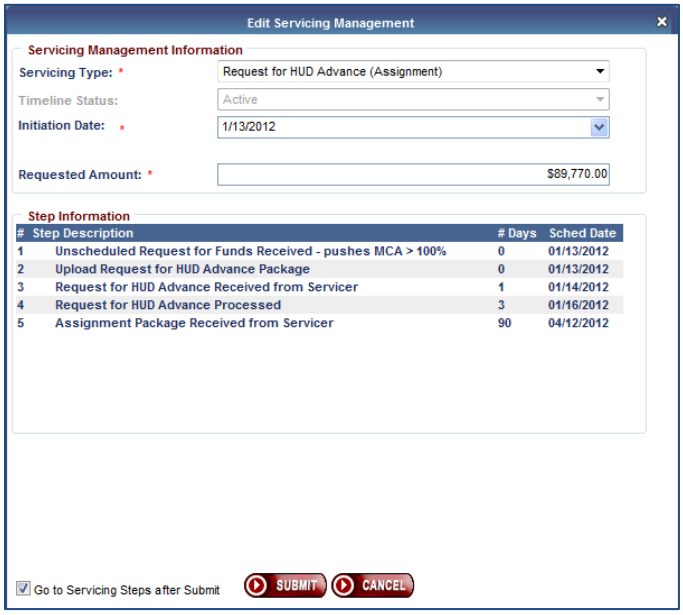

Figure 7-133: Edit Servicing Management - Endorsed Request for HUD Advance

Step 5. Click the **Go to Servicing Steps after Submit** checkbox (at the bottom of the **Edit Servicing Management** screen).

Step 6. Click **Submit**. (If you click **Cancel**, the **Endorsed Request Setup Search** Screen will be displayed).

Step 7. The **Request Steps** screen for Request for HUD Advance (Assignment) timeline is displayed.

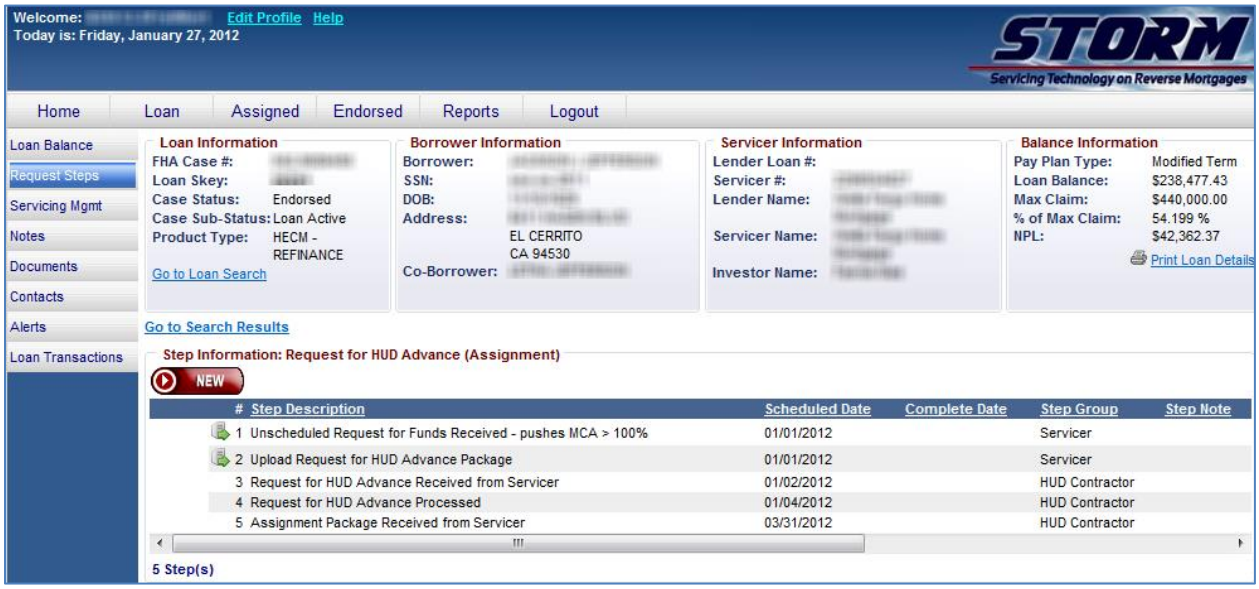

Figure 7-134: Timeline Steps – Endorsed Request for HUD Advance (Assignment)

Step 8. Complete the steps in the timeline when the activity corresponding to the step is complete.

Step 9. For Step **Unscheduled Request for Funds Received - pushes MCA > 100%** the Complete Date will be pre-populated with current system date. For this step, a servicer must upload the document. The step cannot be completed without attaching the required document. Once the document is attached, a servicer will click **Submit** for the document to be attached.

Step 10. A PDF icon is added next to the step, select the **PDF icon** to view the attached document. This document is also auto-saved in the Documents tab.

Step 11. For the step **Upload Request for HUD Advance Package,** a servicer must upload the HUD Advance package document. The step cannot be completed without attaching the required document. Once the document is attached, a servicer will click **Submit** for the document to be attached.

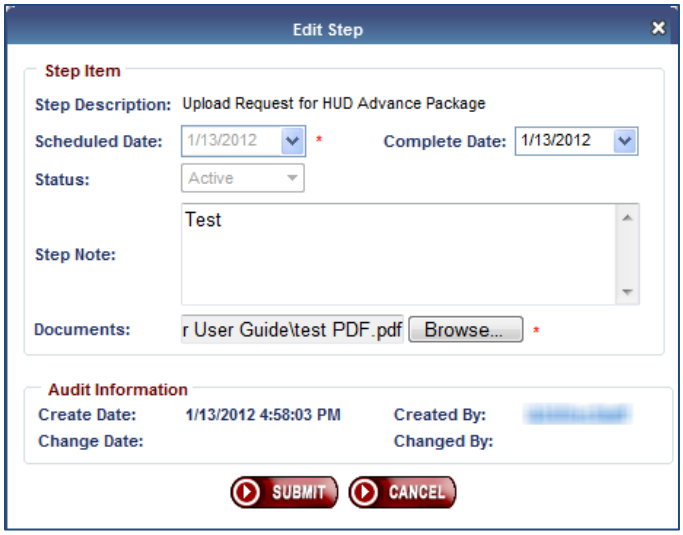

Figure 7-135: Edit Step – Endorsed Request for HUD Advance (Assignment)

Step 12. A PDF icon is added next to the step, select the **PDF icon** to view the attached document. This document is also auto-saved in the Documents tab.

7.3.1.11.2 HUD NSC Contractor Activities

HUD NSC Contractor must perform the following steps:

Step 1. Upon completion of HUD Advance Package review, a HUD NSC Contractor will complete the step **Request for HUD Advance Received from Servicer**. Upon completion of the step, a Welcome Letter is generated. This letter is auto-imaged and auto-saved on the Documents screen.

Step 2. If the advance request is approved, the HUD NSC Contractor will create a transaction "Unscheduled from LOC" on the loan and disburse the check (refer to Disbursement section in Chapter 6 of this User Guide to create the transaction). The Servicer will then complete the step **Request for HUD Advance Processed**. To complete the step, select the step on the timeline, populate the completion date, and click **Submit.**

Step 3. If the advance request is denied, a HUD NSC Contractor adds the optional step, **Advance Denied - No Funds Issued**. To add the optional step, click **New.**

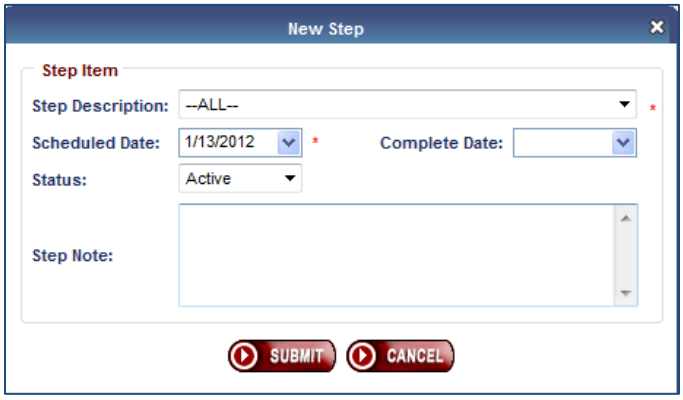

Figure 7-136: New Step – Endorsed Request for HUD Advance (Assignment)

Step 4. Select the optional step from the **Step description** dropdown, populate the completion date, and click **Submit** on the new window. The step is added to the list of steps.

Step 5. If a servicer has initiated the Claim Type 22 timeline and submitted the Assignment package, a HUD NSC Contractor will complete the step **Assignment Package Received from Servicer**. To complete the step, select the step, populate the completion date, and click **Submit** on the new window.

Step 6. If the assignment is denied and the **Funds Due HUD** step is triggered on CT 22 timeline, a HUD NSC Contractor will add the optional step **Assignment Denied / Payoff Issued**. (Refer to above steps to add and complete optional step).

Step 7. The step **Claims Receivable Established** is automatically added by the system and auto-completed when the following criteria are satisfied: step **Assignment Denied / Payoff Issued** is completed and confirmation received from the Accounting Module that the receivable request is established in the Accounting Module.

Step 8. The step **Servicer Authorizes Repayment of Claim** is automatically added by the system and auto-completed when the following criteria are satisfied: The receivable transaction is authorized via the Accounting – Authorizations screen (authorized by lender/investor/servicer).

Step 9. If a servicer does not authorize the receivable transaction within the scheduled date, a HUD NSC Contractor adds the optional step, Servicer Notified of Intent to Offset. (Refer to above steps to add and complete optional step).

Step 10. The step **HUD Verifies Repayment of HUD Advance** is automatically added by the system and auto-completed when the following criteria are satisfied: Confirmation received from the Accounting Module that the collection has been successfully made for the receivable request.

7.3.1.12 Subordination

HUD's second mortgage is subordinate to a lender's mortgage. If it is determined that the first and second mortgages are recorded out of order, a servicer initiates a subordination timeline in order to make the correction. The loan must be in an Endorsed status to begin the subordination process. A servicer initiates the timeline and HUD will approve the subordination agreement.

Multiple active Subordination timelines cannot be initiated on a loan. The Servicing Management tab can be used to activate or inactivate the timeline. Once the timeline is inactivated, none of the steps can be edited.

To initiate and complete the **Subordination** timeline:

7.3.1.12.1 Initiate Timeline – Servicer Activities

The servicer must perform the following steps to initiate the timeline:

Step 1. The Servicer will initiate the timeline. From the **Endorsed** menu, select **Request** and click **Setup**.

Step 2. On the **Endorsed Request Setup Search** Screen, enter the loan search criteria and click **Search.**

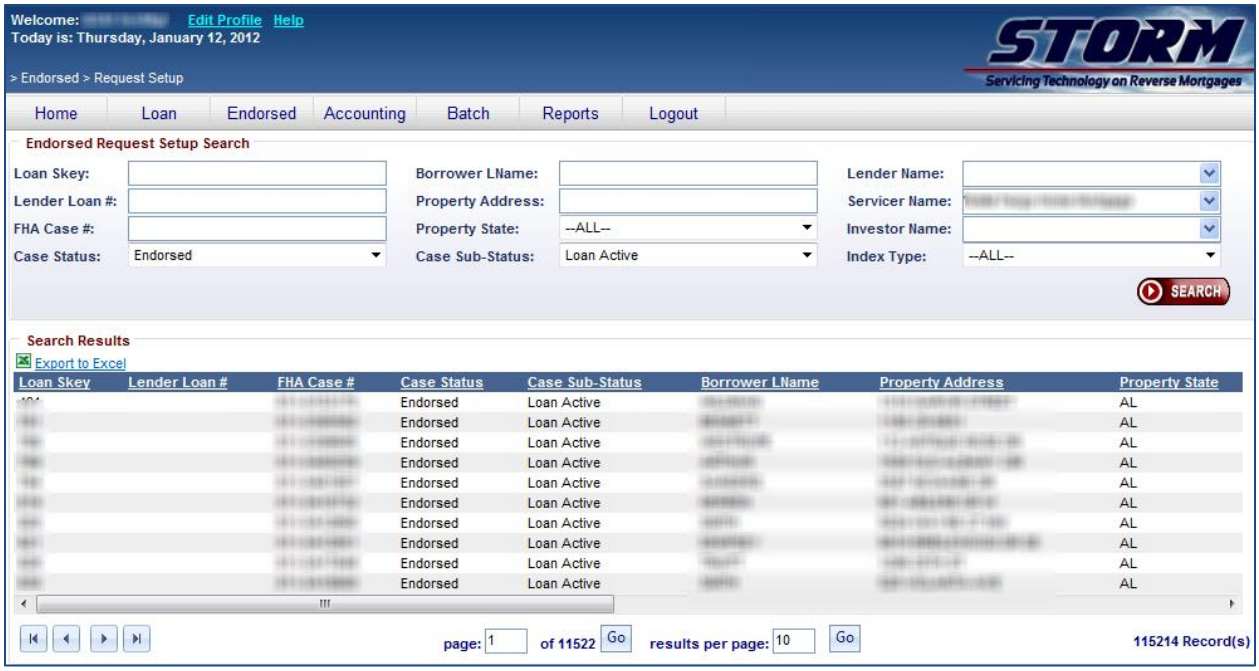

Figure 7-137: Setup Search – Endorsed Subordination

Step 3. From the search results, select a loan to initiate the timeline.

Step 4. On the **Edit Servicing Management** screen, select Subordination from the **Servicing Type** dropdown and populate the required fields (marked with an asterisk).

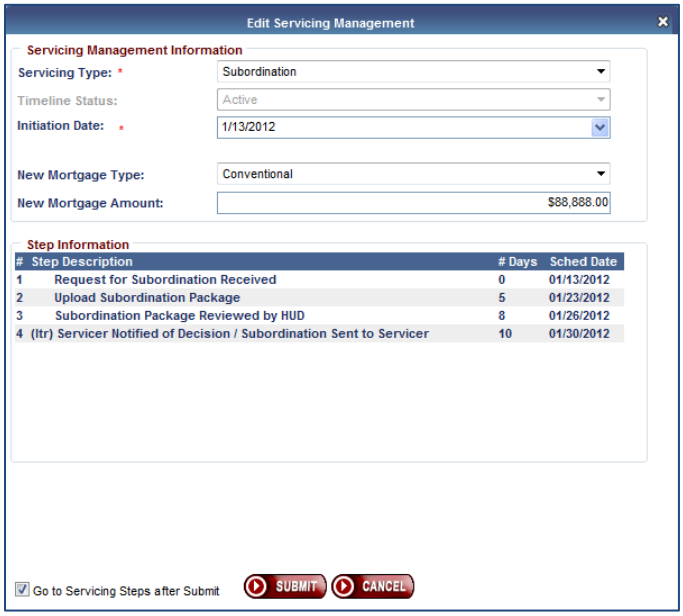

Figure 7-138: Edit Servicing Management - Endorsed Subordination

Step 5. Click the **Go to Servicing Steps after Submit** checkbox (at the bottom of the **Edit Servicing Management** screen).

Step 6. Click **Submit**. (If you click **Cancel**, the **Endorsed Request Setup Search** Screen will be displayed).

Step 7. The Request Steps screen for Subordination timeline is displayed.

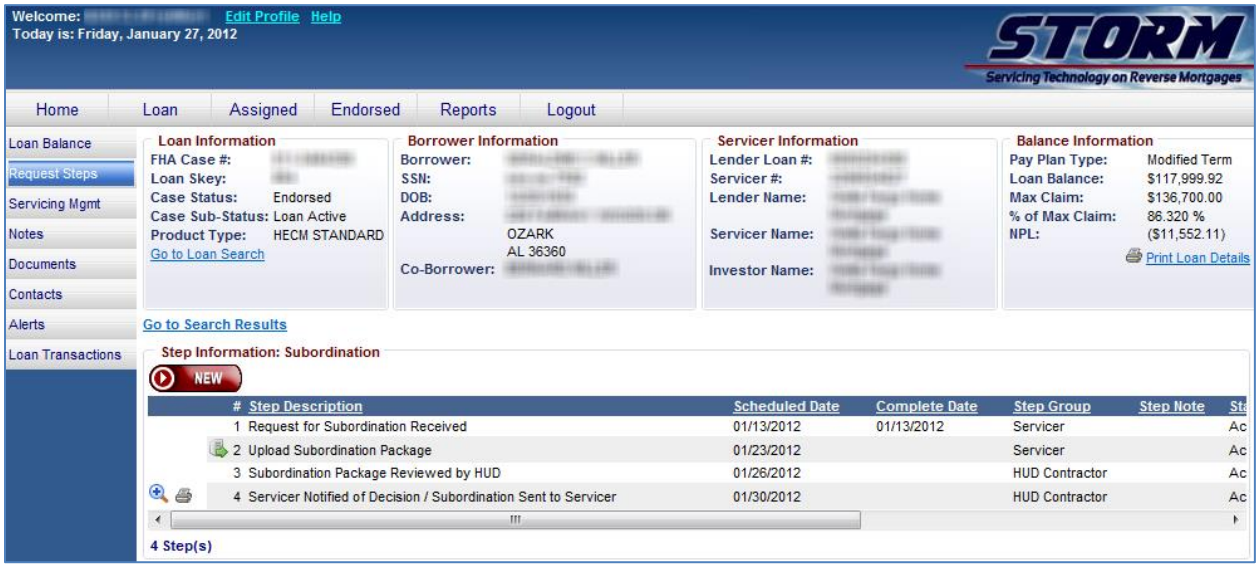

Figure 7-139: Timeline Steps – Endorsed Subordination

Step 8. The step **Request for Subordination Received** completion date is pre-populated with the timeline created date.

Step 9. For the step **Upload Subordination Package,** the completion date will be pre-populated with the current system date. For this step, a servicer must upload the Subordination Package document. The step cannot be completed without attaching the required document. Once the document is attached, a servicer will click **Submit** for the document to be attached.

Step 10. A PDF icon is added next to the step. Select the **PDF icon** to view the attached document. This document is also auto-saved in the Documents tab.

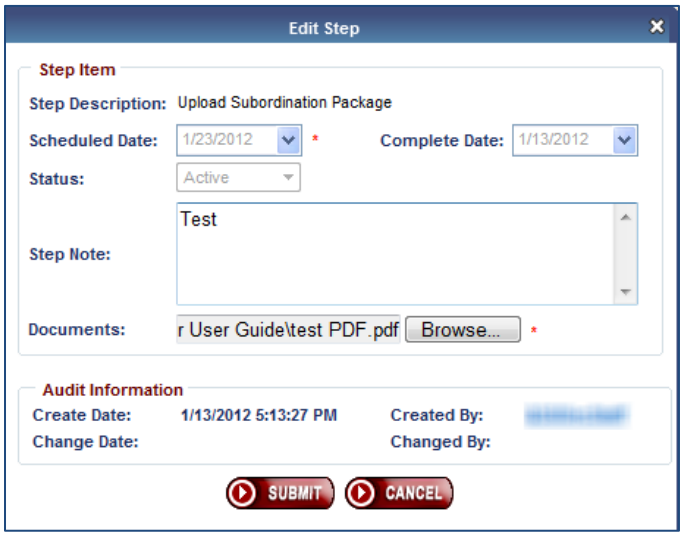

Figure 7-140: Edit Step – Endorsed Subordination

7.3.1.12.2 HUD NSC Contractor Activities

HUD NSC Contractor must perform the following steps:

Step 1. Upon completion of Subordination package review, a HUD NSC Contractor will complete the step **Subordination Package Reviewed by HUD**. To complete the step, select it and populate the completion date, add a note in the Notes field if applicable, click **Submit** on the **Edit Step** window.

Step 2. Once a decision has been made about whether to approve, deny or request additional information, the HUD NSC Contractor will add the respective optional step.

Step 3. To add an optional step (HUD Decision-Approved, HUD Decision-Denied, or HUD Decision-Pending Additional Information), click **New.**

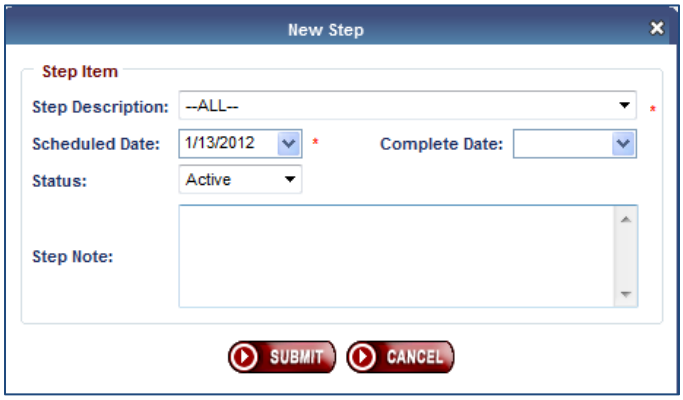

Figure 7-141: New Step – Endorsed Subordination

Step 4. Select an optional step from the **Step Description** dropdown that needs to be added on the timeline, populate the completion date, and click **Submit** on the **New Step** window. The step will be added to the list of steps.

Step 5. To generate the Subordination Agreement Letter, click the magnifying glass beside Servicer Notified of Decision / Subordination Sent to Servicer. The Modify Letter Fields window is displayed. Edit the subject and salutation and click **OK**. The Subordination Agreement Letter is displayed. The decision chosen via the optional step will be pre-populated in this letter.

Step 6. The printer icon beside the step allows the HUD Contractor to auto-save the document to the Documents tab. Select the **printer icon**, the Modify Letter Fields window is displayed. Edit the Subject and select **OK**. The Subordination Agreement Letter is displayed. This action auto-saves the document in the **Documents** tab and auto-completes the step.

7.3.1.13 Zero Balance

When a payoff statement is requested on HUD's second mortgage, the HUD NSC contractor initiates this timeline to show that there are no funds advanced under the second note. This timeline is initiated and completed by a HUD NSC contractor. There is no interaction with the servicer.

Multiple active Zero Balance timelines can be initiated on a loan. The Servicing Management tab can be used to activate or inactivate the timeline. Once the timeline is inactivated, none of the steps can be edited.

To initiate and complete the **Zero Balance** timeline:

Step 1. From the Endorsed menu, select **Request,** and click **Setup**.

Step 2. On the **Endorsed Request Setup Search** Screen, enter the loan search criteria and click **Search.**

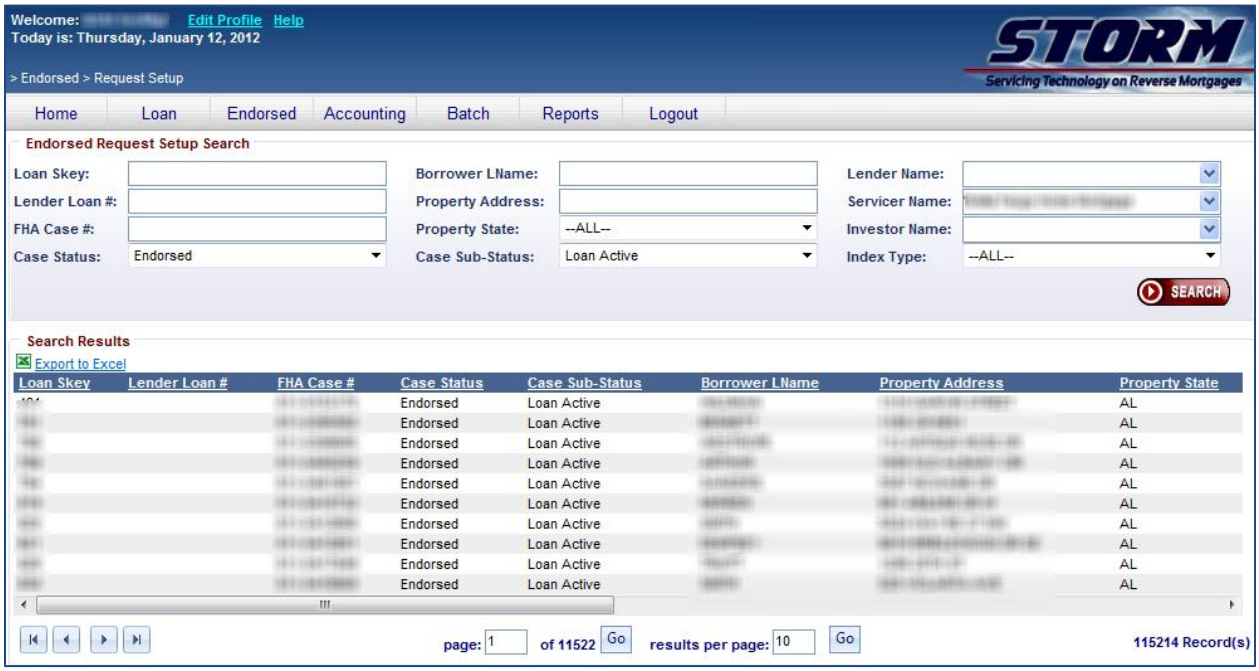

Figure 7-142: Setup Search – Endorsed Zero Balance

Step 3. From the search results, select a loan to initiate the timeline.

Step 4. On the **Edit Servicing Management** screen, select Zero Balance from the **Servicing Type** dropdown and populate the required fields (marked with an asterisk).

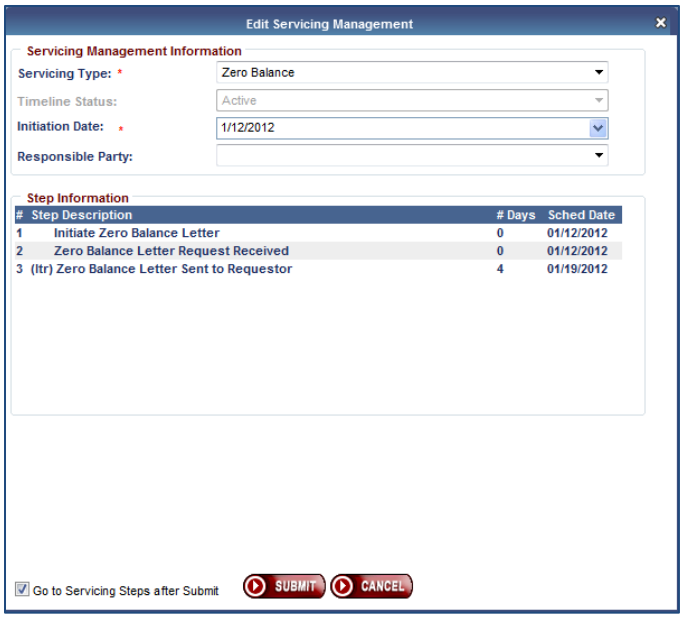

Figure 7-143: Edit Servicing Management - Endorsed Zero Balance

Step 5. Click the **Go to Servicing Steps after Submit** checkbox (at the bottom of the **Edit Servicing Management** screen).

Step 6. Click **Submit**. (If you click **Cancel**, the **Endorsed Request Setup Search** Screen will be displayed).

Step 7. The **Request Steps** screen for Zero Balance timeline is displayed.

Figure 7-144: Timeline Steps – Endorsed Zero Balance

Step 8. The step **Initiate Zero Balance Letter** completion date is pre-populated with the timeline created date.

Step 9. Complete the steps in the timeline when activity corresponding to the step is complete. To complete any step in the timeline, click the step (For example: **Zero Balance Letter Request Received**).

Step 10. Populate the completion date, add a note in the **Notes** field if applicable, and click **Submit** on the **Edit Step** window.

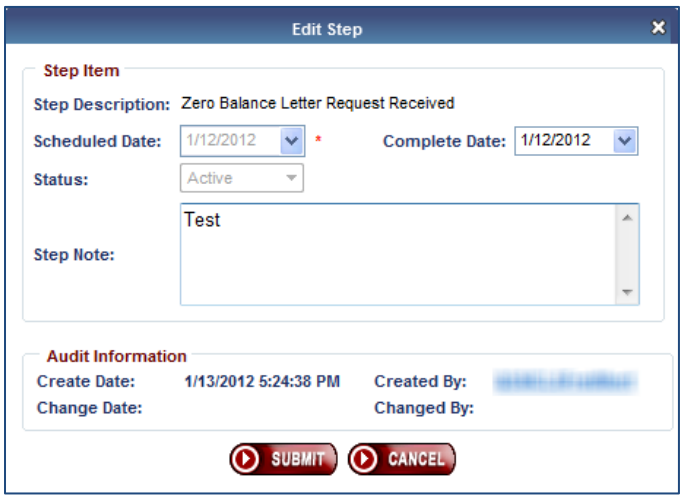

Figure 7-145: Edit Step – Endorsed Zero Balance

Step 11. The completion date is populated beside the step **Zero Balance Letter Request Received** on the Request Steps screen.

Step 12. Click the **magnifying glass** beside the step **Zero Balance Letter Sent to Requestor** to update and print the Zero Balance Letter.

Step 13. A new window is displayed with the Zero Balance Letter with options to preview or print the document. Update the letter, and once the changes have been made, select the **Preview Document** link to view the updated document. To auto-save the changes made to the document, select the **Print Document** link. Select **Open** on the File Download window. This action will save the updated Zero Balance Letter to the Documents tab. Refresh the screen to auto-complete the step.

Step 14. Select the Document tab to view the updated version of the Zero Balance Letter. Version history is maintained on the Documents tab each time the Print Document link is selected.

7.3.2 Release Timelines

7.3.2.1 Release 2nd (Release of HUD's Second Mortgage)

This timeline is automatically initiated by the system when a loan status is terminated. The timeline can also be initiated manually, if the loan has an active Loss Mitigation – Deed in Lieu or Loss Mitigation – Short Sale timeline. The scheduled date of the first step is set to 10 business days after the effective date of the payoff transaction, if the case is Terminated. The scheduled date of the first step is set to the complete date of the timeline step "Initiate DIL or Initiate Short Sale Process", when the loan status is Endorsed and an active DIL/Short Sale timeline exists. The initiation conditions for claim and non-claim terminations are shown below:

- **For termination by non-claim:** The case status is updated to Terminated after the creation of termination transaction on loan by a servicer.
- **For termination by claim:** The case status is updated to Terminated after the claim payment confirmation is received from the Accounting Module (claim is submitted by a servicer and approved by HUD claims staff).

HUD NSC Contractor will complete the steps within the timeline after system initiation. There is no interaction with the servicer. Multiple active Release 2nd timelines cannot be initiated on a loan. The Servicing Management tab can be used to activate or inactivate the timeline. Once the timeline is inactivated, none of the steps can be edited.

To initiate and complete the **Release 2nd** timeline:

Step 1. From the **Endorsed** menu, select **Release**, and click **Search**.

Step 2. On the **Endorsed Release Search** Screen, enter the search criteria and click **Search** to retrieve the timelines that have been auto-initiated by the system.

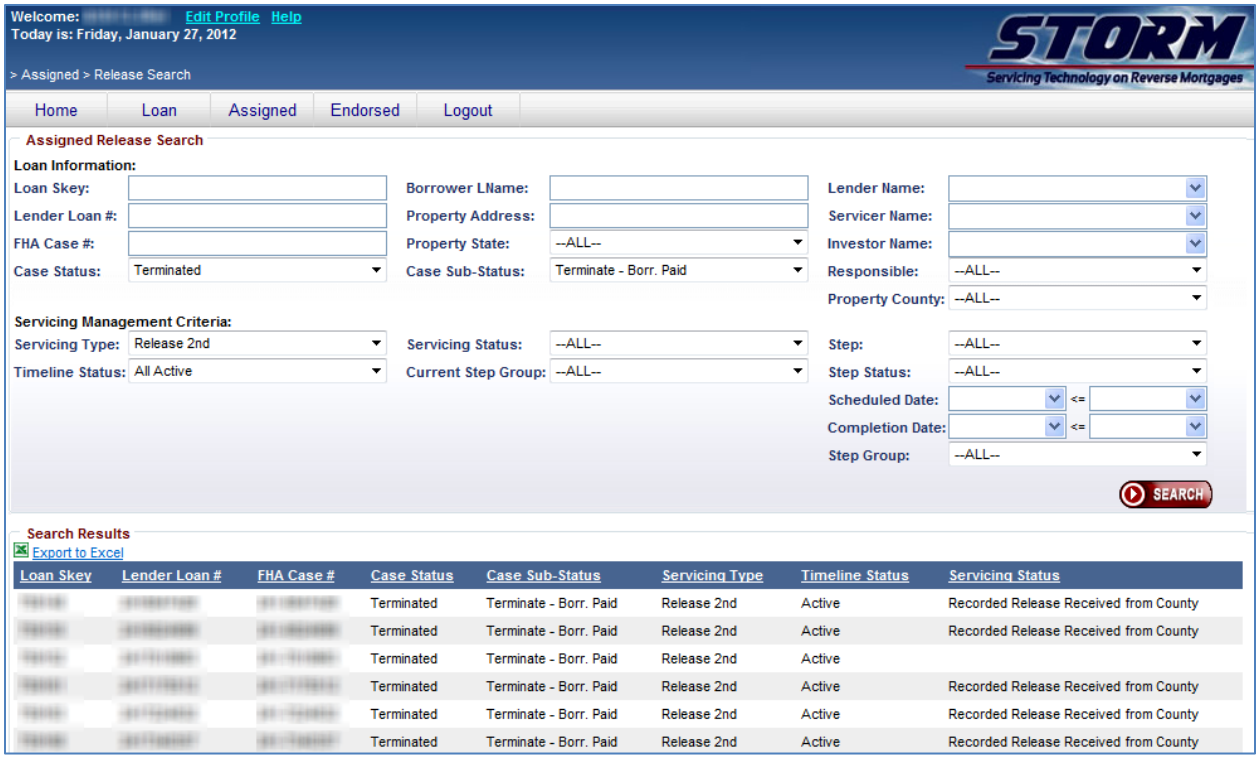

Figure 7-146: Setup Search – Endorsed 2nd Release

Step 3. From the search results, select a loan to view or edit the timeline.

Step 4. The **Release Steps** screen for Release 2nd timeline is displayed.

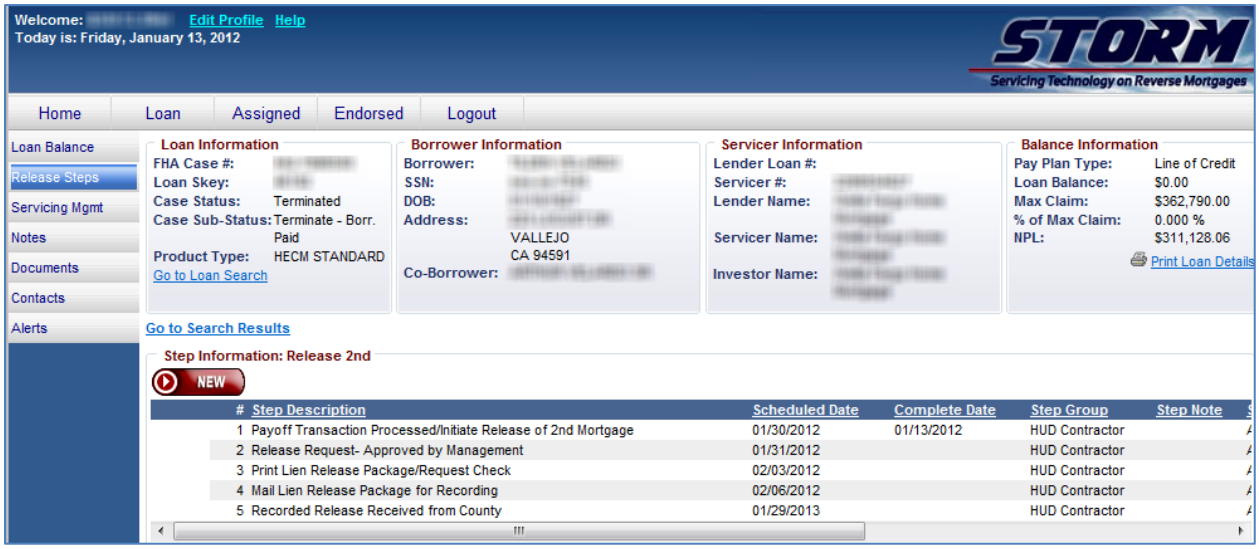

Figure 7-147: Timeline Steps – Endorsed Release 2nd

Step 5. The Step **Payoff Transaction Processed/Initiate Release of 2nd Mortgage** completion date is pre-populated with timeline created date.

Step 6. Complete the steps in the timeline when activity corresponding to the step is complete. To complete any step in the timeline, click the step, for example, **Release Request – Approved by Management**.

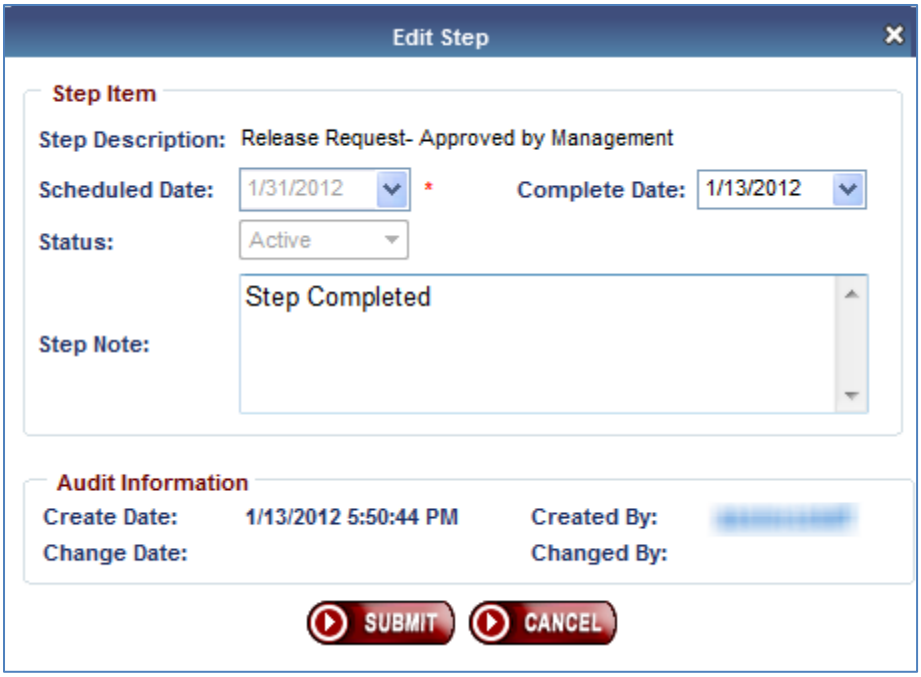

Figure 7-148: Edit Step – Endorsed Release 2nd

Step 7. Populate the completion date, add a note in the **Notes** field if applicable, and click **Submit** on the **Edit Step** window.

Step 8. The completion date is populated beside the step Release Request – Approved by Management on the **Release Steps** screen.

Step 9. Repeat the steps above to complete the remaining steps.

Step 10. To add an optional step, click **New.**

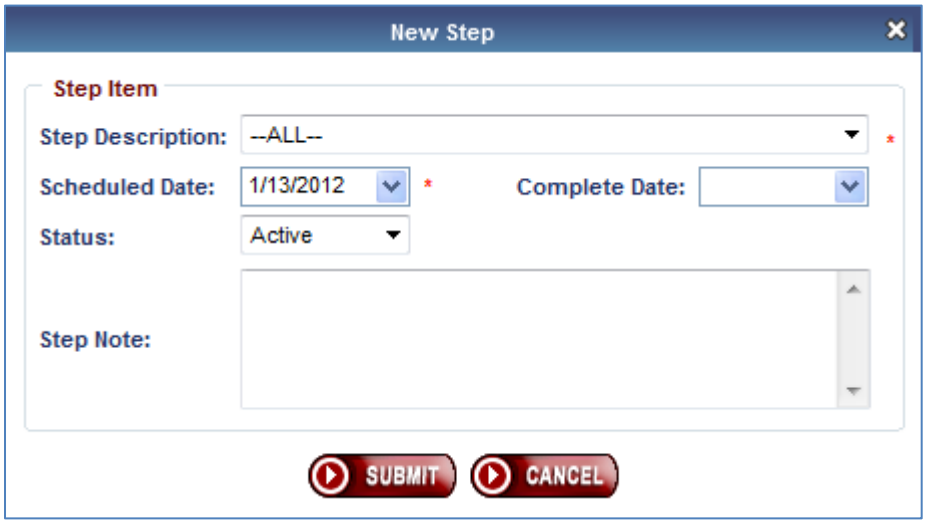

Figure 7-149: New Step – Endorsed Release 2nd

Step 11. Select an optional step from the **Step Description** dropdown that needs to be added on the timeline and click **Submit** on the new window. The step will be added to the list of steps.

Step 12. To complete the step, select the step and populate the completion date, add a note in the **Notes** field if applicable, click **Submit** on the **Edit Step** window.

Step 13. Repeat the above instructions to add and complete other optional steps.

7.4 Assigned Timelines

7.4.1 Compliance Timelines

7.4.1.1 Occupancy Compliance Certification

To ensure that the mortgagor is compliant with HECM occupancy rules and to complete the occupancy inspection process, a HUD NSC Contractor initiates this timeline. This timeline is automatically initiated when a loan is established. However, this timeline can also be initiated manually to track the annual occupancy compliance.

It does not require HUD NSC Staff interactions and can be initiated and completed by a HUD NSC Contractor. Only one active Occupancy Compliance timeline can be associated with a loan. The Servicing Management tab can be used to activate or inactivate the timeline and edit inspection information. Once the timeline is inactivated, none of the steps can be edited.

To initiate and complete the **Occupancy Compliance Certification** timeline:

Step 1. From the **Assigned** menu select **Compliance** and click **Search**.

Step 2. On the **Assigned Compliance Search** Screen, enter the search criteria, select Servicing Type as Occupancy Compliance Certification and click **Submit** to retrieve the timelines that have been auto-initiated by the system.

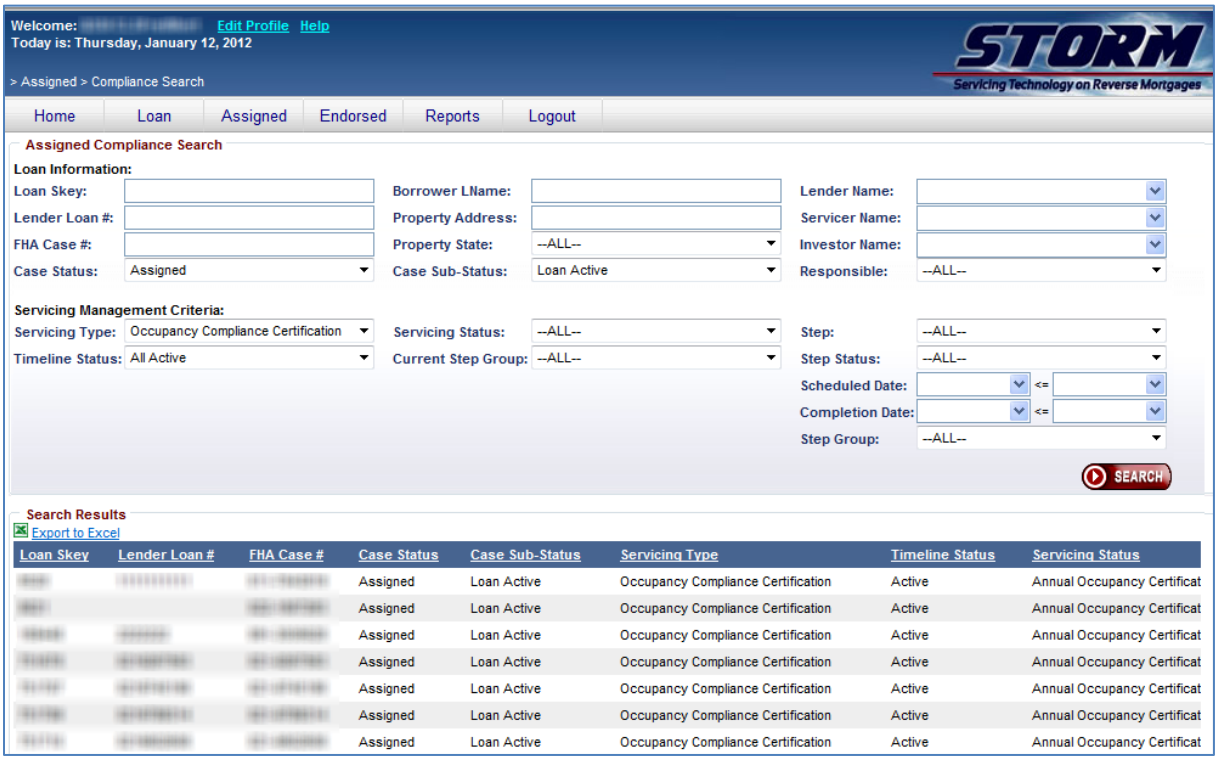

Figure 7-150: Compliance Search – Assigned Occupancy Compliance Certification

Step 3. From the search results, select the loan to view or edit the timeline.

Step 4. The **Compliance Steps** screen for Occupancy Compliance Certification timeline is displayed.

Figure 7-151: Timeline Steps – Assigned Occupancy Compliance Certification

Step 5. The step **Signed Anniversary Date** is auto completed by the system with the timeline created date.

Step 6. To generate the Annual Certification of Occupancy Letter, click on the **magnifying glass** beside the **Annual Occupancy Certification Letter Sent** step to preview the letter; the **Modify Letter Fields** window is displayed. Edit the subject and salutation and click **OK**. The Annual Certification of Occupancy Letter is displayed.

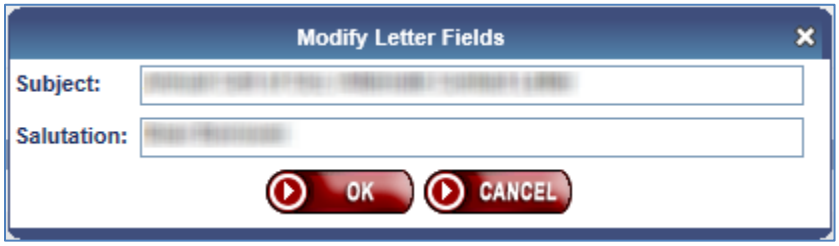

Figure 7-152: Modify Letter Fields Window

Step 7. To generate the Annual Certification of Occupancy Letter when a Non-Borrowing Spouse is available on the loan, click on the **magnifying glass** beside the **Annual Occupancy Certification Letter Sent** step to preview the letter; the **Modify Letter Fields** window is displayed with Non-Borrowing Spouse information. Select the Borrower and NBS and select **OK**. The Annual Certification of Occupancy Letter is displayed with Non-Borrowing Spouse information.

(NOTE: When multiple Borrower/Co-borrowers and NBS are on the loan, the relationship of the Borrower/Co-Borrower to the NBS can be confirmed on the loan documents)

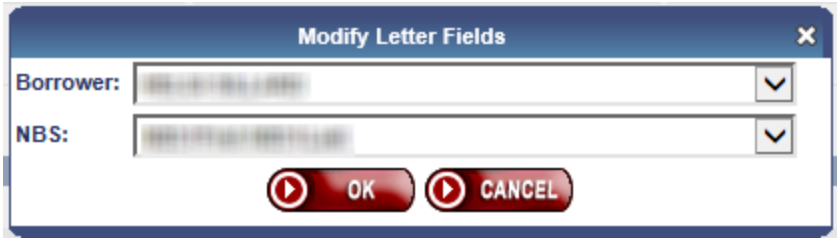

Figure 7-153: Modify Letter Fields Window

Note: The Annual Certification of Occupancy Letter is generated per the rules below:-

- If the NBS is available/active on the loan and selected by HUD NSC Contractor in the **Modify Letter Fields** window, and the last surviving borrower is not deceased, the letter is generated with last surviving borrower along with selected NBS information. Additional letters can be generated, if needed.
- If all the NBS are deactivated on the loan and no NBS is selected by HUD NSC Contractor in the **Modify Letter Fields window**, and the last surviving borrower is not deceased, the letter is generated without NBS information.
- If at least one NBS is available/active on the loan and selected by HUD NSC Contractor in the **Modify Letter Fields** window, and the last surviving borrower is deceased, the letter is generated with selected NBS information only.

Step 8. The printer icon beside the step enables the HUD contractor to auto-save the document to the **Documents** tab. Select the **printer icon**; the **Modify Letter Fields** window is displayed. Edit the subject and salutation and select **OK**. The Annual Certification of Occupancy Letter is displayed. This action auto-saves the document in the **Documents** tab and auto-completes the step.

Step 9. If the Annual Occupancy Certification letter is received, then the step **Annual Occupancy Cert Letter Received** must be completed. To complete the step, select the step and populate the completion date, add a note in the **Notes** field if applicable, click **Submit** on the **Edit Step** window.

Step 10. If the Annual Occupancy Certification letter is not received, then the step **Mail Annual Occupancy 2nd Request Letter** is automatically added by the system after an overnight process. The following criteria must be satisfied: the step **Signed Anniversary Date** and **Annual Occupancy Certification Letter Sent** are completed but the step **Annual Occupancy Cert Letter Received** is not completed yet.

Step 11. To generate the Annual Certification of Occupancy 2nd Request letter, click on the **magnifying glass** beside the **Mail Annual Occupancy 2nd Request Letter** step to preview the letter; the Modify Letter Fields window is displayed. Edit the subject and salutation and select **OK**. The Annual Certification of Occupancy 2nd Request Letter is displayed.

Step 12. To generate the Annual Certification of Occupancy 2nd Request letter when a Non-Borrowing spouse is available on the loan, click on the magnifying glass beside the Mail Annual Occupancy 2nd Request Letter step to preview the letter; the Modify Letter Fields window is displayed with Non-Borrowing Spouse information. Select the Borrower and NBS and select OK. The Annual Certification of Occupancy 2nd Request Letter is displayed.

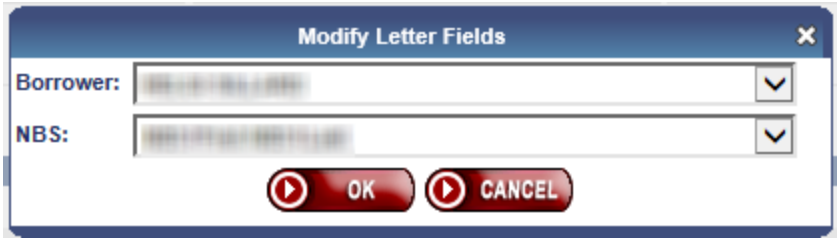

Figure 7-154: Modify Letter Fields Window

Note: The Annual Certification of Occupancy 2nd Request Letter is generated per the rules below:-

- If the NBS is available/active on the loan selected by HUD NSC Contractor in the Modify Letter Fields window, and the last surviving borrower is not deceased, the letter is generated with last surviving borrower along with selected NBS information. Additional letters can be generated
- If all the NBS are deactivated and no NBS is selected by HUD NSC Contractor in the Modify Letter Fields window, and the last surviving borrower is not deceased, the letter is generated without NBS information
- If at least one NBS is available/active on the loan selected by HUD NSC Contractor in the Modify Letter Fields window, and the last surviving borrower is deceased, the letter is generated with selected NBS information only

Step 13. The printer icon beside the step enables the HUD contractor to auto-save the document to the **Documents** tab. Select the **printer icon**; the Modify Letter Fields window is displayed. Edit the subject and salutation and select **OK**. The **Annual Certification of Occupancy 2nd Request Letter** is displayed. This action auto-saves the document in the Documents tab and auto-completes the step.

Step 14. The step **Telephone/Verbal Confirmation of Occupancy Made** is an optional step. To add an optional step, click **New**. Select the optional step from the **Step Description** dropdown and click **Submit** on the new window. The step will be added to the list of steps.

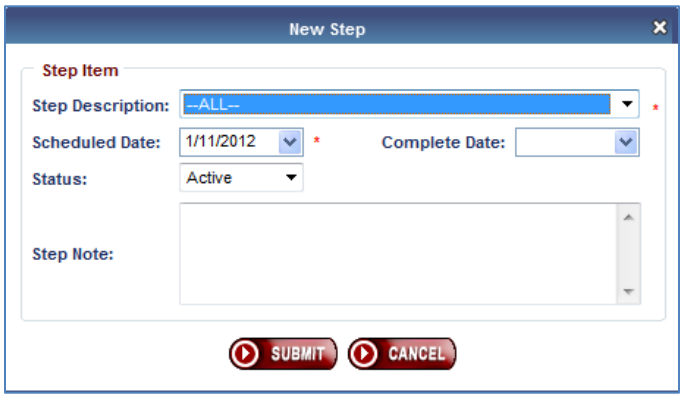

Figure 7-155: New Step – Assigned Occupancy Compliance Certification

Step 15. To complete the step, select it and populate the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step window**.

Step 16. The step **Order Property Inspection** and SSI Search is automatically added by the system. The following criteria must be satisfied: 44 days have passed since step **Signed Anniversary Date** completion and step **Annual Occupancy Cert Letter Received** is not completed yet.

Step 17. To complete the step, select it and populate the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step window**.

Step 18. The step **Received Property Inspection** is automatically added by the system after an overnight process. The following criteria must be satisfied: nine days have passed since step **Order Property Inspection and SSI Search** is completed. To complete the step, select it and populate the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step window**.

Step 19. To complete the step **Annual Occupancy Cert Letter Received**, the following steps must be completed first:

- Mail Annual Occupancy 2nd Request Letter.
- Telephone/Verbal confirmation of Occupancy Made and order Property Inspection and SSI search.

Step 20. Complete the step **Annual Occupancy Cert Letter Received**. To complete the step, select the step and populate the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step window**.

Step 21. The system will trigger a new Occupancy Compliance Certification timeline upon completion of the step **Annual Occupancy Cert letter Received** on the anniversary date (Closing date) of the loan. The old timeline is automatically updated to an inactive status once a new timeline is created by the system.

Step 22. The step **Re-start Annual Occupancy Certification** is auto completed by the system when the scheduled date matches the current system date.

Step 23. To add an optional step, click **New.**

Step 24. Select an optional step from the **Step Description** dropdown that needs to be added on the timeline and click **Submit** on the new window. The step will be added to the list of steps.

Step 25. To complete the step, select it and populate the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step window**.

Step 26. Repeat the above instructions to add and complete other optional steps.

Step 27. To generate the **Mortgagor's Certification of Ineligible NBS** when an Ineligible Non Borrowing Spouse is available on the loan. Follow Step 23 through Step 25.The Mortgagor's Certification of Ineligible NBS is generated. Click on the magnifying glass beside the Mortgagor's Certification of Ineligible NBS step to preview the letter; the Modify Letter Fields window is displayed. Edit the subject and salutation and click **OK**. The Mortgagor's Certification of Ineligible NBS is displayed.

- Note: The Mortgagor's Certification of Ineligible NBS is generated per the rules below :-

  - If an Ineligible NBS is available on the loan, selected by HUD NSC Contractor in the Modify Letter Fields window, the letter is generated with the last surviving borrower along with the selected Ineligible NBS information.

To manually initiate the timeline:

Step 1. From the **Assigned** menu, select **Compliance** and click **Setup**.

Step 2. On the **Assigned Compliance Setup Search** screen, enter the loan search criteria and click **Search**.

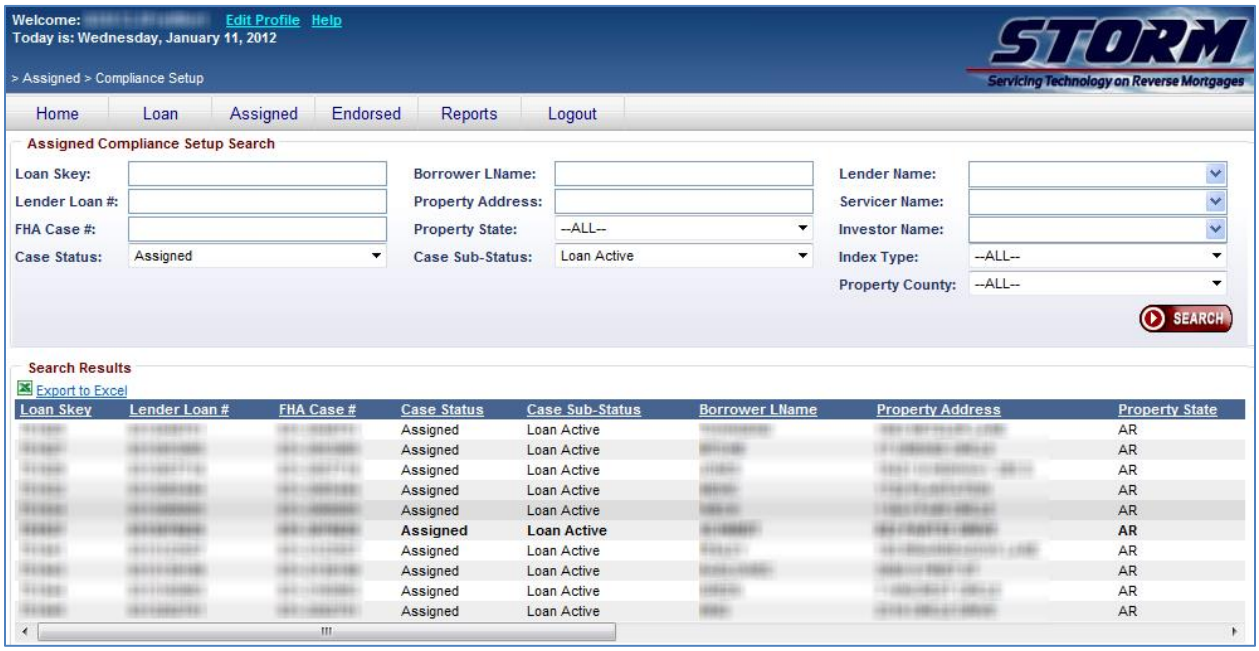

Figure 7-156: Compliance Setup – Assigned Occupancy Compliance Certification

Step 3. From the search results, **select** a loan to initiate the timeline.

Step 4. On the **Edit Servicing Management** Screen, select Occupancy Compliance Certification from the Servicing Type dropdown and populate the required fields (marked with an asterisk).

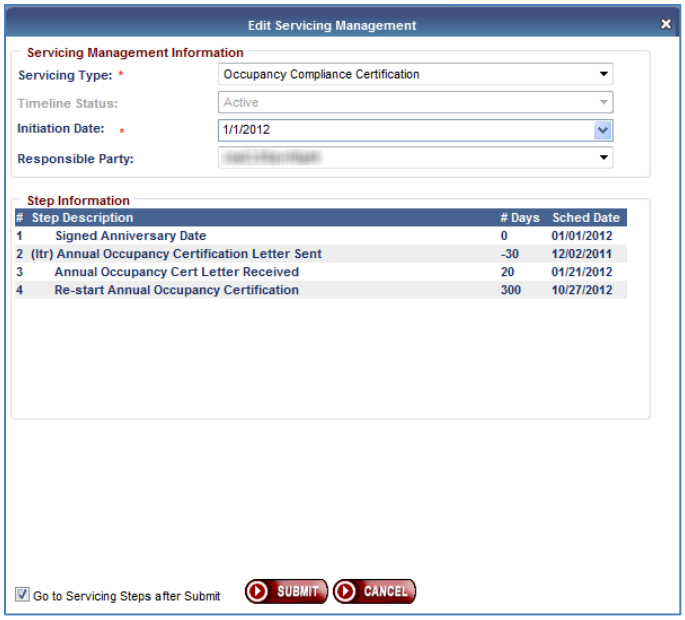

Figure 7-157: Edit Servicing Mangement – Assigned Occupancy Compliance Certification

Step 5. Click on the **Go to Servicing Steps after Submit** checkbox (at the bottom of the **Edit Servicing Management** Window).

Step 6. Click **Submit.** (If you click **Cancel**, the Assigned Compliance Setup Search Screen will be displayed).

Step 7. The **Compliance Steps** screen for Occupancy Compliance Certification timeline is displayed.

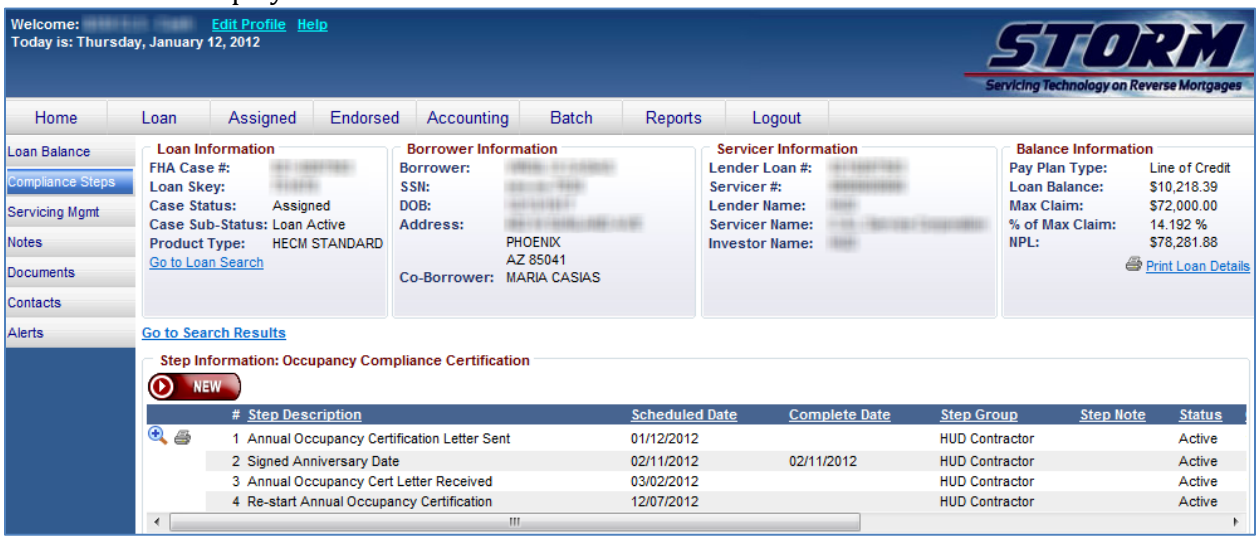

Figure 7-158: Timeline Steps – Assigned Occupancy Compliance Certification

7.4.1.2 Insurance - Hazard Policy

A mortgagor is required to maintain hazard insurance in an amount acceptable to HUD. The HUD NSC Contractor initiates this timeline to verify compliance with insurance requirements. This timeline is automatically created when a loan is established. However, it can also be initiated manually to track the renewal after the initial timeline. The system sends alerts to a HUD NSC Contractor 30 days before the expiration of the certificate of insurance.

It does not require HUD NSC Staff interactions and can be initiated and completed by a HUD NSC Contractor. Only one active Insurance Hazard Policy timeline can be associated with a loan. The Servicing Management tab can be used to activate or inactivate the timeline and edit inspection information. Once the timeline is inactivated, none of the steps can be edited.

To initiate and complete the **Insurance – Hazard Policy** timeline:

Step 1. From the **Assigned** menu, select **Compliance**, and click **Setup**.

Step 2. On the **Assigned Compliance Setup Search** Screen, enter the loan search criteria and click **Search**.

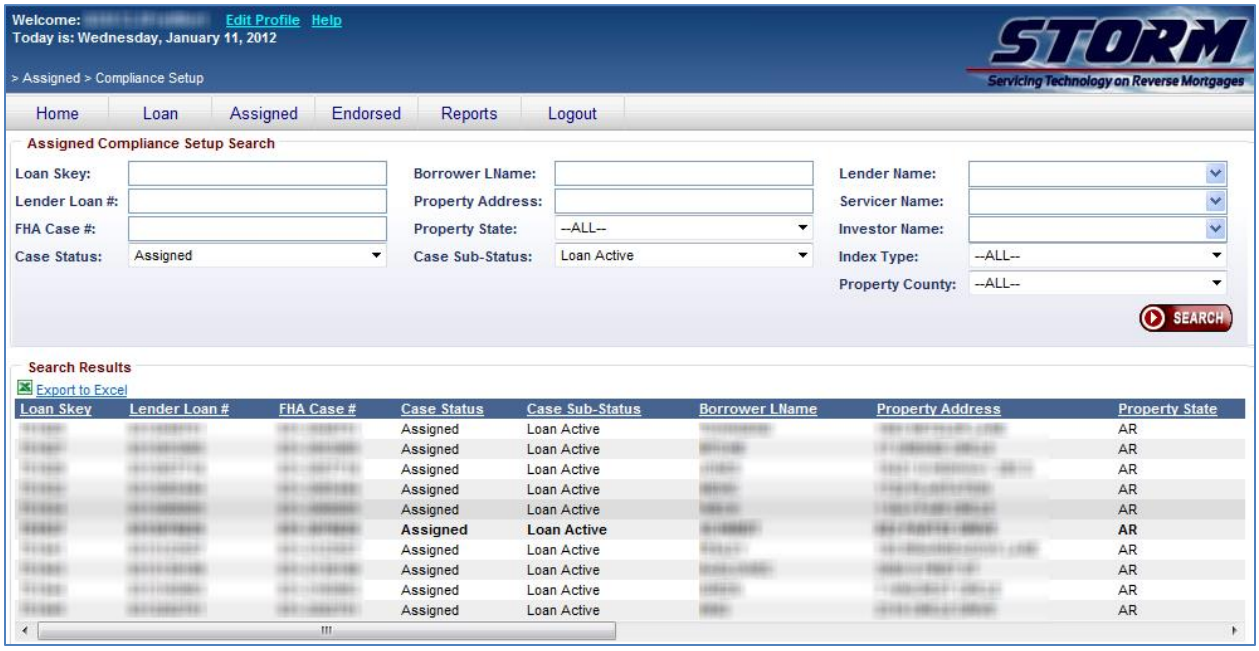

Figure 7-159: Setup Search - Assigned Hazard Policy

Step 3. From the search results, **select** a loan to initiate the timeline.

Step 4. On the **Edit Servicing Management** Screen, **select Insurance Hazard Policy** from the Servicing Type dropdown and populate the required fields (marked with an asterisk). The insurance information can be edited on the Servicing Management tab after the initiation of timeline.

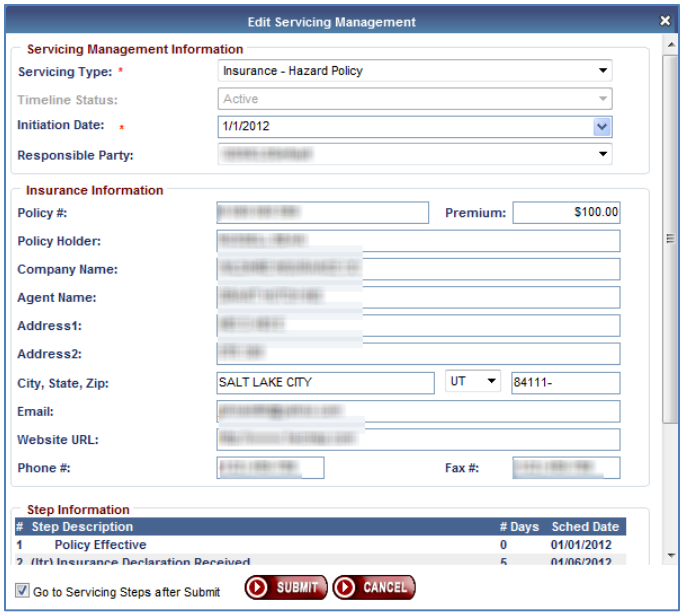

Figure 7-160: Edit Servicing Management – Assigned Hazard Policy

Step 5. Click the **Go to Servicing Steps after Submit** checkbox (at the bottom of the **Edit Servicing Management** Window).

Step 6. Click **Submit**. (If you click **Cancel,** the Assigned Compliance Setup Search Screen will be displayed).

Step 7. The **Compliance Steps** screen for Insurance Hazard Policy timeline is displayed.

Figure 7-161: Timeline Steps – Assigned Hazard Policy

Step 8. The step **Policy Effective** completion date is pre-populated with the timeline created date.

Step 9. To generate the **Hazard Mortgage Clause** letter, click on the **magnifying glass** beside **Insurance Declaration Received** to preview the letter; the Modify Letter

Fields screen is displayed. Edit the subject and salutation and select **OK**. The Hazard Mortgage Clause Letter is displayed.

Step 10. The printer icon beside the step enables the HUD contractor to auto-save the document to the **Documents** tab. Select the **printer icon**; the Modify Letter Fields screen is displayed. Edit the subject and salutation and click **OK**. The **Hazard Mortgage Clause Letter** is displayed. This action auto-saves the document in the **Documents** tab and auto-completes the step.

Step 11. To generate the **Hazard Insurance Renewal Verification Letter**, click on the **magnifying glass** beside Mail Renewal Verification Letter to preview the letter; the Modify Letter Fields screen is displayed. Edit the subject and salutation and click **OK**. The Hazard Insurance Renewal Verification Letter is displayed.

Step 12. The printer icon beside the step enables the HUD contractor to auto-save the document to the **Documents** tab. Select the **printer icon**; the Modify Letter Fields window is displayed. Edit the subject and salutation and click **OK**. The **Hazard Mortgage Clause Letter** is displayed. This action auto-saves the document in the **Documents** tab and auto-completes the step.

Step 13. Complete the steps in the timeline when the corresponding activity tied to the step is complete. To complete steps in the timeline, click on the step, for example step **Policy Expires**.

Step 14. Populate the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step** window.

Step 15. The completion date is populated beside the step **Policy Expires**.

Step 16. The step **Send 2nd Request for Policy Verification** is automatically added by the system after an overnight process. The following criteria must be satisfied: One day has passed since completion of the step **Policy expires** and the step **Received Notification of Policy Cancellation** does not exist on the timeline.

Step 17. To complete the step **Send 2nd Request for Policy Verification**, select the step, populate the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step** window.

Step 18. The step **Notify Loan Counselor** is automatically added by the system after an overnight process. The following criteria must be satisfied: 14 or more days have passed since completion of the step **Send 2nd Request for Policy Verification** OR the optional step **Received Notification of Policy Cancellation** is completed.

Step 19. To add an optional step, click **New**.

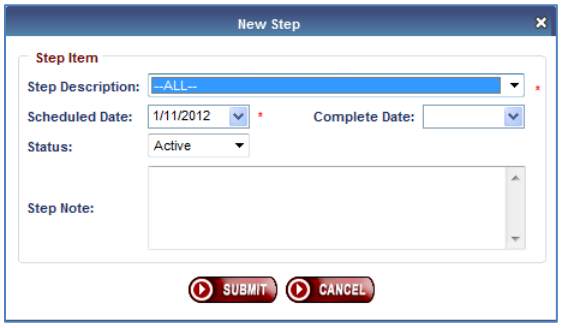

Figure 7-162: New Step - Assigned Hazard Policy

Step 20. Select an optional step from the **Step Description** dropdown that needs to be added on the timeline and click **Submit** on the new window. The step will be added to the list of steps.

Step 21. To complete the step, select the step and **populate** the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step** window.

Step 22. Repeat the above instructions to add and complete other optional steps.

Step 23. To generate the **Hazard Req – Proof of Insurance- 10 Day Letter**, click on the **magnifying glass** beside **Mail Certified Letter to Borrower** to preview the letter; the Modify Letter Fields window is displayed. Edit the subject and salutation and click **OK**. The **Hazard Req – Proof of Insurance**- 10 Day Letter is displayed.

Step 24. The printer icon beside the step enables the HUD contractor to auto-save the document to the **Documents** tab. Select the **printer icon**; the Modify Letter Fields screen is displayed. Edit the subject and salutation and select **OK**. The **Hazard Req – Proof of Insurance**- 10 Day Letter is displayed. This action auto-saves the document in the **Documents** tab and auto-completes the step.

Step 25. Complete the step **Return Receipt Received from Borrower** when the receipt is received from the borrower. To complete the step, select it, populate the completion date, add a note in the Notes field if applicable, and click **Submit** on **Edit Step** window.

7.4.1.3 Insurance – Flood Policy

If a mortgaged property is located within a flood zone, the mortgagor should meet the flood insurance requirements in an amount acceptable by HUD. A HUD NSC Contractor initiates this timeline to verify actions required to comply with flood insurance requirements.

It does not require HUD NSC Staff interactions and can be initiated and completed by a HUD NSC Contractor. Only one active Insurance Flood Policy timeline can be associated with a loan. The Servicing Management tab can be used to activate or inactivate the timeline and edit inspection information. Once the timeline is inactivated, none of the steps can be edited.

To initiate and complete the **Insurance – Flood Policy** timeline:

Step 1. From the **Assigned** menu, select **Compliance**, and click **Setup**.

Step 2. The **Assigned Compliance Setup Search** Screen, enter the loan search criteria and click **Search**.

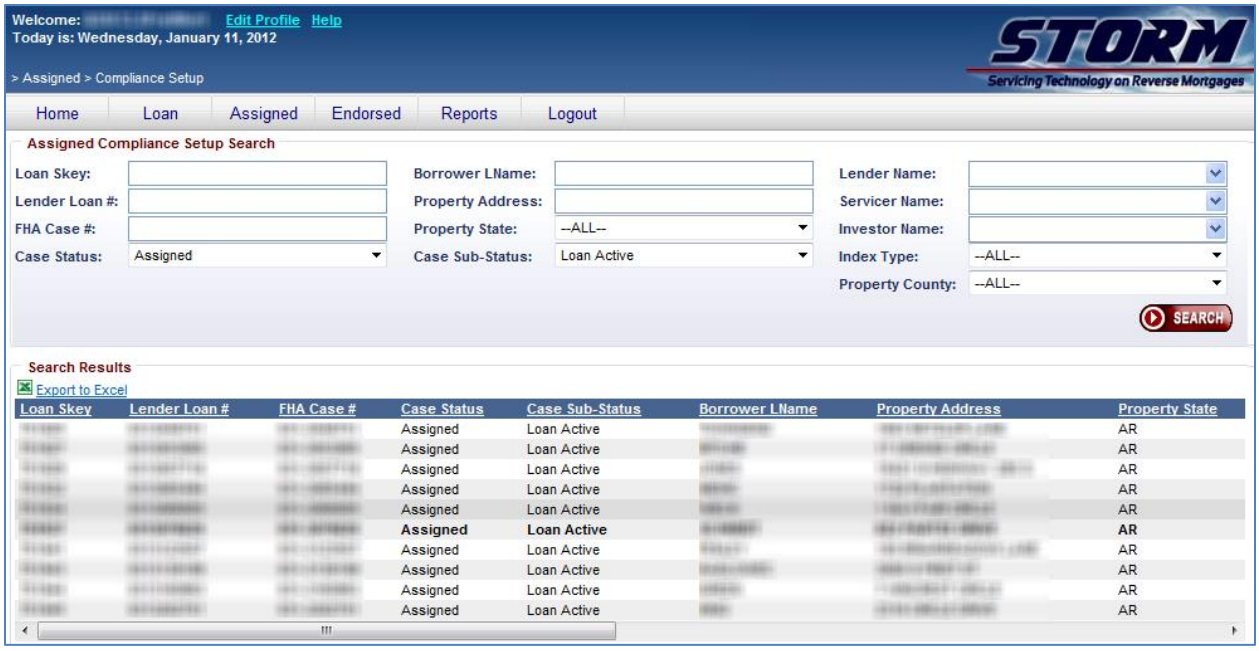

Figure 7-163: Setup Search – Assigned Flood Policy

Step 3. From the search results, click a loan to initiate the timeline.

Step 4. On the **Edit Servicing Management** screen, select **Insurance Flood Policy** from the Servicing Type dropdown and populate the required fields (marked with an asterisk). The insurance information can be edited on the Servicing Management tab after the initiation of timeline.

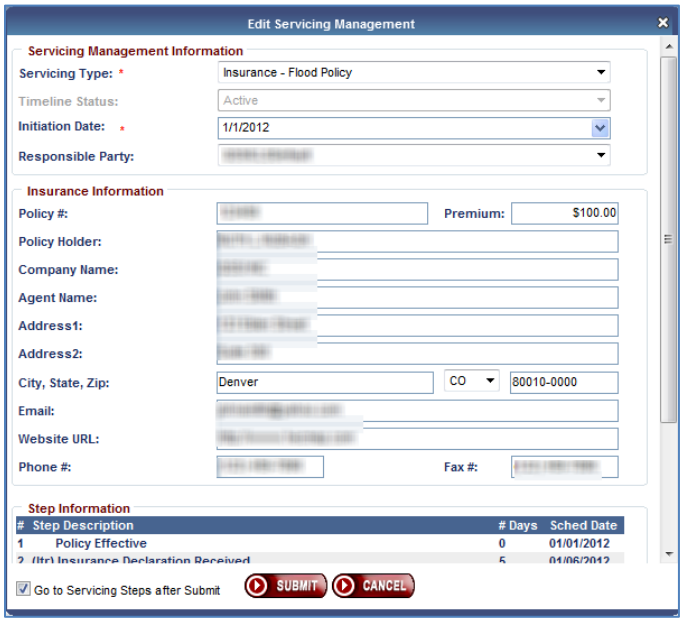

Figure 7-164: Edit Servicing Management – Assigned Flood Policy

Step 5. Click the **Go to Servicing Steps after Submit** checkbox (at the bottom of the **Edit Servicing Management** Window).

Step 6. Click **Submit**. (If you click **Cancel**, the Assigned Compliance Setup Search Screen will be displayed).

Step 7. The **Compliance Steps** screen for **Insurance Flood Policy** timeline is displayed.

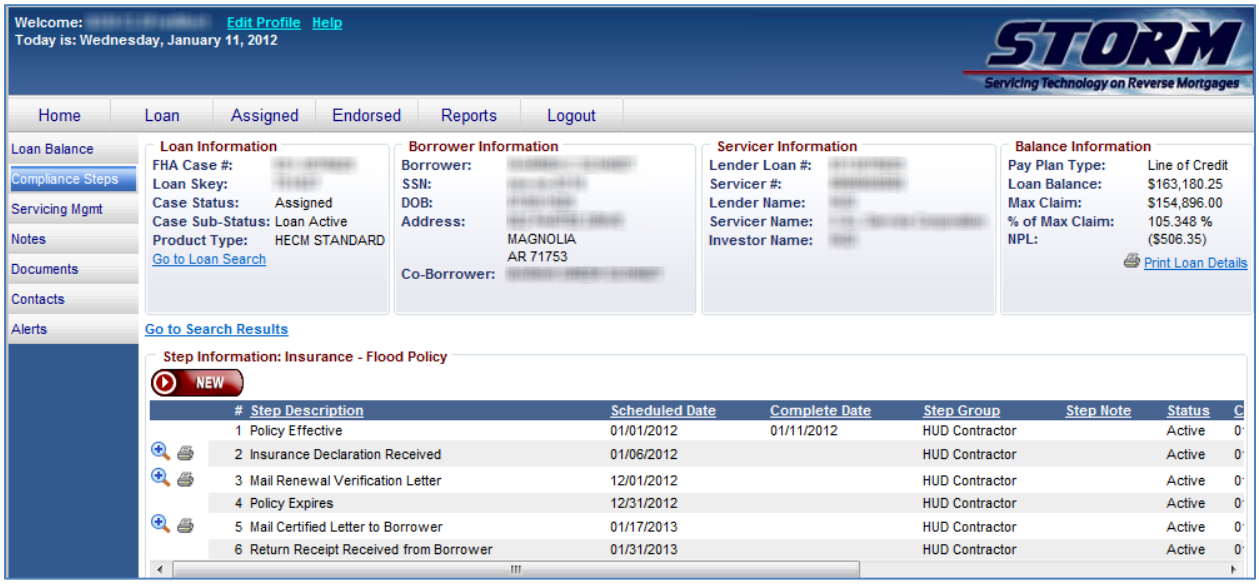

Figure 7-165: Timeline Steps – Assigned Flood Policy

Step 8. The **Step Policy Effective** completion date is pre-populated with the timeline created date.

Step 9. To generate the **Flood Mortgage Clause Letter**, click the **magnifying glass** beside Insurance Declaration Received to preview the letter; the Modify Letter Fields screen is displayed. Edit the subject and salutation and select **OK**. The **Flood Mortgage Clause Letter** is displayed.

Step 10. The printer icon beside the step enables the HUD contractor to auto-save the document to the **Documents** tab. Select the **printer icon**; the Modify Letter Fields screen is displayed. Edit the subject and salutation and click **OK**. The **Flood Mortgage Clause** Letter is displayed. This action auto-saves the document in the **Documents** tab and auto-completes the step.

Step 11. To generate the **Flood Insurance Renewal Verification Letter**, click the **magnifying glass** beside Mail Renewal Verification Letter to preview the letter; the **Modify Letter Fields** screen is displayed. Edit the subject and salutation and select **OK**. The **Flood Insurance Renewal Verification Letter** is displayed.

Step 12. The printer icon beside the step allows the HUD contractor to auto-save the document to the **Documents** tab. Select the **printer icon**; the Modify Letter Fields window is displayed. Edit the subject and salutation and select **OK**. The **Flood Mortgage Clause Letter** is displayed. This action auto-saves the document in the **Documents** tab and auto-completes the step.

Step 13. Complete the steps in the timeline when the corresponding activity tied to the step is complete. To complete steps in the timeline, click the step, For example step **Policy Expires.**

Step 14. Populate the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step** window.

Step 15. The completion date is populated beside the step **Policy Expires.**

Step 16. The step **Send 2nd Request for Policy Verification** is automatically added by the system after an overnight process. The following criteria must be satisfied: One day has passed since completion of the step **Policy Expires** and the step **Received Notification of Policy Cancellation** does not exist on the timeline.

Step 17. To complete the step **Send 2nd Request for Policy Verification**, select the step, populate the completion date, add a note in the notes field if applicable, and click **Submit** on **Edit Step** window as explained above.

Step 18. The step **Notify Loan Counselor** is automatically added by the system after an overnight process. The following criteria must be satisfied: 14 or more days have passed since completion of the step **Send 2nd Request for Policy Verification** OR the step **Received Notification of Policy Cancellation** (this is an optional step) is completed.

Step 19. To add an optional step, click **New.**

Step 20. Select an optional step (for example: Received Notification of Policy Cancellation) from the **Step Description** dropdown that needs to be added on the timeline and click **Submit** on the new window. The step will be added to the list of steps.

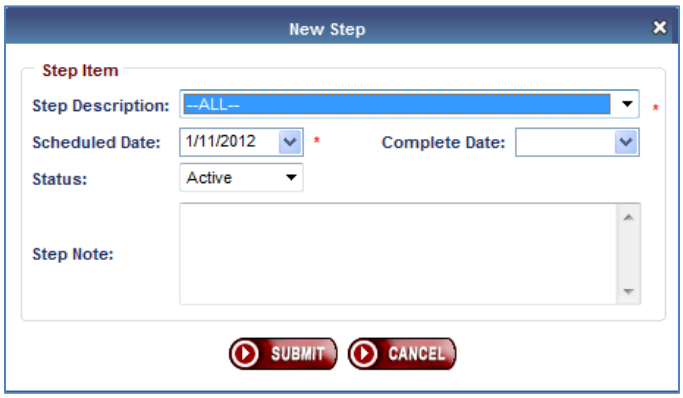

Figure 7-166: New Step – Assigned Flood Policy

Step 21. To complete the step, **Select** the step and populate the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step** window.

Step 22. Repeat the above instructions to add and complete other optional steps.

Step 23. To generate the **Flood Req – Proof of Insurance Letter**, click the **magnifying glass** beside **Mail Certified Letter to Borrower** to preview the letter; the Modify Letter Fields window is displayed. Edit the subject and salutation and select **OK**. The Flood Req – Proof of Insurance Letter is displayed.

Step 24. The printer icon beside the step enables the HUD contractor to auto-save the document to the **Documents** tab. Select the **printer icon**; the Modify Letter Fields window is displayed. Edit the subject and salutation and select **OK**. The **Flood Req – Proof of Insurance** Letter is displayed. This action auto-saves the document in the **Documents** tab and auto-completes the step.

Step 25. Complete the step **Return Receipt Received from Borrower** when the receipt is received from the borrower. To complete the step, select the step, populate the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step** window.

7.4.1.4 Insurance/Loss Draft Administration

The mortgagor files a claim with their hazard insurance company when the HECM property has been damaged by fire, flood, windstorm or similarly insurable hazards. HUD will work with the mortgagor to determine how the insurance proceeds will be used. If it is determined that the property will be repaired, this timeline will be initiated by HUD NSC Contractor to monitor the restoration process and ensure the appropriate use of the insurance claim funds.

This timeline can be initiated only if loss draft funds are available. The system will automatically add the initial timeline when the Loss Draft transaction is created on the loan. Refer to the Disbursements – Loss Draft transactions in **Section 6.15** for details about how to generate the transaction. This timeline does not require HUD NSC Staff interaction.

Multiple active Insurance/Loss Draft Administration timelines can be initiated on a loan. The Servicing Management tab can be used to activate or inactivate the timeline. Once the timeline is inactivated, none of the steps can be edited.

To initiate and complete the **Insurance/Loss Draft Administration** timeline:

Step 1. From the **Assigned** menu, select **Compliance**, and click **Search**.

Step 2. On the **Assigned Compliance Search** Screen, enter the search criteria, including a Servicing Type of Insurance/Loss Draft Administration and click **Submit** to retrieve the timelines that have been auto-initiated by the system.

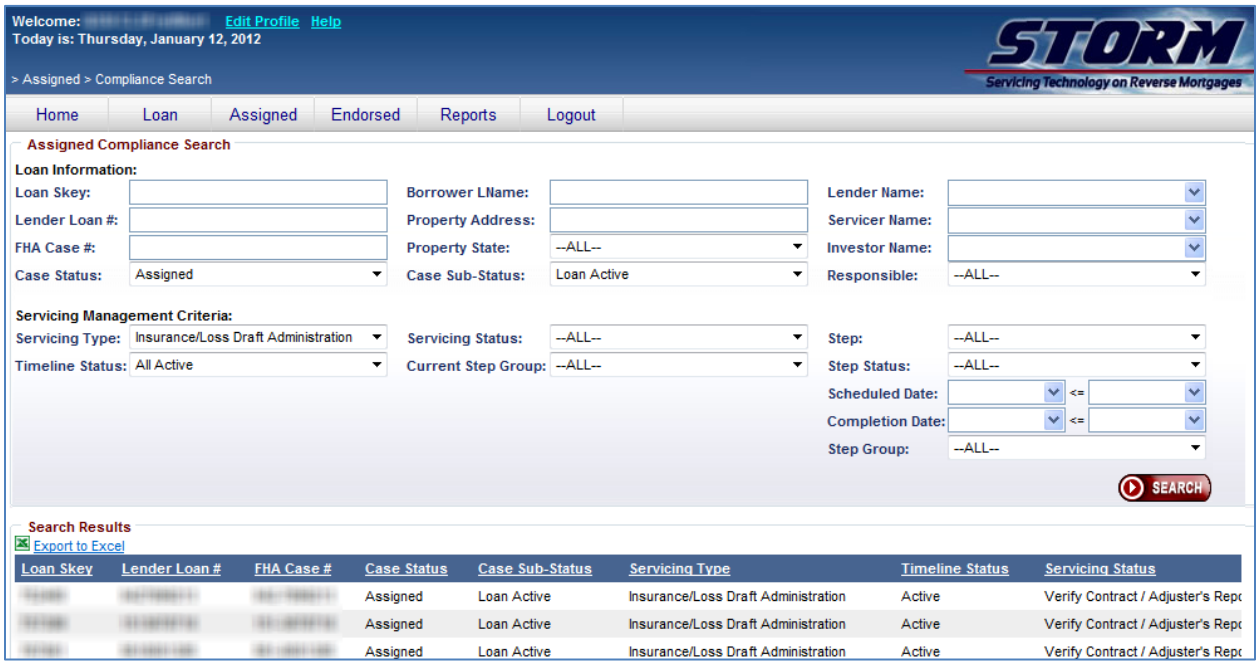

Figure 7-167: Compliance Search – Assigned Loss Draft Administration

Step 3. From the search results, select a loan to view or edit the timeline.

Step 4. The **Compliance Steps** screen for Insurance/Loss Draft Administration timeline is displayed.

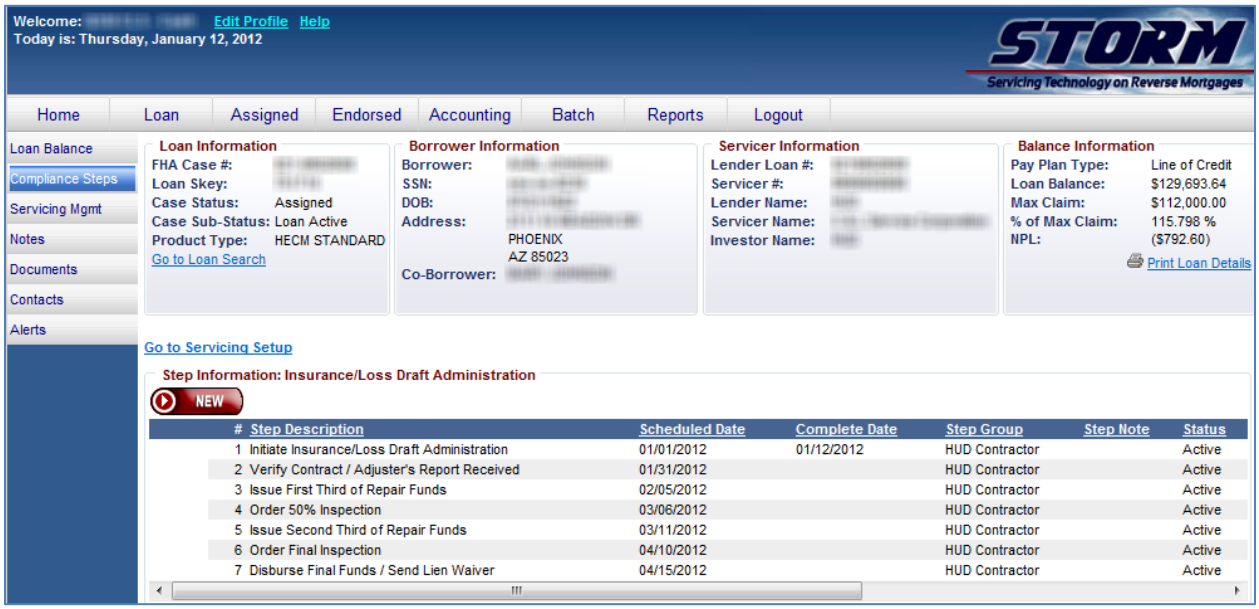

Figure 7-168: Timeline Steps – Assigned Loss Draft Administration

Step 5. Complete the steps in the timeline when the corresponding activity tied to the step is complete.

Step 6. The step **Initiate Insurance/Loss Draft Administration** is auto-completed by the system with the timeline created date.

Step 7. To complete remaining steps, **select** the step you want to complete, populate the complete date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step** window.

Step 8. To add an optional step, click **New.**

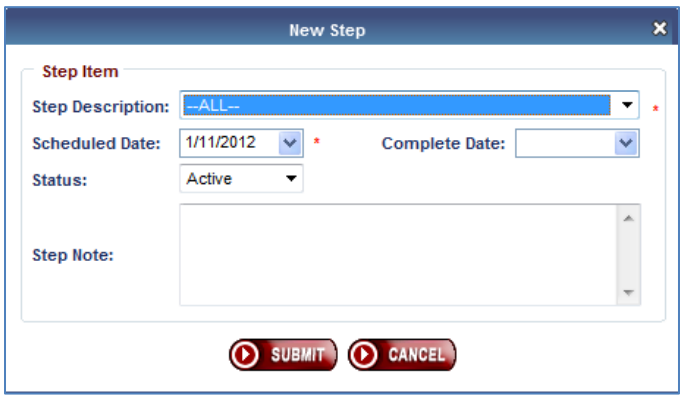

Figure 7-169: New Step for Loss Draft Administration

Step 9. Select an optional step from the **Step Description** dropdown that needs to be added on the timeline and click **Submit** on the new window. The step will be added to the list of steps.

Step 10. To complete the step, select the step and populate the completion date, add a note in the Notes field if applicable, click **Submit** on the **Edit Step** window.

Step 11. Repeat the above instructions to add and complete other optional steps.

To manually initiate the timeline:

Step 1. From the Assigned menu, select **Compliance**, and click **Setup**.

Step 2. On the **Assigned Compliance Setup Search** Screen, enter the loan search criteria and click **Search.**

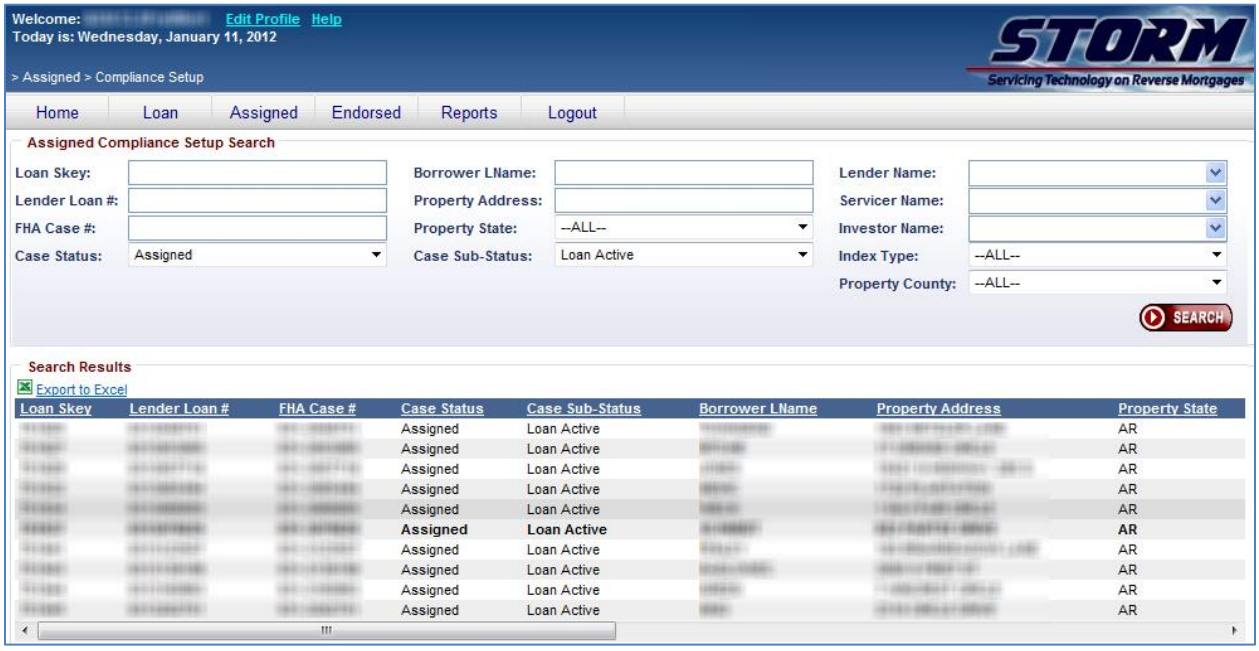

Figure 7-170: Setup Search – Assigned Loss Draft Administration

Step 3. From the search results, select a loan to initiate the timeline.

Step 4. On the **Edit Servicing Management** screen, select Insurance/Loss Draft Administration from the Servicing Type dropdown and populate the required fields (marked with an asterisk).

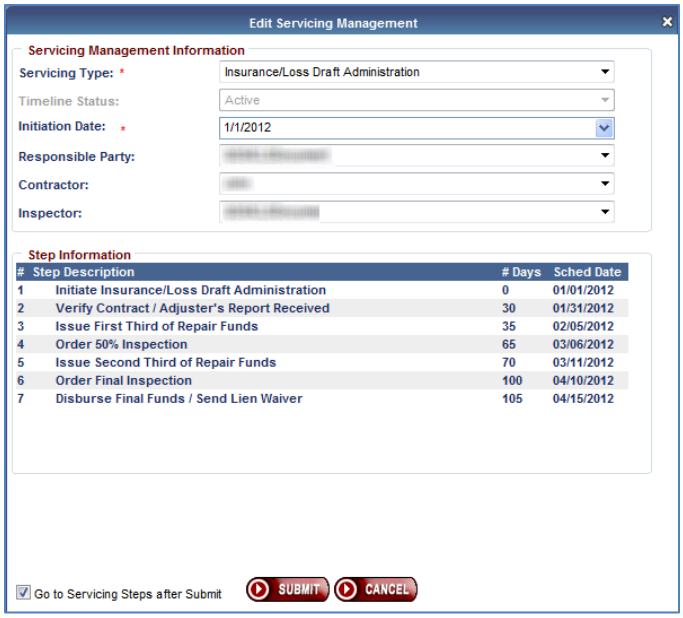

Figure 7-171: Editing Servicing Management – Assigned Loss Draft Administration

Step 5. Click the **Go to Servicing Steps after Submit** checkbox (at the bottom of the **Edit Servicing Management** screen).

Step 6. Click **Submit**. (If you click **Cancel**, the Assigned Compliance Setup Search Screen will be displayed).

Step 7. The **Compliance Steps** screen for **Request for Insurance/Loss Draft Administration** timeline is displayed.

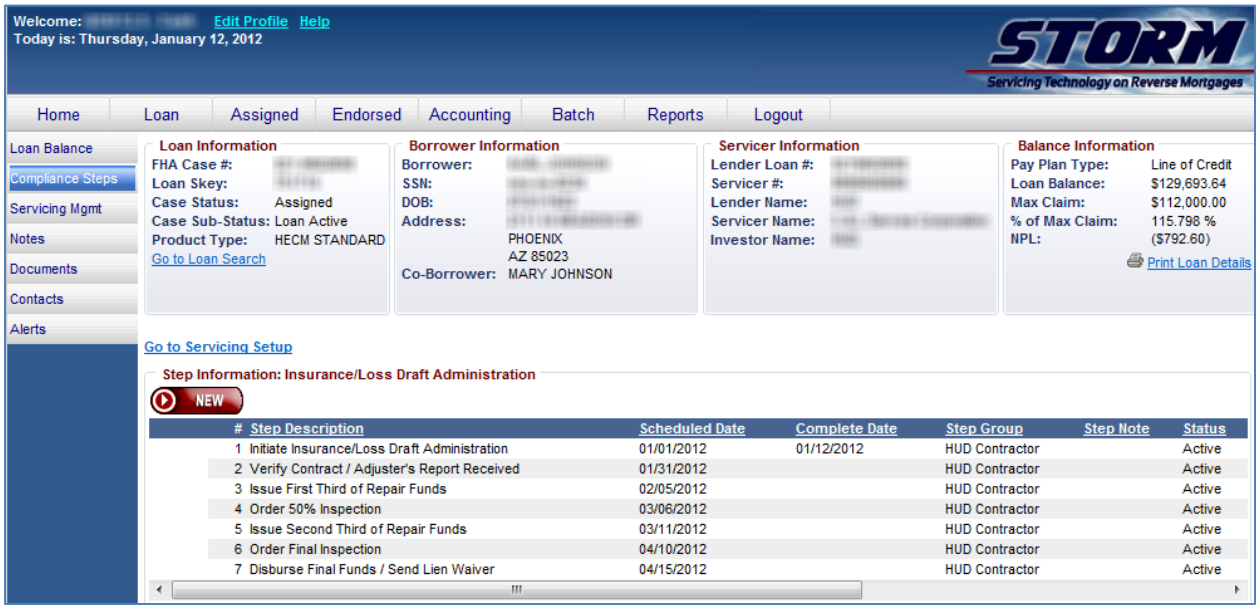

Figure 7-172: Timeline Steps – Assigned Loss Draft Administration

Step 8. To add multiple **Insurance/Loss Draft Administration** timelines, repeat the steps above to initiate and complete the timeline as mentioned above for the second timeline.

7.4.1.5 Request for Unscheduled Advance

A HUD NSC Contractor initiates this timeline when an unscheduled advance request is received from the mortgagor. This timeline can be initiated only if the pay plan type is modified term, modified tenure or line of credit.

It does not require HUD NSC Staff interactions and can be initiated and completed by a HUD NSC Contractor. Multiple active Unscheduled Advance timelines can be associated with a loan. The Servicing Management tab can be used to activate or inactivate the timeline and edit inspection information. Once the timeline is inactivated, none of the steps can be edited.

To initiate and complete the **Request for Unscheduled Advance** timeline:

Step 1. From the **Assigned** menu, select **Compliance**, and click **Setup**.

Step 2. On the Assigned **Compliance Setup Search** Screen, enter the loan search criteria and click **Search**.

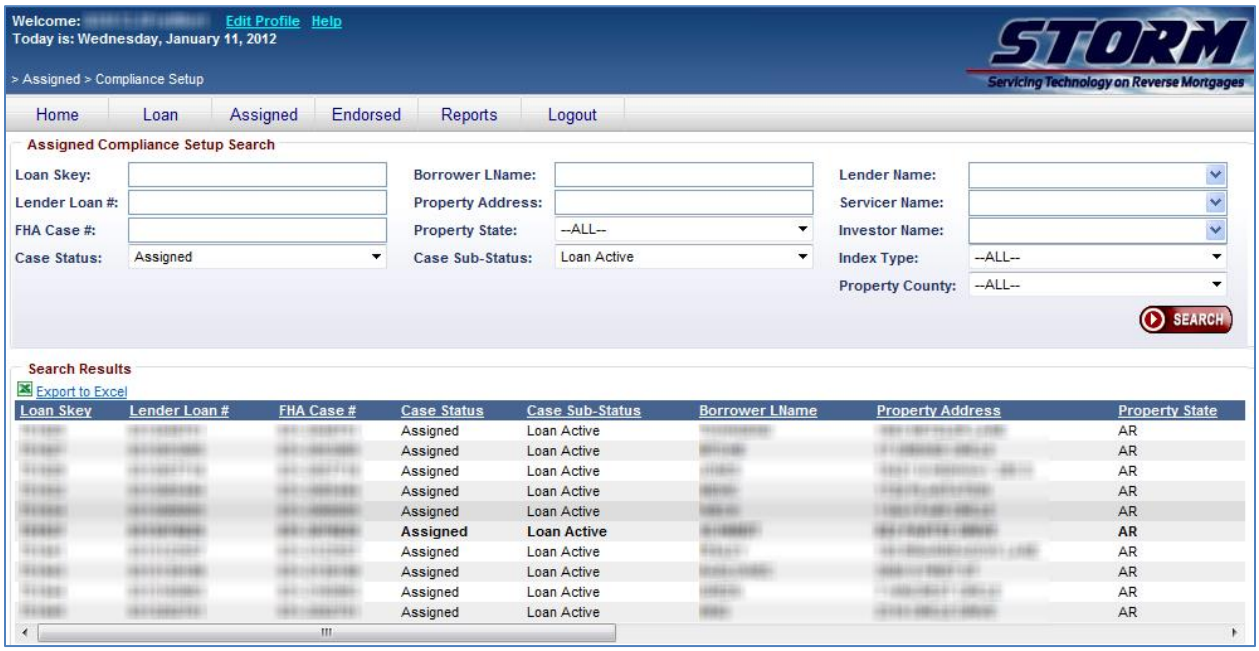

Figure 7-173: Compliance setup for Unscheduled Advance

Step 3. From the search results, select a loan to initiate the timeline.

Step 4. On the **Edit Servicing Management** screen, select Request for Unscheduled Advance from the **Servicing Type** dropdown and populate the required fields (marked with an asterisk).

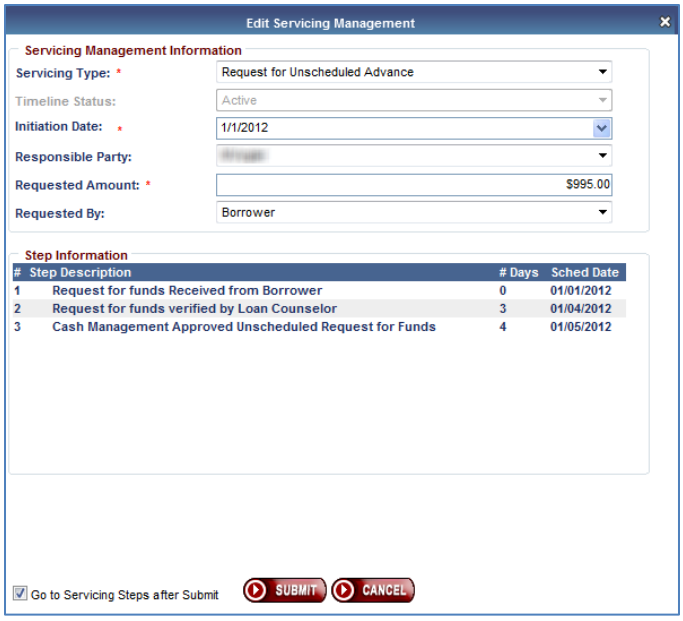

Figure 7-174: Editing Servicing Management – Assigned Unscheduled Advance

Step 5. Click the checkbox beside **Go to Servicing Steps after Submit** (at the bottom of the **Edit Servicing Management** window).

Step 6. Click **Submit** (If you click **Cancel**, the Assigned Compliance Setup Search Screen will be displayed).

Step 7. The **Compliance Steps** screen for Request for Unscheduled Advance timeline is displayed.

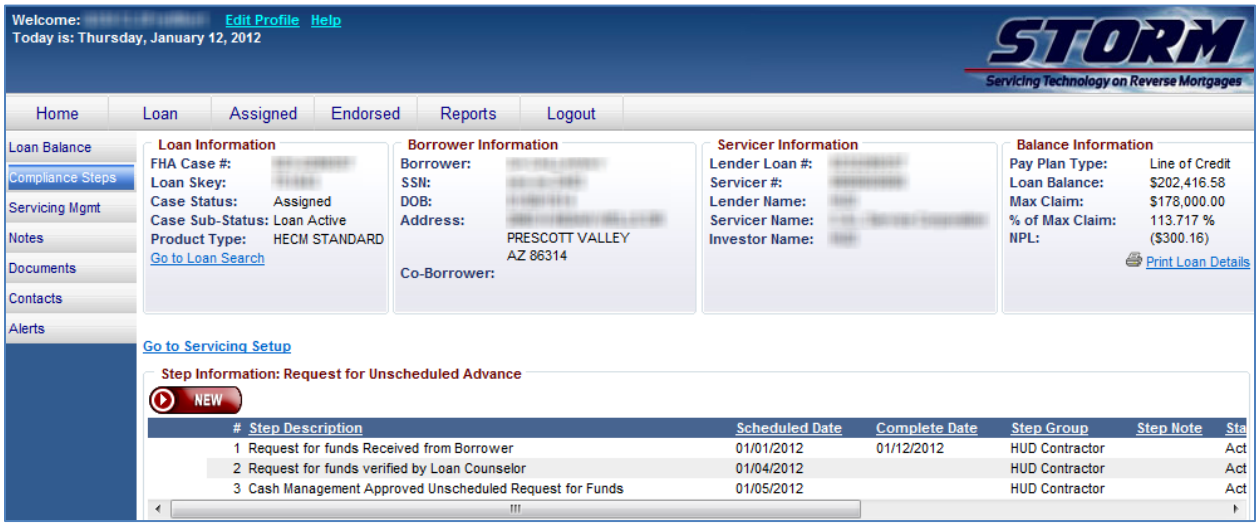

Figure 7-175: Timeline Steps – Assigned Unscheduled Advance

Step 8. Complete the steps in the timeline when activity corresponding to the step is complete.

Step 9. The step **Request for funds Received from Borrower** is pre-populated with the created date of the timeline. This step is auto-completed.

Step 10. To complete remaining steps, Request for funds verified by Loan Counselor and Cash Management Approved Unscheduled Request for Funds, **select** the step, populate the complete date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step** window.

Step 11. To add an optional step (Contacted borrower/POA for further verification or Unable to Verify / Void Request for Funds) click **New**.

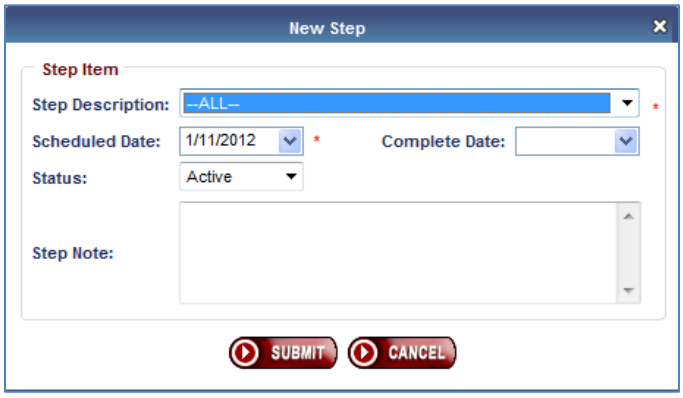

Figure 7-176: New Step - Assigned Unscheduled Advance

Step 12. Select an optional step from the **Step Description** dropdown that needs to be added on the timeline and click **Submit** on the new window. The step will be added to the list of steps.

Step 13. To complete the step, select it and populate the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step** window.

Step 14. Repeat the above instructions to add and complete other optional steps.

To add multiple requests for Unscheduled Advance timelines, repeat the steps above to initiate and complete the timeline as mentioned above for the second timeline.

7.4.1.6 Taxes Delinquent

When the mortgagor defaults on taxes, a HUD NSC Contractor initiates this timeline to track the tax payment. The delinquent notification is sent to the mortgagor requesting the tax payment to avoid the loan becoming due and payable. The system will automatically initiate the timeline if the FARETS file processed includes the corresponding FHA Case #.

It does not require HUD NSC Staff interactions and can be initiated and completed by a HUD NSC Contractor. Multiple active Taxes Delinquent timelines can be initiated on a loan to track multiple delinquencies. The Servicing Management tab can be used to activate or inactivate the timeline and edit inspection information. Once the timeline is inactivated, none of the steps can be edited.

To initiate and complete the **Taxes Delinquent** timeline:

Step 1. From the **Assigned** menu, select **Compliance**, and click **Setup**.

Step 2. On the **Assigned Compliance Setup Search** Screen, enter the loan search criteria and click **Search.**

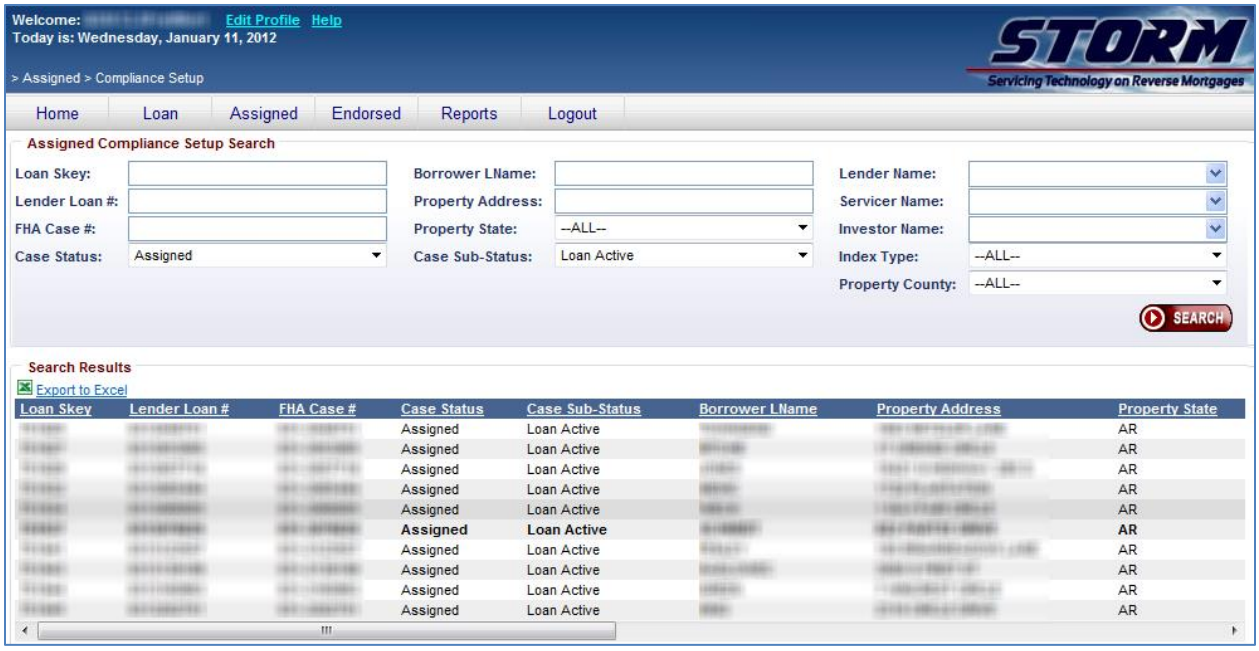

Figure 7-177: Compliance Setup – Assigned Taxes Delinquent

Step 3. From the search results, select a loan to initiate the timeline.

Step 4. From the **Edit Servicing Management** screen, select Taxes Delinquent from the **Servicing Type** dropdown and populate the required fields (marked with an asterisk).

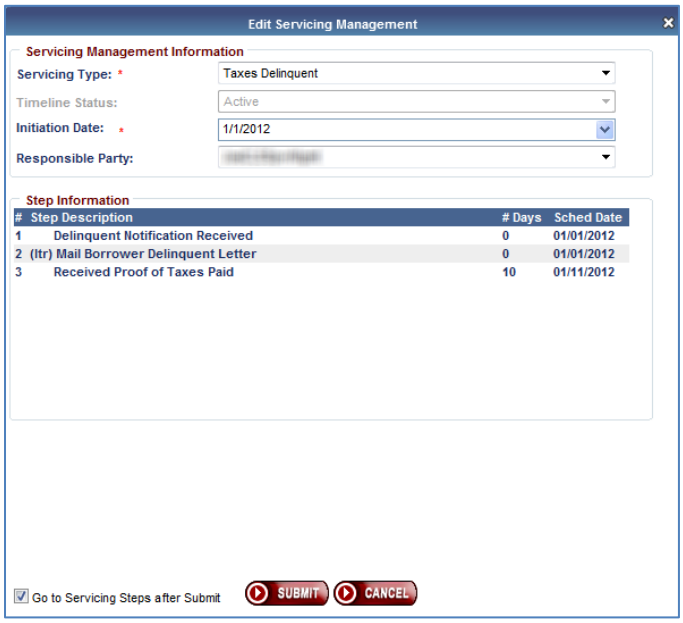

Figure 7-178: Edit Servicing Management – Assigned Taxes Delinquent

Step 5. Click the checkbox beside **Go to Servicing Steps after Submit** (at the bottom of the **Edit Servicing Management** Window).

Step 6. Click **Submit** (If you click **Cancel**, the Assigned Compliance Setup Search Screen will be displayed).

Step 7. The **Compliance Steps** screen for Taxes Delinquent timeline is displayed.

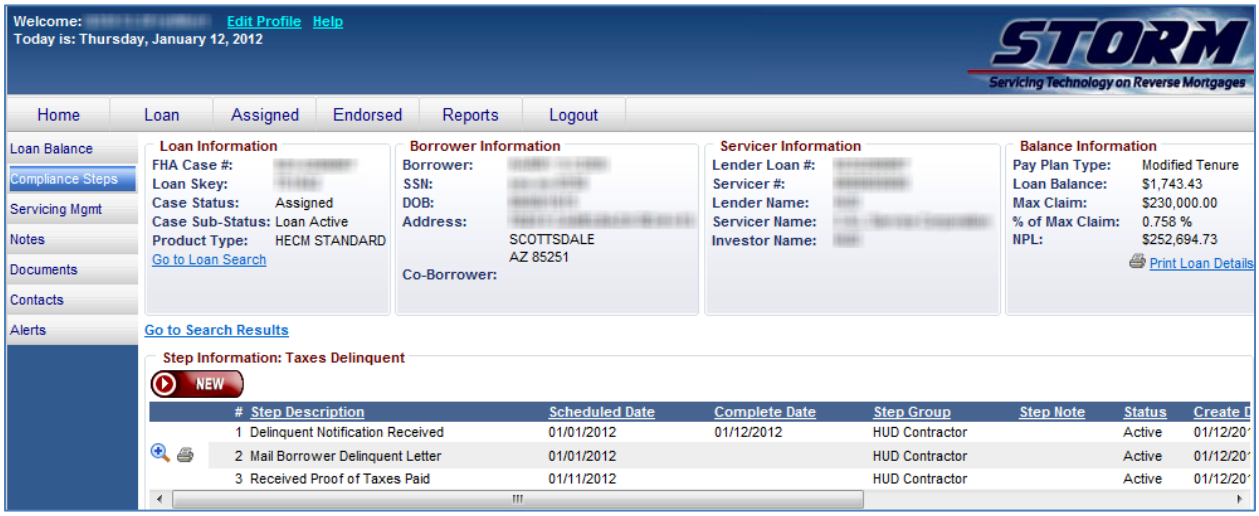

Figure 7-179: Timeline Steps – Assigned Taxes Delinquent

Step 8. The step **Delinquent Notification Received** completion date is pre-populated with the timeline created date. If timeline initiated by the system, this step is completed with the date the FARETS file was processed for the corresponding FHA Case #.

Step 9. To generate the Taxes Delinquent – 10 Day Letter, click the **magnifying glass** beside **Mail Borrower Delinquent Letter** step to preview the letter; the Modify Letter Fields screen is displayed. Edit the subject and salutation and select **OK**. The Taxes Delinquent – 10 Day Letter is displayed.

Step 10. The printer icon beside the step enables the HUD contractor to auto-save the document to the **Documents** tab. Select the **printer icon**; the Modify Letter Fields screen is displayed. Edit the subject and salutation and click **OK**. The Taxes Delinquent – 10 Day Letter is displayed. This action auto-saves the document in the **Documents** tab and auto-completes the step.

Step 11. If proof of taxes paid is received, complete the step **Received Proof of Taxes Paid**. To complete step in the timeline, click the step, populate the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step** window.

Step 12. If authorization received to pay taxes, add the optional step **Authorization Received/Pay Taxes**.

Step 13. To add an optional steps click **New.**

Step 14. Select an optional step from the **Step Description** dropdown that needs to be added on the timeline and click **Submit** on the new screen. The step will be added to the list of step.

Step 15. To complete the step, select the step and populate the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step** window.

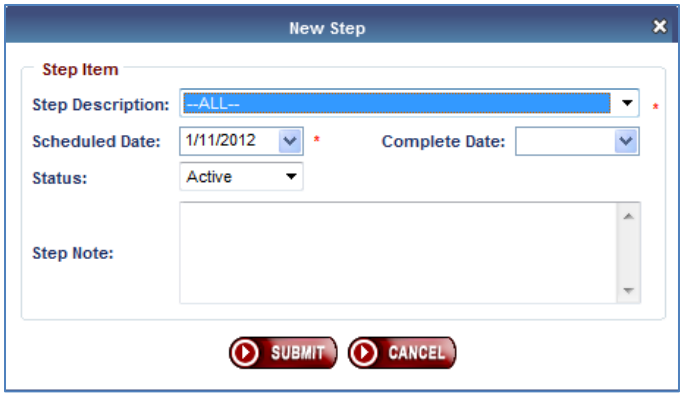

Figure 7-180: New Step- Assigned Taxes Delinquent

Step 16. To pay the taxes, the HUD NSC Contractor must select the Servicing Management tab. On the Servicing Management tab, click **Pay Taxes**. A new screen is displayed with New Tax Disbursement; select the Payee from the dropdown and click **Submit**. A new screen is displayed with **Edit Disbursement**; populate the disbursement amount and click **Submit**. The Disbursements tab is displayed with the new Taxes transaction.

Step 17. To trigger the step, **Mail Letter of Taxes Paid**, the following criteria must be satisfied: The optional step Authorization Received/Pay Taxes must be added on the timeline and completed and the taxes must be paid as explained in the above step.

Step 18. To generate the **Taxes Delinquent/Paid For Borrower** Letter, click on the magnifying glass beside **Mail Letter of Taxes Paid** step to preview the letter, the Modify Letter Fields window is displayed. Edit the Subject and Salutation and select **OK**. The **Taxes Delinquent/Paid For Borrower Letter** is displayed.

Step 19. The printer icon beside the step allows the HUD Contractor to auto-save the document to the **Documents** tab. Select the **printer icon,** the Modify Letter Fields screen is displayed. Edit the Subject and Salutation and select **OK**. The **Taxes Delinquent/Paid For Borrower Letter** is displayed. This action auto-saves the document in the Documents tab and auto-completes the step.

Step 20. Repeat the above instructions to add and complete other optional steps.

Step 21. To add multiple Taxes Delinquent timelines, repeat the steps above to initiate and complete the timeline as mentioned above for the second timeline.

7.4.2 Disposition Timelines

7.4.2.1 Due and Payable

The Due & Payable timeline is initiated by a HUD NSC Contractor to record the Due and Payable event. The HUD NSC Contractor does not need HUD NSC staff approval on this timeline.

When a HUD NSC Contractor populates the death date of last surviving mortgagor on the Contact Screen, the system automatically initiates the Due & Payable timeline with the default reason of Death. For all other default reasons, a HUD NSC Contractor must manually initiate the timeline.

When this timeline is initiated, the case sub-status is updated to Due and Payable. If the timeline is inactivated, the case sub-status is updated accordingly.

Multiple active Due & Payable timelines cannot be initiated on a loan. The Servicing Management tab can be used to activate or inactivate the timeline and update the default date and default reason (other than Death). Once the timeline is inactivated, none of the steps can be edited.

To initiate and complete the **Due & Payable** timeline with a default reason of Death:

Step 1. Select the **Loan** menu option on the header.

Step 2. On the **Loan Search** Screen, enter the search criteria and click **Search**.

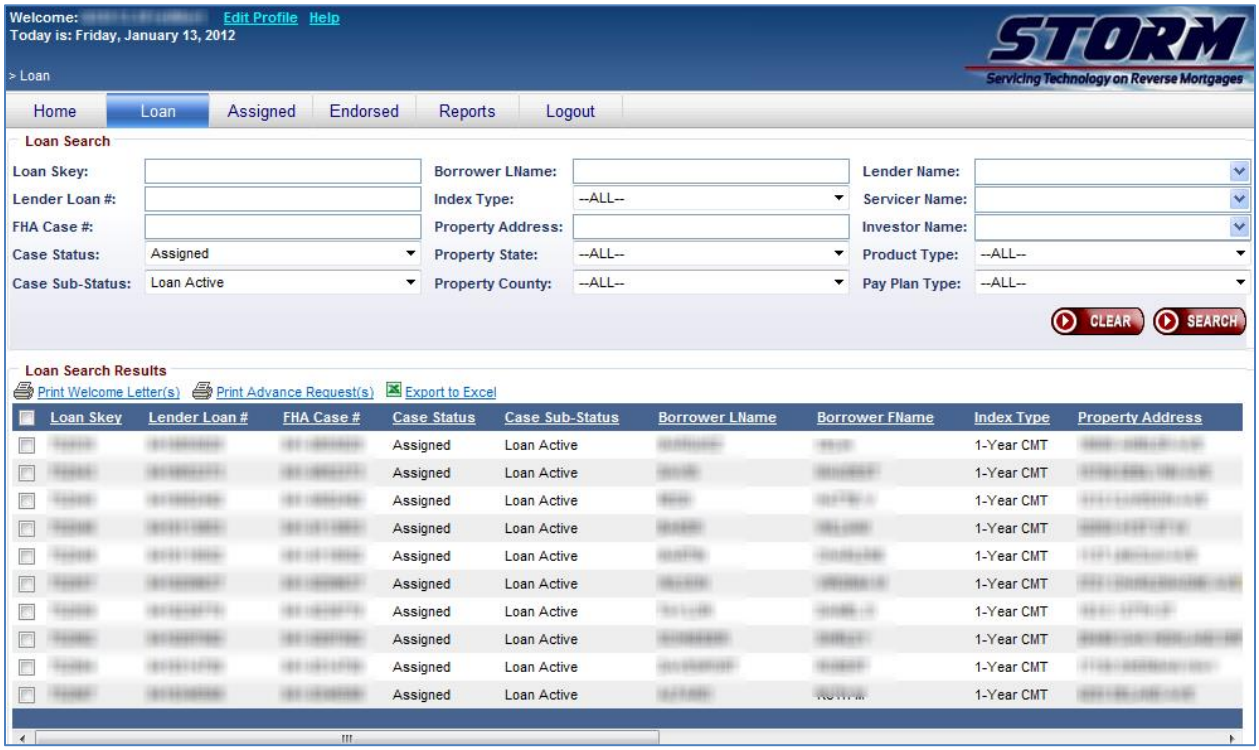

Figure 7-181: Loan Search – Assigned Due and Payable

Step 3. From the search results, select a loan.

Step 4. The **Loan Balance** screen is displayed.

Step 5. Select the **Contacts** tab.

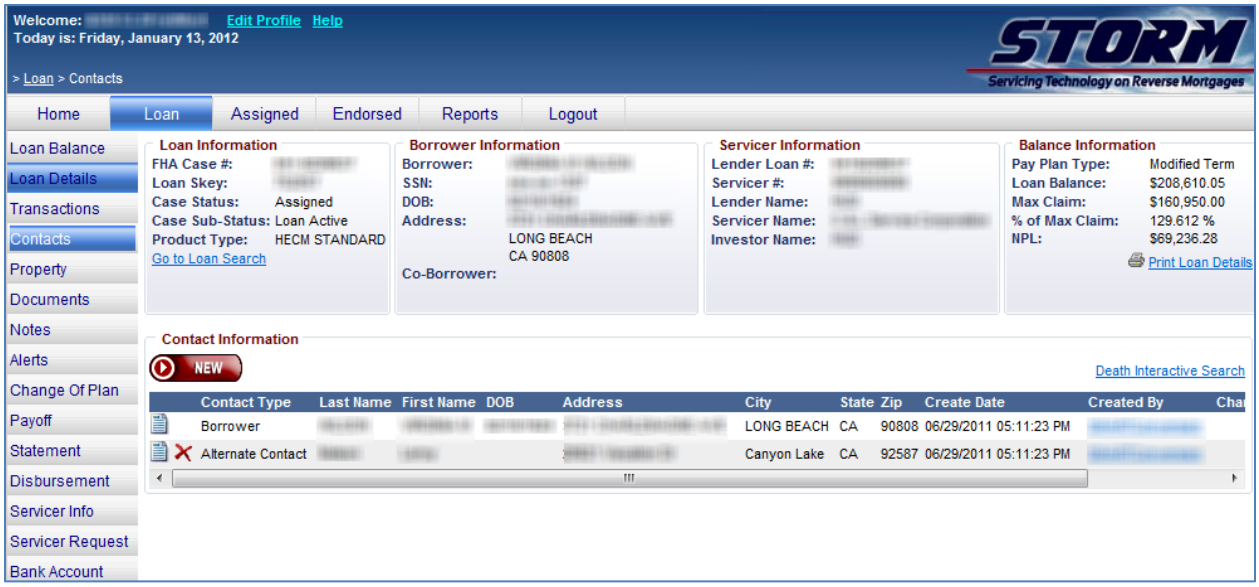

Figure 7-182: Contact Information - Assigned Due and Payable

Step 6. Select the **Document** icon beside the last surviving borrower contact name.

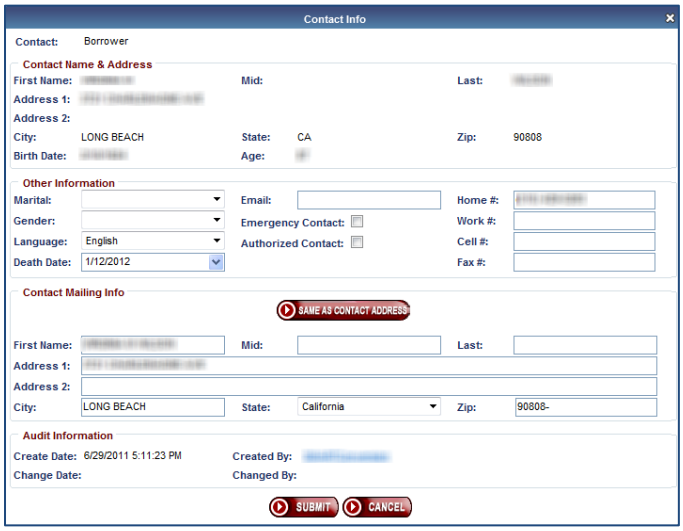

Figure 7-183: Contact Information – Assigned Due and Payable

Step 7. Populate the Death Date on the contact information screen and click **Submit**. The case sub-status is updated to Due and Payable. The system will automatically initiate the **Due and Payable** timeline for this loan.

Step 8. From the **Assigned** menu, select **Disposition** and click **Search**.

Step 9. On the **Assigned Disposition** Search Screen, enter the search criteria, select Servicing Type to Due and Payable and click **Submit** to retrieve the timeline that has been auto-initiated by the system.

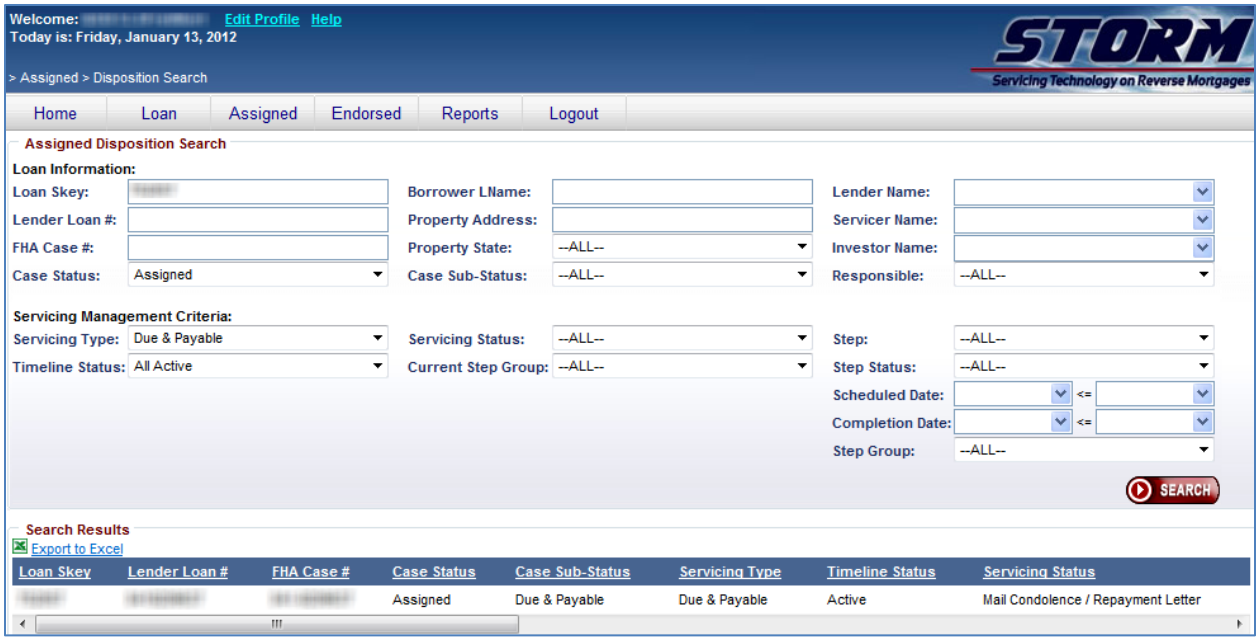

Figure 7-184: Disposition Search – Assigned Due and Payable

Step 10. Select the loan to view or edit the timeline.

Step 11. The **Disposition Steps** screen for Due and Payable timeline is displayed.

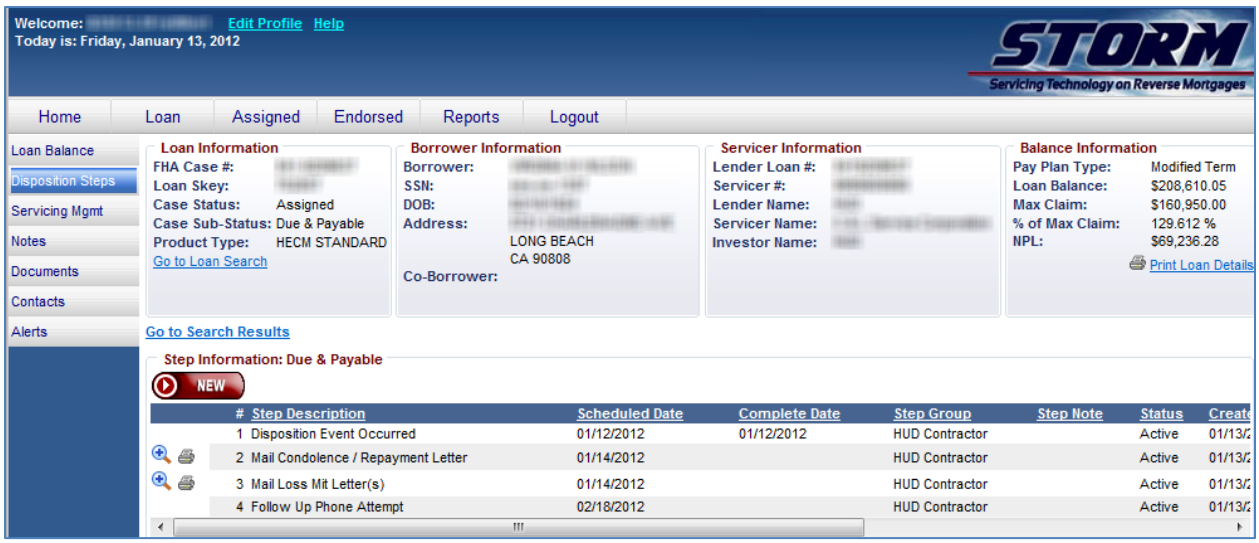

Figure 7-185: Timeline Steps – Assigned Due & Payable

Step 12. The step **Disposition Even Occurred** completion date is pre-populated with the Death Date.

Step 13. To generate the Condolence Letter, click the magnifying glass beside the **Mail Condolence / Repayment Letter** step to preview the letter; the Modify Letter Fields screen is displayed. Edit the subject and salutation and select **OK**. The Condolence Letter is displayed.

Step 14. The printer icon beside the step enables the HUD contractor to auto-save the document to the **Documents** tab. Select the **printer icon**; the Modify Letter Fields

screen is displayed. Edit the subject and salutation and select **OK**. The **Condolence Letter** is displayed. This action auto-saves the document in the **Documents** tab and auto-completes the step.

Step 15. To generate the **Loss Mitigation** letter, click the **magnifying glass** beside the **Mail Loss Mit Letter(s)** step to preview the letter; the Loss Mitigation letter is displayed. The printer icon beside the step enables the HUD contractor to auto-save the document to the **Documents** tab.

Step 16. Select the printer icon; the **Loss Mitigation letter** is displayed. This action auto-saves the document in the **Documents** tab and auto-completes the step.

Step 17. Complete the steps in the timeline when the activity corresponding to the step is complete. To complete any step in the timeline, click the step, for example, step **Follow Up Phone Attempt.**

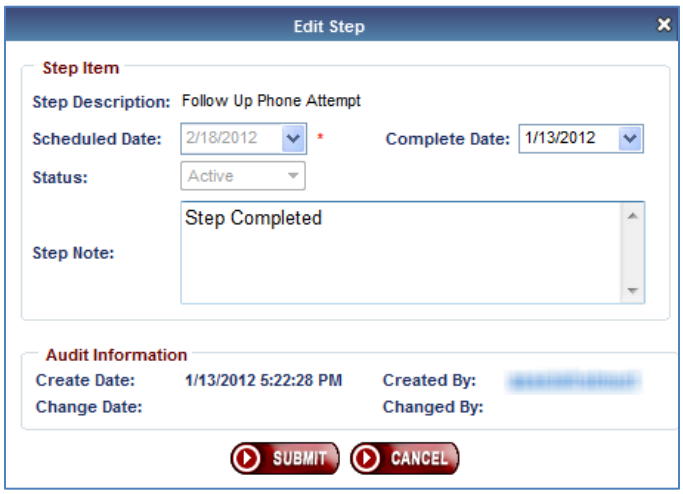

Figure 7-186: Edit Step – Assigned Due and Payable

Step 18. Populate the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step** window.

Step 19. The completion date is populated beside the step **Follow Up Phone Attempt** on the **Disposition Steps** screen.

Step 20. To add an optional step, click **New.**

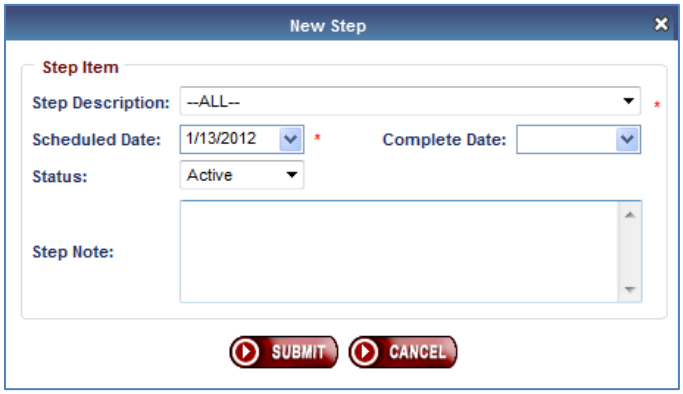

Figure 7-187: New Step for Due and Payable

Step 21. Select an optional step from the **Step Description** dropdown that needs to be added on the timeline and click **Submit** on the new window. The step will be added to the list of steps.

Step 22. To complete the step, select the step and populate the completion date, add a note in the Notes field if applicable, click **Submit** on the **Edit Step window**.

Step 23. Repeat the above instructions to add and complete other optional steps.

To initiate and complete the Due & Payable timeline – default reason other than death:

Step 1. From the **Assigned** menu, select **Disposition**, and click **Setup**.

Step 2. On the Assigned **Disposition Setup Search** Screen, enter the loan search criteria and click **Search.**

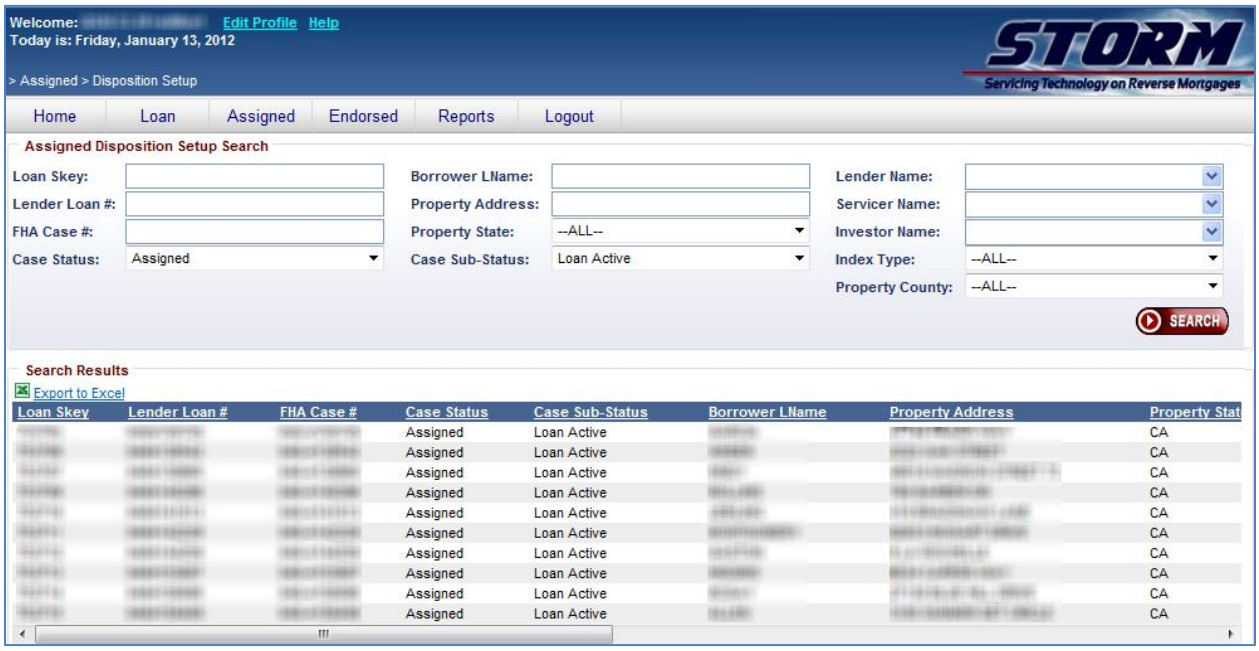

Figure 7-188: Disposition Setup Search – Assigned Due and Payable

Step 3. From the search results, select a loan to initiate the timeline.

Step 4. On the **Edit Servicing Management** Screen, select Due & Payable from the **Servicing Type** dropdown and populate the required fields (marked with an asterisk).

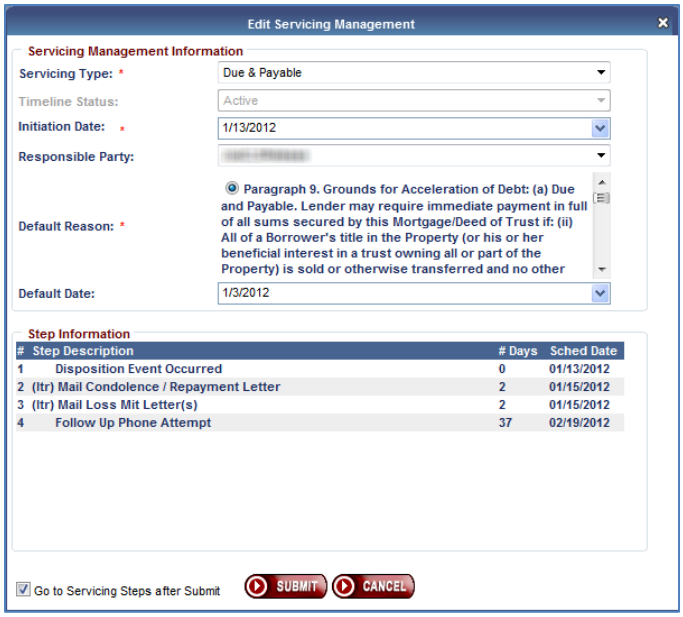

Figure 7-189: Edit Servicing Management - Assigned Due and Payable

Step 5. Click the Checkbox beside **Go to Servicing Steps after Submit** (at the bottom of the **Edit Servicing Management** Window).

Step 6. Click **Submit** (If you click **Cancel**, the Assigned Disposition Setup Search Screen will be displayed).

Step 7. The **Disposition Steps** screen for Due & Payable timeline is displayed.

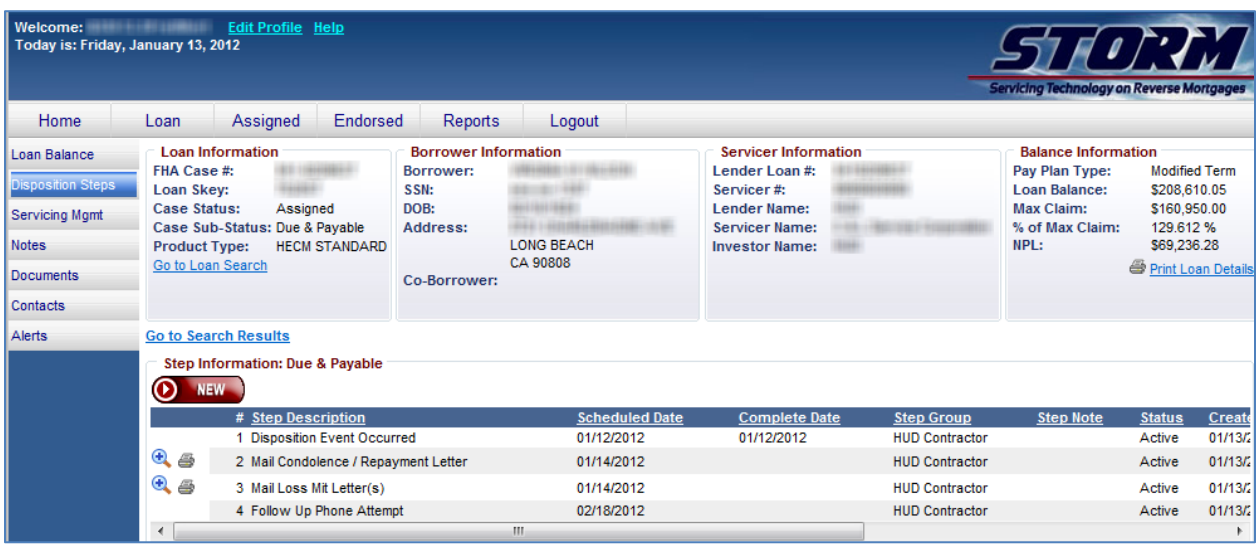

Figure 7-190: Timeline Steps – Assigned Due and Payable

Step 8. The step **Disposition Even Occurred** completion date is pre-populated with the timeline created date.

Step 9. To generate the Repayment Letter, click the magnifying glass beside **Mail Condolence / Repayment Letter** step to preview the letter; the Modify Letter Fields screen is displayed. Edit the subject and salutation and select **OK**. The Repayment Letter is displayed.

Step 10. The printer icon beside the step enables the HUD contractor to auto-save the document to the **Documents** tab. Select the **printer icon**; the Modify Letter Fields screen is displayed. Edit the subject and salutation and click **OK**. The **Repayment Letter** is displayed. This action auto-saves the document in the **Documents** tab and auto-completes the step.

Step 11. To generate the Loss Mitigation letter, click the **magnifying glass** beside the **Mail Loss Mit Letter(s)** step to preview the letter; the Loss Mitigation letter is displayed.

Step 12. The printer icon beside the step enables the HUD contractor to auto-save the document to the **Documents** tab. Select the **printer icon**, the Loss Mitigation letter is displayed. This action auto-saves the document in the Documents tab and auto-completes the step.

Step 13. Complete the steps in the timeline when the corresponding activity tied to the step is complete. To complete any step in the timeline, click the step, for example, step **Follow Up Phone Attempt.**

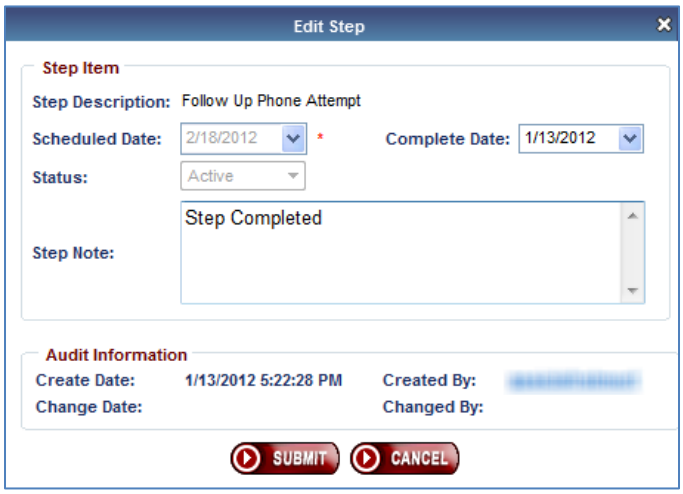

Figure 7-191: Edit Step – Assigned Due and Payable

Step 14. Populate the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step** window.

Step 15. The completion date is populated beside the step **Follow Up Phone Attempt** on the **Disposition Steps** screen.

Step 16. To add an optional step click **New.**

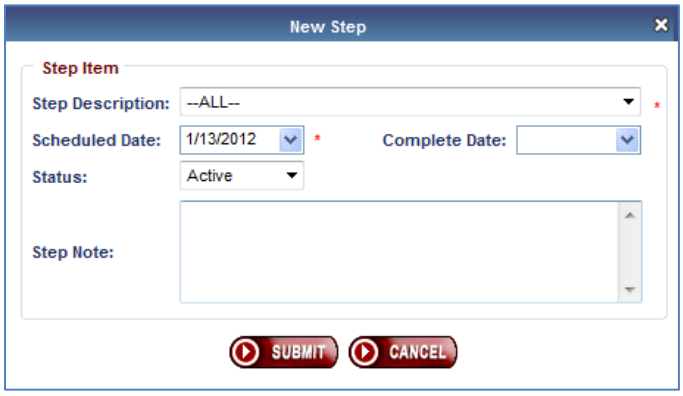

Figure 7-192: New Step – Assigned Due and Payable

Step 17. Select an optional step from the **Step Description** dropdown that needs to be added on the timeline and click **Submit** on the new window. The step will be added to the list of steps.

Step 18. To complete the step, select the step and populate the completion date, add a note in the notes field if applicable, click **Submit** on the **Edit Step window**.

Step 19. Repeat the above instructions to add and complete other optional steps

7.4.2.2 Loss Mitigation - Deed-in-Lieu

A HUD NSC Contractor initiates a Loss Mitigation – Deed-in-Lieu (DIL) timeline when a mortgagor is willing to surrender the property to the mortgagee (HUD) and to be released from the mortgage obligations. This timeline is initiated and completed by a HUD NSC Contractor to track the Deed-in-Lieu process; it does not require HUD NSC Staff interaction. Upon initiation of this timeline, the case sub-status is updated to DIL. If the timeline is inactivated, the case sub-status is updated accordingly.

Multiple active Loss Mitigation–Deed-in-Lieu timelines cannot be initiated on a loan. The Servicing Management tab can be used to activate or inactivate the timeline and update the attorney information. Once the timeline is inactivated, none of the steps can be edited.

To initiate and complete the **Loss Mitigation – Deed-in-Lieu** timeline:

Step 1. From the **Assigned** menu, select Disposition, under **Disposition**, and click **Setup**.

Step 2. On the Assigned **Disposition Setup Search** Screen, enter the loan search criteria and click **Search.**

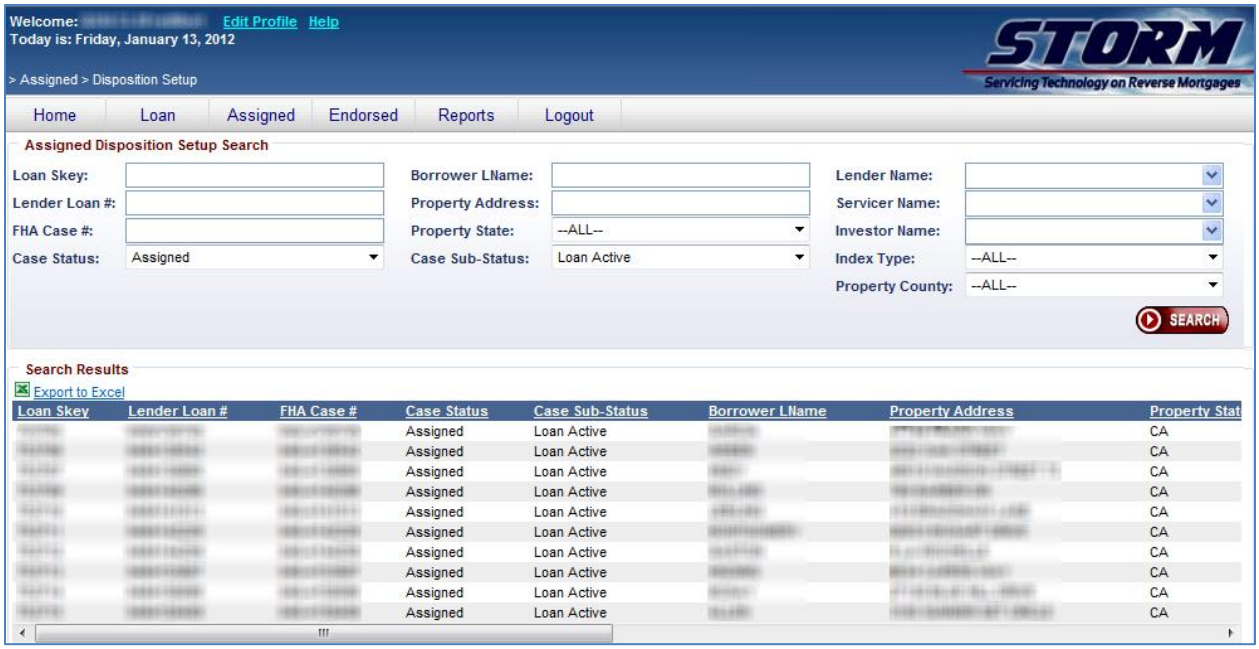

Figure 7-193: Disposition Search for Loss Mitigation Deed-In-Lieu

Step 3. From the search results, select a loan to initiate the timeline.

Step 4. On the **Edit Servicing Management** screen, select Loss Mitigation – Deed-in-Lieu from the **Servicing Type** dropdown and populate the required fields (marked with an asterisk).

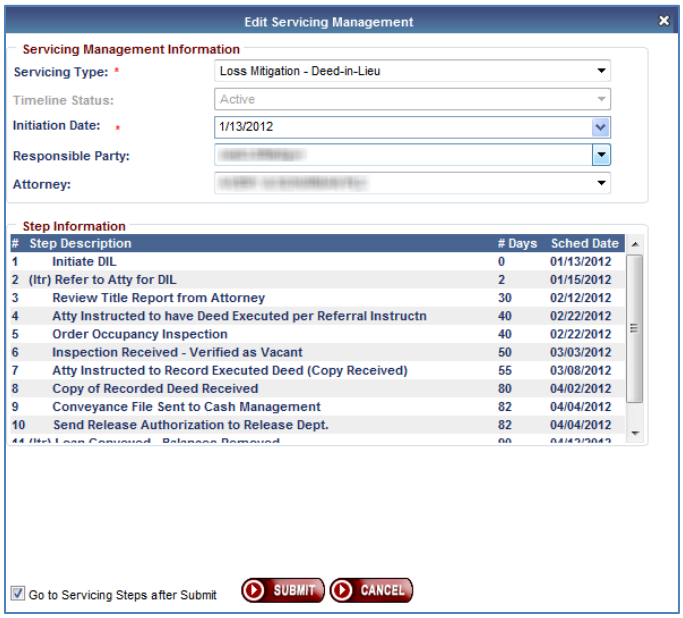

Figure 7-194: Edit Servicing Management – Assigned Loss Mitigation DIL

Step 5. Click the checkbox beside **Go to Servicing Steps after Submit** (at the bottom of the **Edit Servicing Management** window).

Step 6. Click **Submit** (If you click **Cancel,** the Assigned Disposition Setup Search Screen will be displayed).

Step 7. The **Disposition Steps** screen for Loss Mitigation – Deed-in-Lieu timeline is displayed.

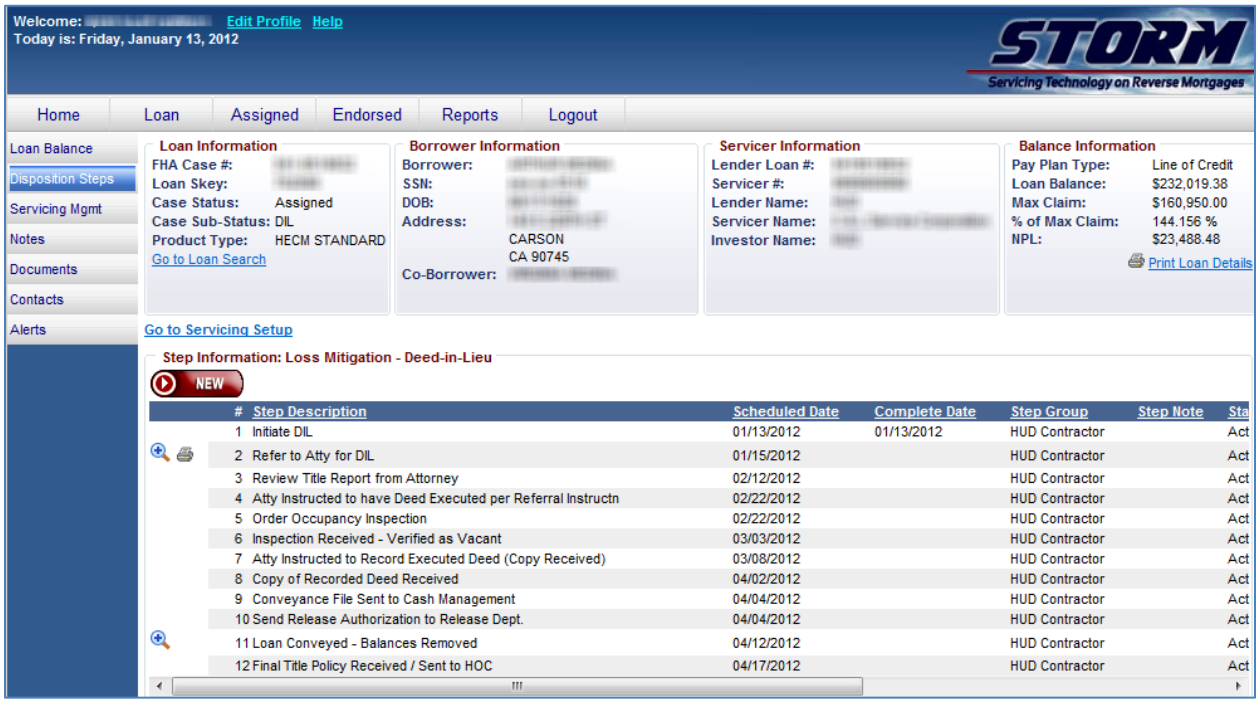

Figure 7-195: Timeline Steps – Assigned Loss Mitigation DIL

Step 8. The step **Initiate DIL** completion date is pre-populated with the timeline created date.

Step 9. To generate the Deed-In-Lieu Attorney Referral Letter, click the magnifying glass beside the **Mail Condolence / Repayment Letter** step to preview the letter, the Modify Letter Fields screen is displayed. Edit the subject and salutation and select **OK**. The Deed-In-Lieu Attorney Referral Letter is displayed.

Step 10. The printer icon beside the step enables the HUD contractor to auto-save the document to the **Documents** tab. Select the **printer icon**; the Modify Letter Fields screen is displayed. Edit the subject and salutation and click **OK**. The **Deed-In-Lieu Attorney Referral Letter** is displayed. This action auto-saves the document in the **Documents** tab and auto-completes the step.

Step 11. Complete the steps in the timeline when the activity corresponding to the step is complete. To complete any step in the timeline, click the step (For example, step **Review Title Report from Attorney).**

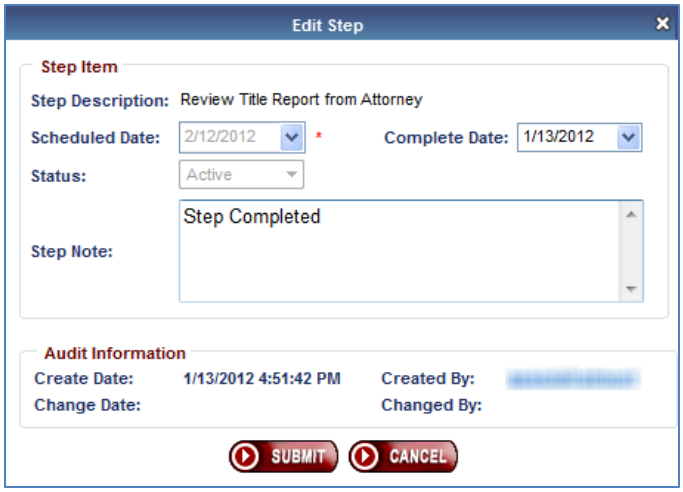

Figure 7-196: Edit Step – Assigned Loss Mitigation DIL

Step 12. Populate the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step** window.

Step 13. The **completion date** is populated beside the step Review Title Report from Attorney on the **Disposition Steps** screen.

Step 14. Repeat the steps above to complete the other remaining steps.

Step 15. To generate the Loan Removal and Conveyance sheet, click the **magnifying glass** beside Loan Conveyed - Balances Removed step to update and print the Loan Removal and Conveyance sheet.

Step 16. A new screen is displayed with the **Loan Removal and Conveyance** sheet with options to review and print document. Update the sheet and once the changes have been made, select the Preview Document link to view the updated document.

Step 17. To auto-save the changes made to the document select the Print Document link. Select Open on the File Download pop-up window. This action will save the updated **Loan Removal and Conveyance** sheet to the Documents tab. Refresh the screen to auto-complete the step.

Step 18. To add an optional step, click **New.**

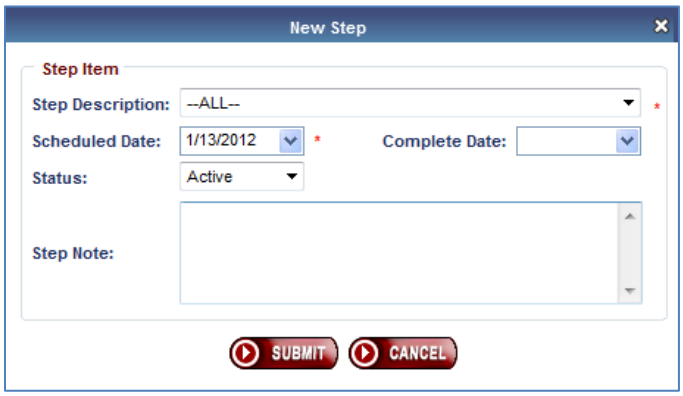

Figure 7-197: New Step – Assigned Loss Mitigation DIL

Step 19. Select an optional step from the **Step Description** dropdown that needs to be added on the timeline and click **Submit** on the new window. The step will be added to the list of steps.

Step 20. To complete the step, select the step and populate the completion date, add a note in the Notes field if applicable, click **Submit** on the **Edit Step window**.

Step 21. Repeat the above instructions to add and complete other optional steps.

7.4.2.3 Loss Mitigation – Family Sale Pending

The HUD NSC Contractor initiates this timeline to track the status on a pending family sale effort and to complete the process to terminate the loan.

This timeline is initiated and completed by a HUD NSC Contractor; it does not require HUD NSC staff interactions. When this timeline is initiated, the case sub-status is updated to Family Sale Pending. If the timeline is inactivated, the case sub-status is updated accordingly.

Multiple active Loss Mitigation–Family Sale Pending timelines cannot be initiated on a loan. The Servicing Management tab can be used to activate or inactivate the timeline. Once the timeline is inactivated, none of the steps can be edited.

To initiate and complete the **Loss Mitigation – Family Sale Pending** timeline:

Step 1. On the **Assigned** menu, select **Disposition**, and click **Setup**.

Step 2. On the **Assigned Disposition Setup Search** Screen, enter the loan search criteria and click **Search.**

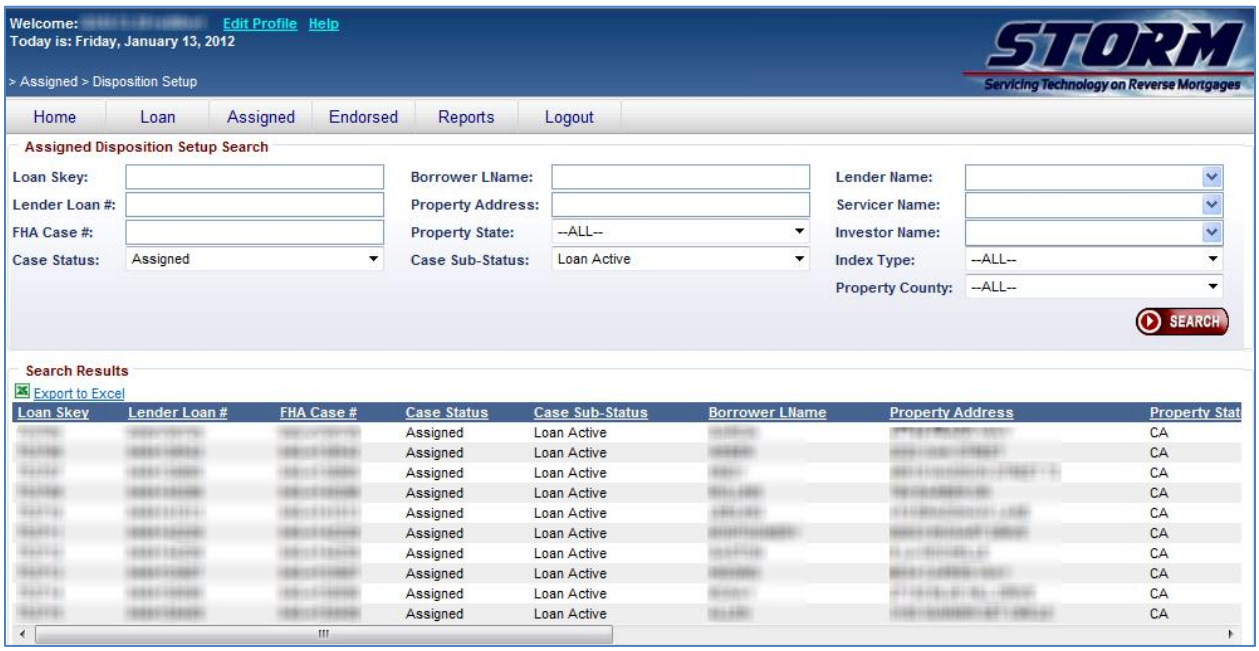

Figure 7-198: Disposition Setup Search – Assigned Family Sale Pending

Step 3. From the search results, select loan to initiate the timeline.

Step 4. On the **Edit Servicing Management** Screen, select Loss Mitigation – Family Sale Pending from the **Servicing Type** dropdown and populate the required fields (marked with an asterisk).

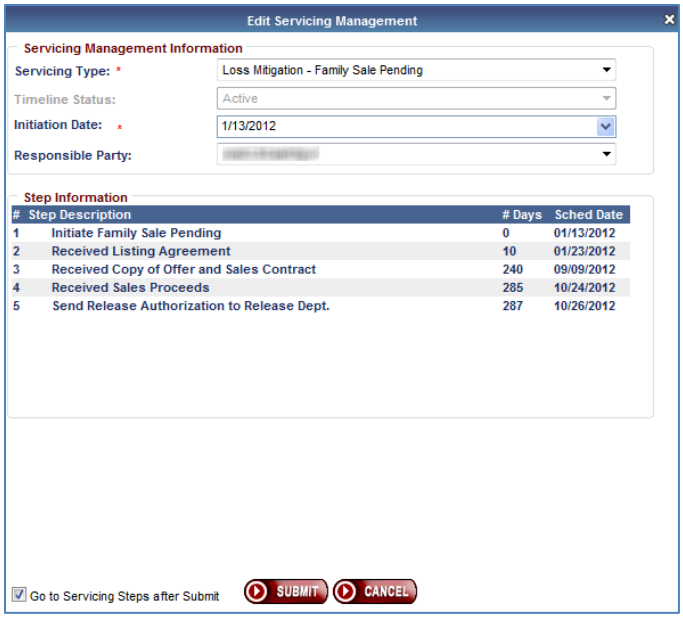

Figure 7-199: Edit Servicing Management – Assigned Family Sale Pending

Step 5. Click the checkbox beside **Go to Servicing Steps after Submit** (at the bottom of the **Edit Servicing Management** Window).

Step 6. Click **Submit** (Note: If you click Cancel, the Assigned Disposition Setup Search Screen will be displayed).

Step 7. The **Disposition Steps** screen for Loss Mitigation – Family Sale Pending timeline is displayed.

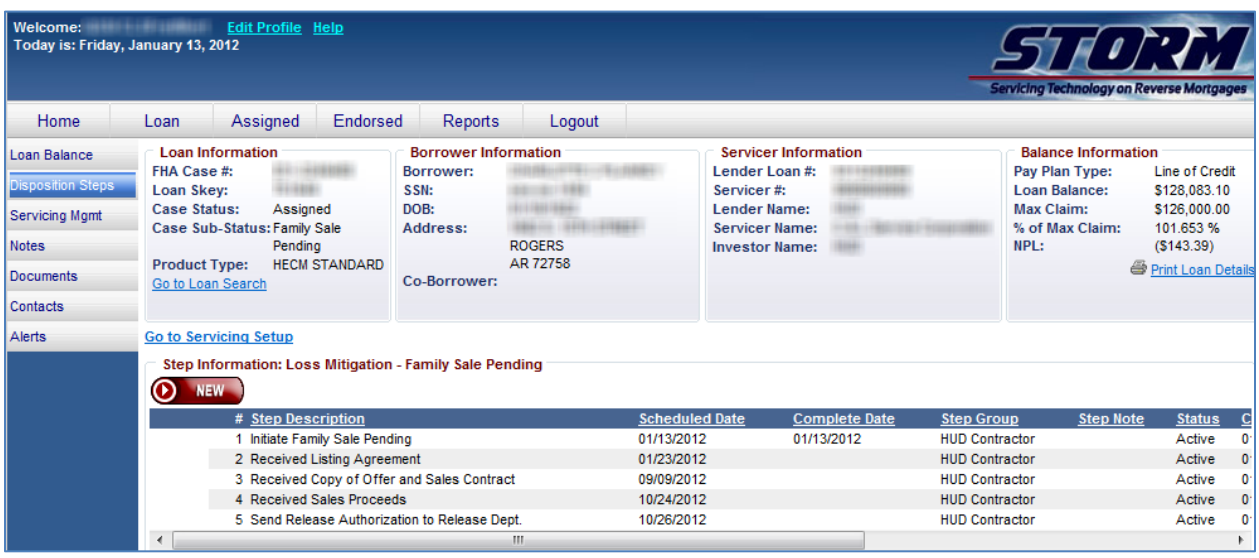

Figure 7-200: Timeline Steps – Assigned Loss Mitigation Family Sale Pending

Step 8. The step **Initiate Family Sale Pending** completion date is pre-populated with the timeline created date.

Step 9. Complete the steps in the timeline when the corresponding activity tied to the step is complete. To complete any step in the timeline, click the step. For example step **Received Listing Agreement**.

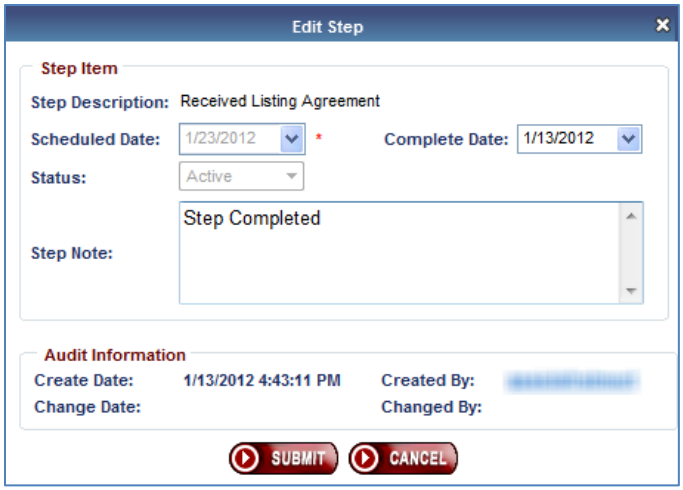

Figure 7-201: Edit Step – Assigned Family Sale Pending

Step 10. Populate the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step** window.

Step 11. The completion date is populated beside the step Received Listing Agreement on the **Disposition Steps** screen.

Step 12. To trigger the step **Follow up for Status of Sales Effort**, the following criteria must be satisfied:

- Less than 8 months since step Initiate Family Sale Pending was completed
- 30 or more days passed since optional step Follow Up was completed
- Step Received Sales Proceeds has not been completed

Step 13. Complete **Follow up for Status of Sales Effort** step.

Step 14. To add an optional step, click **New**.

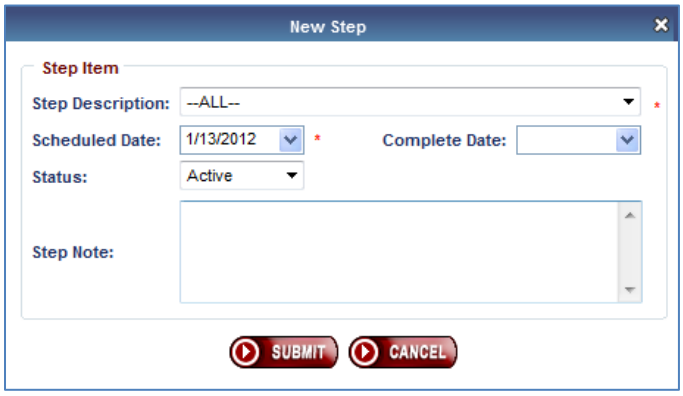

Figure 7-202: New Step – Assigned Family Sale Pending

Step 15. Select an optional step from the **Step Description** dropdown that needs to be added on the timeline and click **Submit** on the new screen. The step will be added to the list of steps.

Step 16. To complete the step, select the step and populate the completion date, add a note in the Notes field if applicable, click **Submit** on the **Edit Step** window.

Step 17. Repeat the above instructions to add and complete other optional steps.

7.4.2.4 Loss Mitigation – Short Sale

This timeline is initiated by a HUD NSC Contractor to track a short sale on a HECM loan. A short sale is when a HECM loan is sold by the mortgagor for less than the payoff amount or less than the appraised value of the property.

If the loan is Due & Payable the property must sell for no less than a certain threshold percentage of the appraised value as established by HUD. If the loan is not Due & Payable then the sale price of the property must be the appraised value. This timeline is initiated and completed by a HUD NSC Contractor; this timeline **requires** HUD NSC Staff interaction. Upon initiation of this timeline, the case sub-status is updated to Short Sale Initiated. If the timeline is inactivated, the case sub-status is updated accordingly.

Multiple active Loss Mitigation–Short Sale timelines cannot be initiated on a loan. The Servicing Management tab can be used to activate or inactivate the timeline and edit the short sale information. Once the timeline is inactivated, none of the steps can be edited.

To initiate and complete the **Loss Mitigation – Short Sale** timeline:

Step 1. From the **Assigned** menu, select **Disposition** and click **Setup**.

Step 2. On the **Assigned Disposition Setup Search** Screen, enter the loan search criteria and click **Search.**

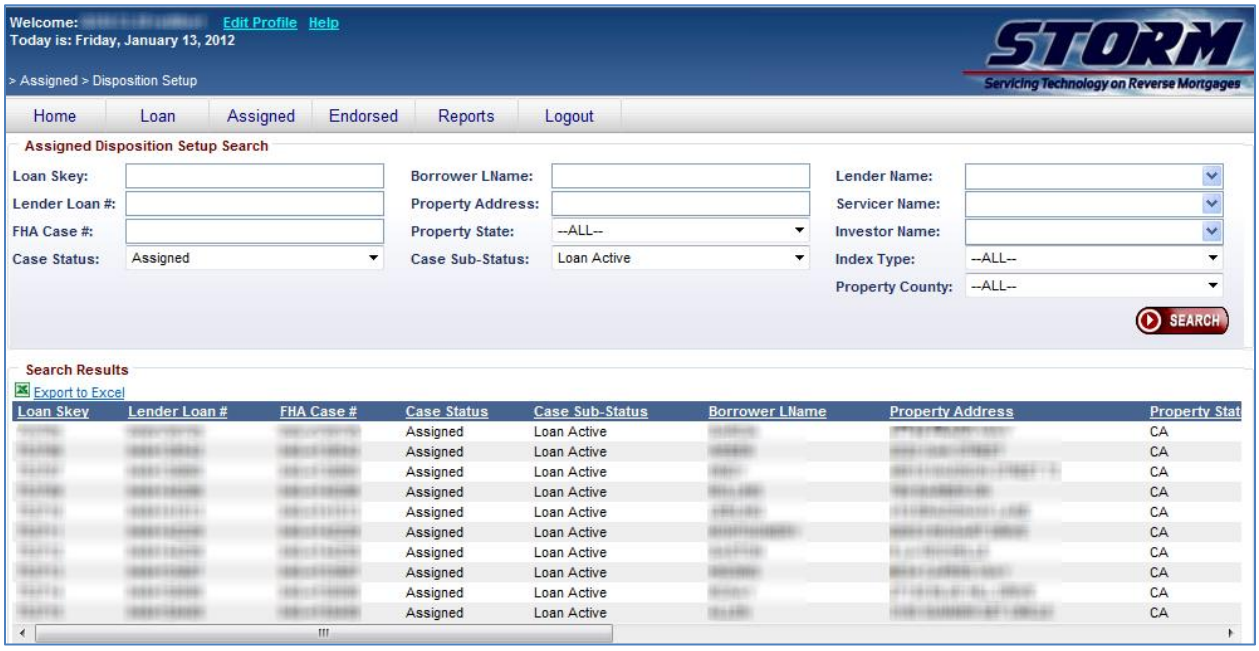

Figure 7-203: Disposition Setup Search – Assigned Short Sale

Step 3. From the search results, select a loan to initiate the timeline.

Step 4. On the **Edit Servicing Management** Screen, select Loss Mitigation – Short Sale from the **Servicing Type** dropdown and populate the required fields (marked with an asterisk). The short sale information can be edited on the **Servicing Management** tab after the initiation of a timeline.

Figure 7-204: Edit Servicing Management – Assigned Short Sale

Step 5. Click the Checkbox beside **Go to Servicing Steps after Submit** (at the bottom of the **Edit Servicing Management** Screen).

Step 6. Click **Submit** (Note: If you click Cancel, the Assigned Disposition Setup Search Screen will be displayed).

Step 7. The **Disposition Steps** screen for Loss Mitigation – Short Sale timeline is displayed.

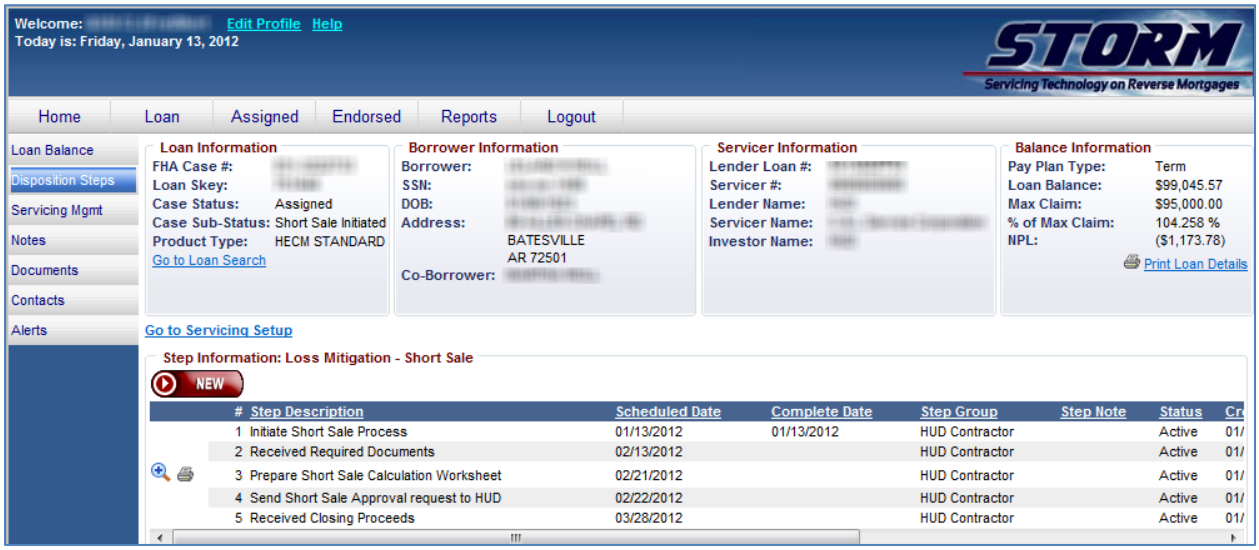

Figure 7-205: Timeline Steps – Assigned Loss Mitigation Short Sale

Step 8. The step Initiate Short Sale Process completion date is pre-populated with the timeline created date.

Step 9. Complete the steps in the timeline when the corresponding activity tied to the step is complete. To complete any step in the timeline, click the step. For example step **Received Required Documents**.

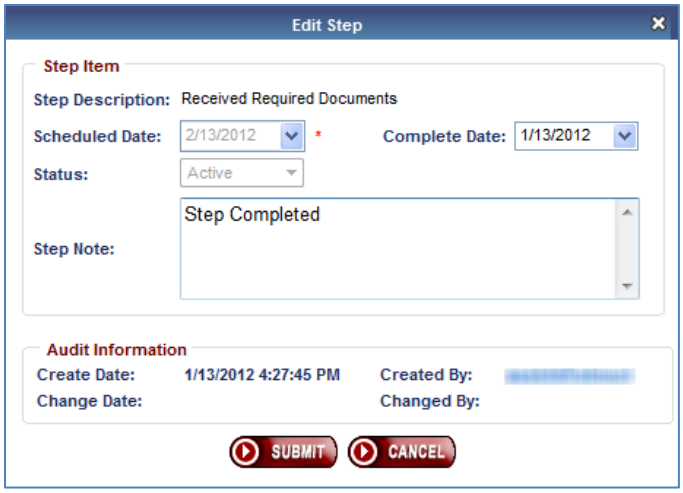

Figure 7-206: Edit Step - Assigned Short Sale

Step 10. Populate the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step** window.

Step 11. The completion date is populated beside the step **Received Required Documents** on the **Disposition Steps** screen.

Step 12. To generate the **Short Sale Calculation** worksheet, click the **magnifying glass** beside Prepare Short Sale Calculation Worksheet step to update and print the Short sale calculation worksheet.

Step 13. A new window is displayed with the **Short sale calculation** worksheet with options to update calculations, Preview and Print Worksheet. Update the calculation worksheet as needed.

Step 14. Once the changes have been made, select the Preview Worksheet link to view the updated document. To auto-save the changes made to the document select the Print Worksheet link. Select **Open** on the File Download pop-up window. This action will save the updated Short sale calculation worksheet to the Documents tab. **Refresh** the screen to auto-complete the step.

Step 15. Repeat the steps above to complete the other remaining steps.

Step 16. To add an optional step Short Sale Pending Additional Documentation, click **New.**

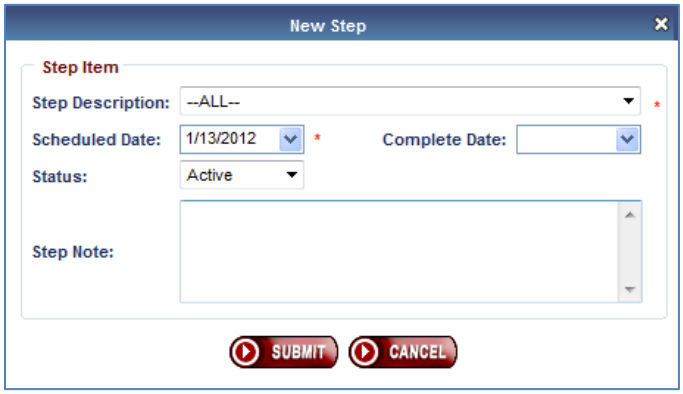

Figure 7-207: New Step for Short Sale

Step 17. Select the optional step from the **Step Description** dropdown click **Submit** on the new window. The step will be added to the list of steps.

Step 18. To generate the **Short Sale Pending Letter**, click the **magnifying glass** beside Short Sale Pending Additional Documentation step to update and print the Short sale Pending Letter. A new screen is displayed with the **Short Sale Pending Letter** with options to preview or print the document.

Step 19. Update the sheet and once the changes have been made, select the Preview Document link to view the updated document. To auto-save the changes made to the document select the Print Document link. Click **Open** on the File Download pop-up screen. This action will save the updated Short sale Pending Letter to the Documents tab. **Refresh** the screen to auto-complete the step.

Step 20. **HUD NSC Staff:** Only the step group HUD can add the optional steps **Short Sale Approved** by HUD or Short Sale Denied by HUD. To add and complete the step, click **New**.

Step 21. Select the optional step from the **Step Description** dropdown and click **Submit** on the new screen. The step will be added to the list of steps.

Step 22. To complete the step, select the step and populate the completion date, add a note in the Notes field if applicable, click **Submit** on the **Edit Step** window.

Step 23. The next step will be performed by HUD NSC Contractor if the short sale was approved by HUD.

Step 24. The HUD NSC Contractor will add the optional step **Send Short Sale Approval Letter**. Click **New**, select the optional step from the step description dropdown, and click **Submit** on the new screen. The step will be added to the list of steps.

Step 25. To generate the **Short Sale Approval Letter**, click the **magnifying glass** beside Send Short Sale Approval Letter step to update and print the **Short Sale Approval Letter**. A new screen is displayed with the Short Sale Approval Letter with options to Preview and Print Document.

Step 26. Update the sheet and once the changes have been made, select the **Preview Document** link to view the updated document. To auto-save the changes made to the document select the Print Document link. Select Open on the File Download pop-up screen. This action will save the updated **Short Sale Approval Letter** to the **Documents** tab. Refresh the screen to auto-complete the step.

7.4.2.5 Loss Mitigation – Pre-Foreclosure

If the mortgagor's loan becomes due and payable, the HUD NSC Contractor initiates this timeline to track pre-foreclosure activities until the loan is referred for Foreclosure. This timeline is initiated and completed by a HUD NSC Contractor and **requires** HUD NSC Staff approval. When this timeline is initiated, the case sub-status is updated to Loss Mit/Pre FCL. If the timeline is inactivated, the case sub-status is updated accordingly.

Multiple active Loss Mitigation – Pre-Foreclosure timelines cannot be initiated on a loan. The Servicing Management tab can be used to activate or inactivate the timeline and edit the attorney and default reason. Once the timeline is inactivated, none of the steps can be edited.

To initiate and complete the **Loss Mitigation – Pre-foreclosure** timeline:

7.4.2.5.1 Initiate Timeline – HUD NSC Contractor Activities

The HUD NSC Contractor must perform the following steps to initiate the timeline:

Step 1. From **Assigned** menu, select **Disposition**, and click **Setup**.

Step 2. On the **Assigned Disposition Setup Search Screen**, enter the loan search criteria and click **Search.**

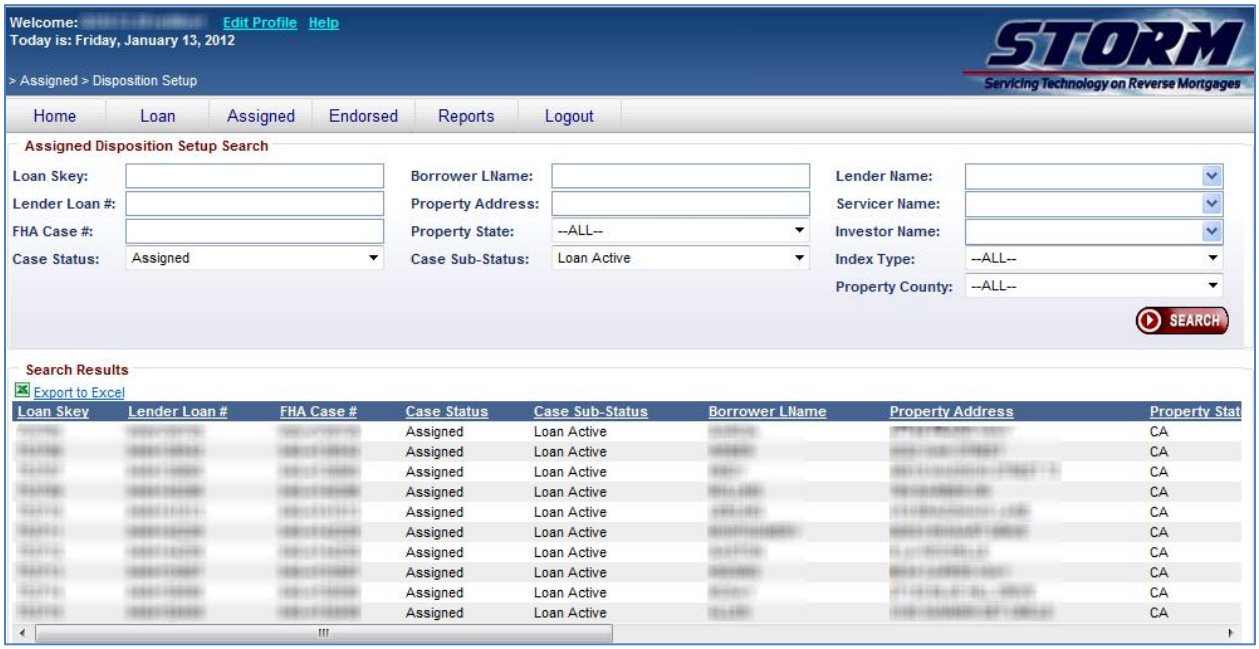

Figure 7-208: Disposition Setup Search – Assigned Pre-Foreclosure

Step 3. From the search results, click a loan to initiate the timeline

Step 4. On the **Edit Servicing Management** Screen is displayed, select Loss Mitigation – Pre-Foreclosure from the **Servicing Type** dropdown and populate the required fields (marked with an asterisk).

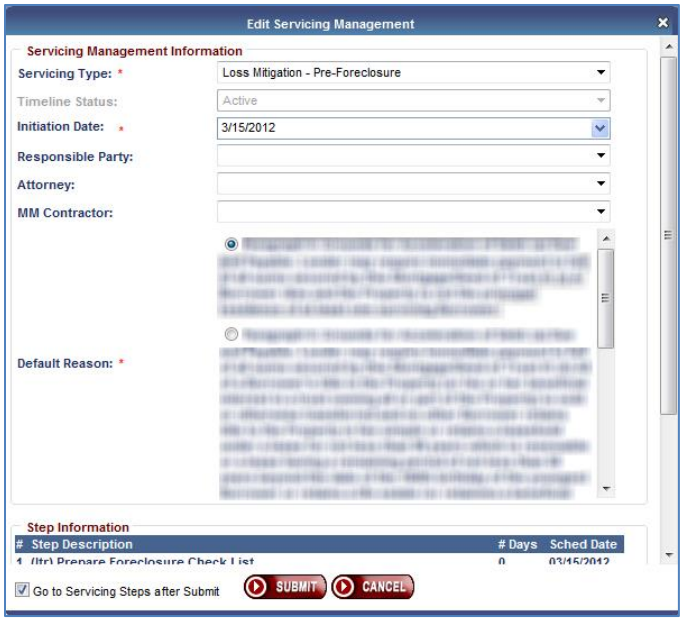

Figure 7-209: Edit Servicing Management – Assigned Pre-Foreclosure

Step 5. Click the checkbox beside **Go to Servicing Steps after Submit** (at the bottom of the **Edit Servicing Management** Window).

Step 6. Click **Submit** (Note: If you click **Cancel**, the Assigned Disposition Setup Search Screen will be displayed).

Step 7. The **Disposition Steps** screen for Loss Mitigation – Pre-Foreclosure timeline is displayed.

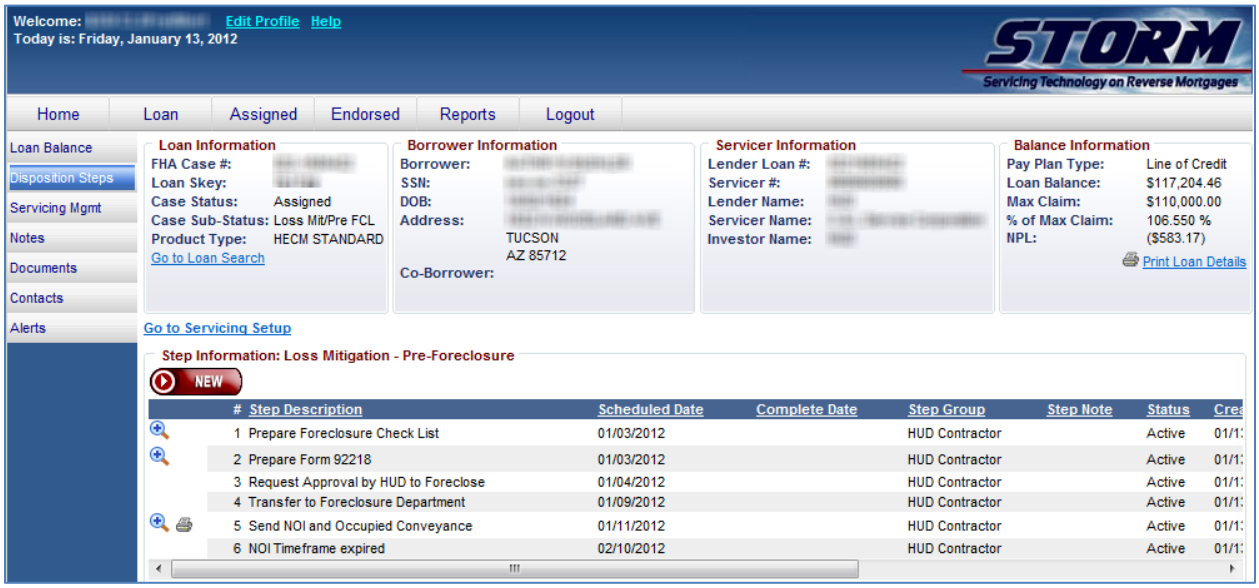

Figure 7-210: Timeline Steps – Assigned Loss Mitigation Pre-Foreclosure

Step 8. To **generate** the HECM **Foreclosure/DIL checklist** for HUD approval, click the **magnifying glass** beside Prepare Foreclosure Check List step to update and print the HECM Foreclosure/DIL checklist. A new screen is displayed with the Foreclosure/DIL checklist with options to Preview Document and Print Document.

Step 9. Update the sheet and once the changes have been made, select the Preview Document link to view the updated document. To auto-save the changes made to the document select the **Print Document** link. **Select** Open on the File Download pop-up window. This action will save the updated HECM **Foreclosure/DIL checklist** to the **Documents** tab. Refresh the screen to auto-complete the step.

Step 10. To **generate** the **Foreclosure check sheet**, click the **magnifying glass** beside **Prepare Form 92218 step** to update and print the Foreclosure check sheet. A new screen is displayed with the Foreclosure check sheet with options to Preview Document and Print Document.

Step 11. Update the sheet and once the changes have been made, select the Preview Document link to view the updated document. To auto-save the changes made to the document select the **Print Document link**. **Select** Open on the File Download pop-up window. This action will save the updated **Foreclosure check sheet** to the **Documents** tab. Refresh the screen to auto-complete the step.

Step 12. Complete the step "**Request Approval by HUD to Foreclose**" when the request has been sent for HUD approval to initiate the foreclosure proceedings.

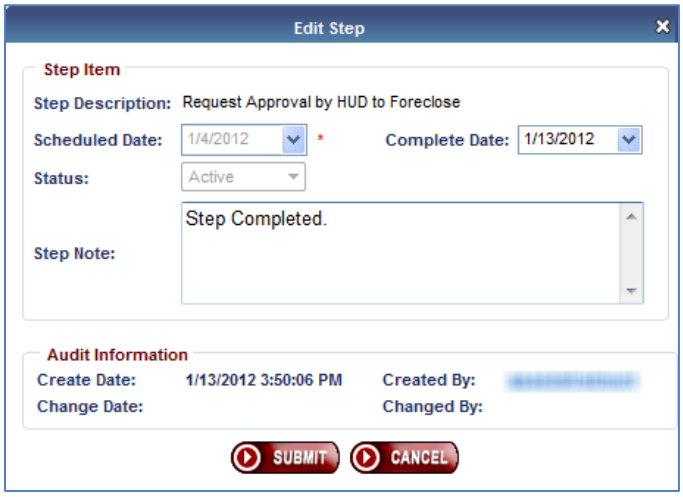

Figure 7-211: Edit Step – Assigned Pre-Foreclosure

7.4.2.5.2 HUD NSC Staff Activities

HUD NSC Staff must perform the following steps:

Step 13. The HUD NSC staff will add the optional step "**HUD Approval / Attorney Assignment**" or "**Request Denied by HUD**" when the decision has been made.

Step 14. To add and complete the step, click **New**. Select the optional step from the **Step Description** dropdown and click **Submit** on the new screen. The step will be added to the list of steps.

Step 15. To complete the step, select the step and populate the completion date, add a note in the Notes field if applicable, click **Submit** on the **Edit Step** window.

7.4.2.5.3 HUD NSC Contractor Activities

HUD NSC Contractor must perform the following steps:

Step 16. If HUD approves the request, the HUD NSC Contractor must complete the step "**Transfer to Foreclosure Department**". Upon completion of this step, the **Foreclosure** timeline is automatically initiated by the system.

Step 17. To generate the Notice of Intent (**NOI) Letter & Occupied Conveyance Letter**, click the **magnifying glass** beside send NOI and Occupied Conveyance step to preview the letter, the Modify Letter Fields screen is displayed. Edit the subject and salutation and select **OK**. The NOI Letter & Occupied Conveyance Letter is displayed.

Step 18. The printer icon beside the step allows the HUD contractor to auto-save the document to the **Documents** tab. Select the **printer icon**, the Modify Letter Fields window is displayed. Edit the subject and salutation and select **OK**. The **NOI Letter & Occupied Conveyance Letter** is displayed. This action auto-saves the document in the **Documents** tab and auto-completes the step.

Step 19. To add an optional step associated with HUD NSC Contractor click **New.**

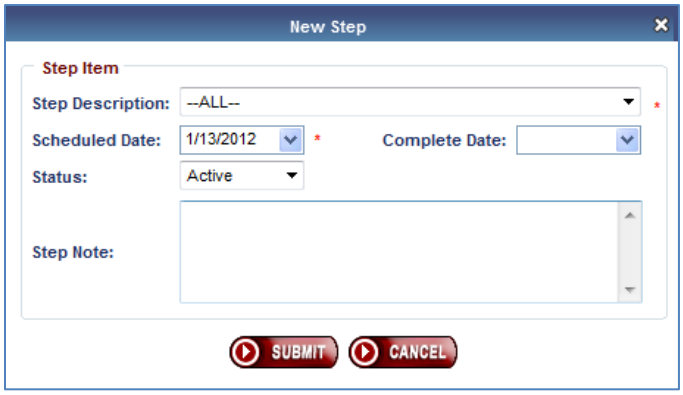

Figure 7-212: New Step – Assigned Pre-Foreclosure

Step 20. Select an optional step from the **Step Description** dropdown that needs to be added on the timeline and click **Submit** on the new window. The step will be added to the list of steps.

Step 21. To complete the step, select the step and populate the completion date, add a note in the Notes field if applicable, click **Submit** on the **Edit Step** window.

Step 22. Repeat the above instructions to add and complete other optional steps.

7.4.2.6 Write-Off Review

When a write-off of the loan balance is recommended to HUD, a HUD NSC Contractor initiates the Write-Off Review timeline in order to complete the review process and seek HUD's approval for the write-off.

Multiple active Write-Off Review timelines cannot be initiated on a loan. The Servicing Management tab can be used to activate or inactivate the timeline. Once the timeline is inactivated, none of the steps can be edited.

To initiate and complete the **Write-Off Review** timeline:

Step 1. From the **Assigned** menu option, select Disposition, and click **Setup**.

Step 2. On the **Assigned Disposition Setup Search** Screen, enter the loan search criteria and click **Search.**

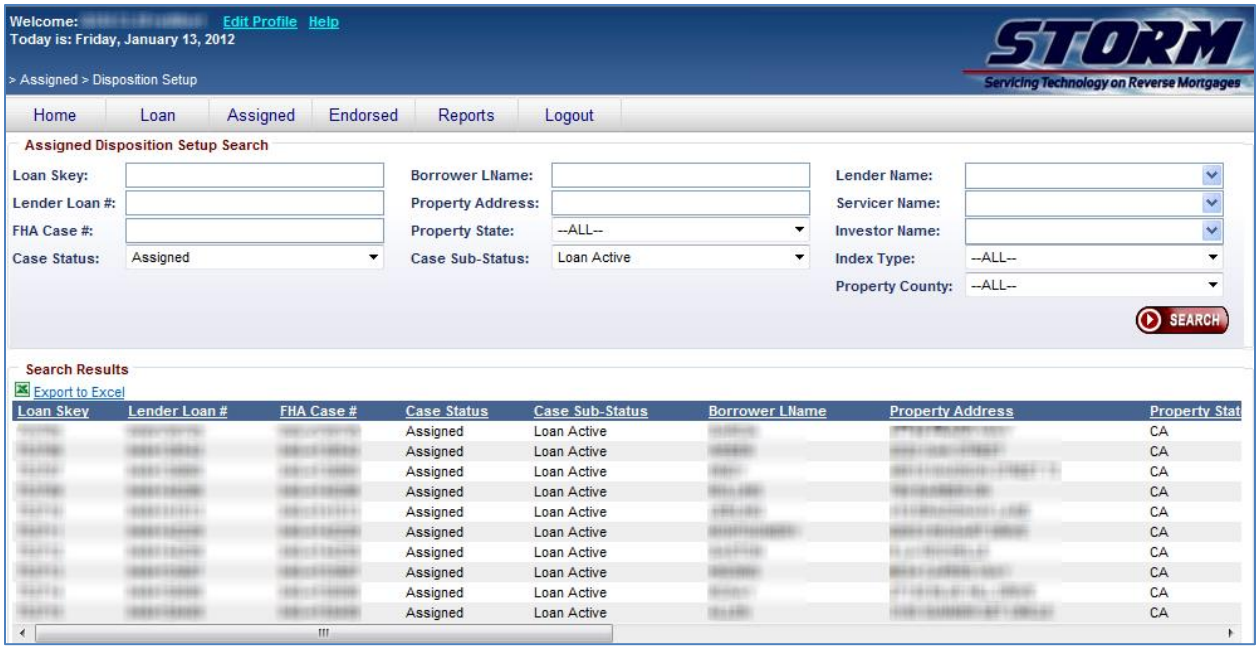

Figure 7-213: Disposition Setup Search – Assigned Write-Off Review

Step 3. From the search results, select a loan to initiate the timeline.

Step 4. On the **Edit Servicing Management** Screen, select **Write-Off Review** from the Servicing Type dropdown and populate the required fields (marked with an asterisk).

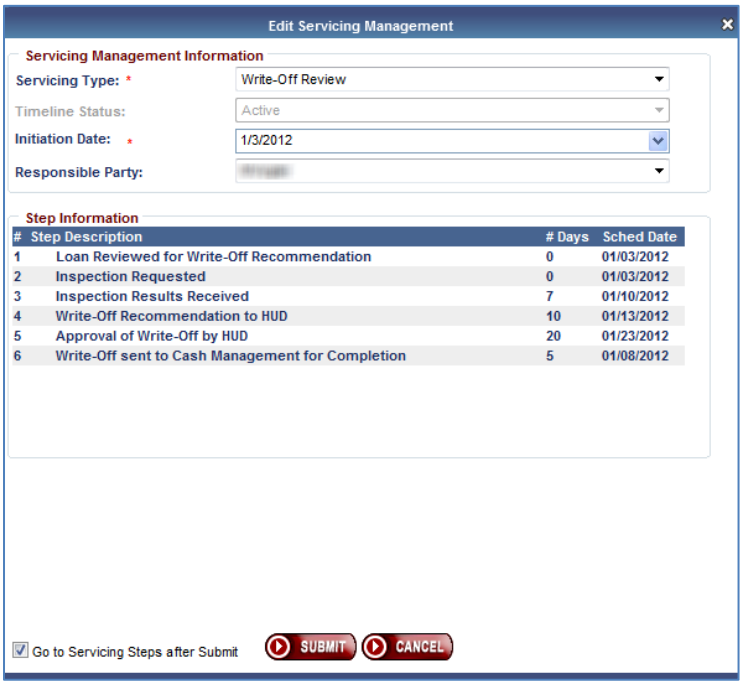

Figure 7-214: Edit Servicing Management – Assigned Write-Off Review

Step 5. Click the checkbox beside **Go to Servicing Steps after Submit** (at the bottom of the **Edit Servicing Management** Window).

Step 6. Click **Submit** (Note: If you click **Cancel**, the Assigned Disposition Setup Search screen will be displayed).

Step 7. The **Disposition Steps** screen for Write-Off Review timeline is displayed.

Figure 7-215: Timeline Steps – Assigned Loss Mitigation Write-Off Review

Step 8. The step **Loan Reviewed for Write-Off Recommendation** completion date is pre-populated with the timeline created date.

Step 9. Complete the steps in the timeline when the corresponding activity tied to the step is complete. To complete any step in the timeline, click the step. For example step **Inspection Requested**.

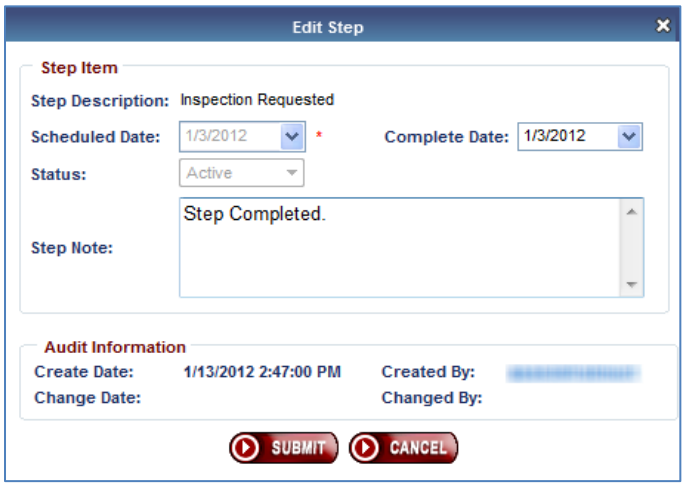

Figure 7-216: Edit Step – Assigned Write-Off Review

Step 10. Populate the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step** window.

Step 11. The completion date is populated beside the step Inspection Requested on the **Disposition Steps** screen.

Step 12. Repeat the steps above to complete the other remaining steps.

Step 13. To add an optional step on the timeline, click **New.**

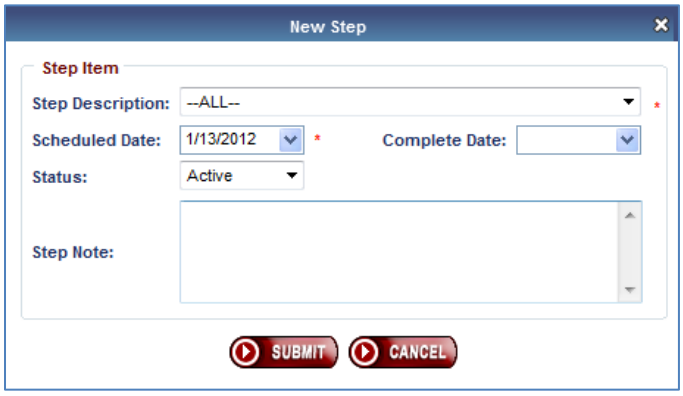

Figure 7-217: New Step – Assigned Write-Off Review

Step 14. Select the optional step from the **Step Description** dropdown and click **Submit** on the new screen. The step will be added to the list of steps.

Step 15. To complete the step, populate the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step** window.

Step 16. Repeat the above instructions to add and complete other optional steps.

Step 17. Once a HUD NSC Contractor completes the step Write-Off Recommendation to HUD. The next step can be completed only by the HUD NSC Staff.

7.4.2.6.1 HUD NSC Staff Activities

HUD NSC Staff must perform the following steps:

Step 18. When the HUD NSC Staff is ready to approve, the HUD NSC Staff will select the step **Approval of Write-Off** by HUD, **populate** the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step window**. This will complete the step.

7.4.3 Request Timelines

7.4.3.1 Certificate of Indebtedness

A HUD NSC Contractor initiates the Certificate of Indebtedness (COI) timeline when a request is received to show the loan balance. This timeline is initiated and completed by a HUD NSC Contractor; it does not require HUD NSC staff interaction.

Multiple active Certificate of Indebtedness timelines can be initiated on a loan. The Servicing Management tab can be used to activate or inactivate the timeline. Once the timeline is inactivated, none of the steps can be edited.

To initiate and complete the **Certificate of Indebtedness** timeline:

Step 1. From the Assigned menu, select **Request**, and click **Setup**.

Step 2. On the Assigned Request Setup Search Screen, enter the loan search criteria and click **Search.**

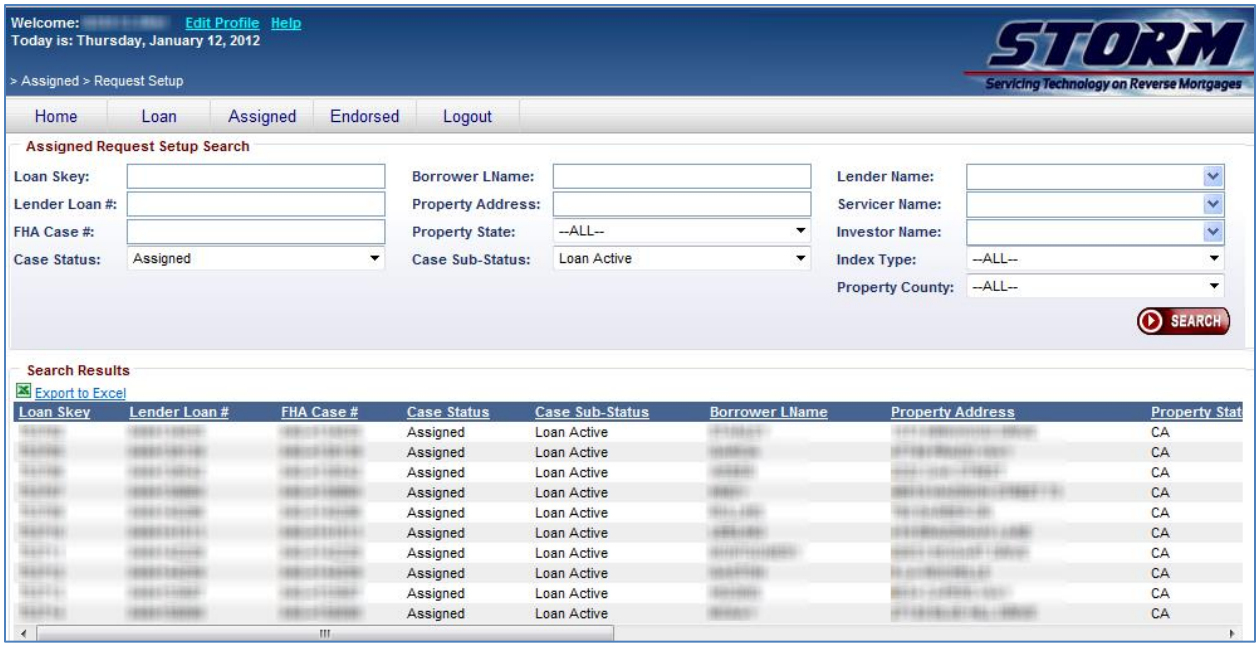

Figure 7-218: Request Setup – Assigned Certificate of Indebtedness

Step 3. From the search results, select a loan to initiate the timeline.

Step 4. On the **Edit Servicing Management** Screen, select **Certificate of Indebtedness** from the **Servicing Type** dropdown and populate the required fields (marked with an asterisk).

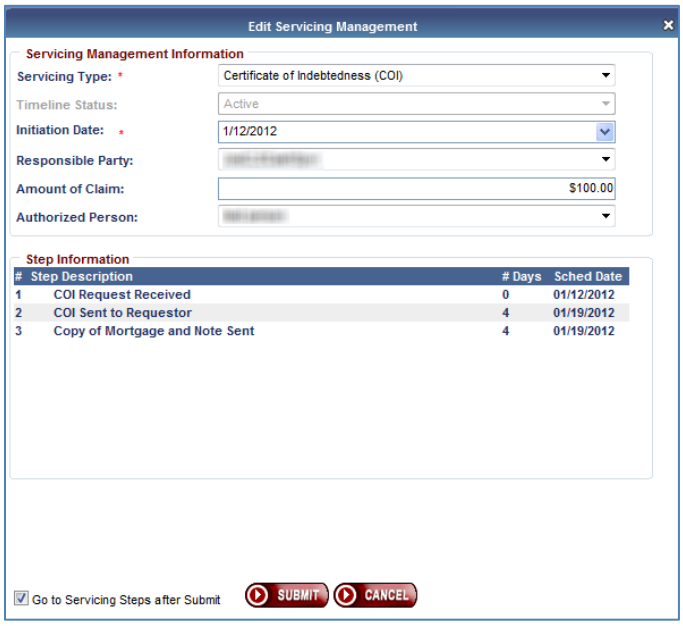

Figure 7-219: Edit Servicing Management – Assigned Certificate of Indebtedness

Step 5. Click the checkbox beside **Go to Servicing Steps after Submit** (at the bottom of the **Edit Servicing Management** Window).

Step 6. Click **Submit** (Note: If you click Cancel, the **Assigned Request Setup Search** Screen will be displayed).

Step 7. The Request Steps screen for Certificate of Indebtedness timeline is displayed.

Figure 7-220: Timeline Steps – Assigned Certificate of Indebtedness

Step 8. The step **COI Request Received** complete date is pre-populated with the timeline created date.

Step 9. Complete the steps in the timeline when the corresponding activity tied to the step is complete.

Step 10. To complete a step, select the step, populate the completion date, add a note in the Notes field if applicable, and click **Submit** on **Edit Step** window.

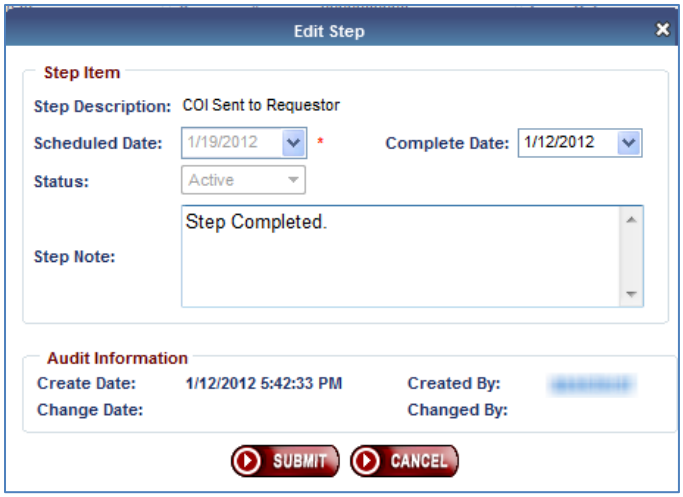

Figure 7-221: Edit Step for Certificate of Indebtedness

7.4.3.2 Payoff Request

A HUD NSC Contractor initiates this timeline to track the payoff request from a mortgagor to payoff the outstanding loan balance. A loan is terminated when the outstanding loan balance is paid off in full. This timeline is initiated and completed by a HUD NSC Contractor; it does not require HUD NSC staff interactions.

Multiple active Payoff Request timelines cannot be initiated on a loan. The Servicing Management tab can be used to activate or inactivate the timeline and edit payoff request information. Once the timeline is inactivated, none of the steps can be edited.

To initiate and complete the **Payoff Request** timeline:

Step 1. From the **Assigned** menu, select **Request**, and click **Setup**.

Step 2. On the **Assigned Request Setup Search** Screen, enter the loan search criteria and click **Search.**

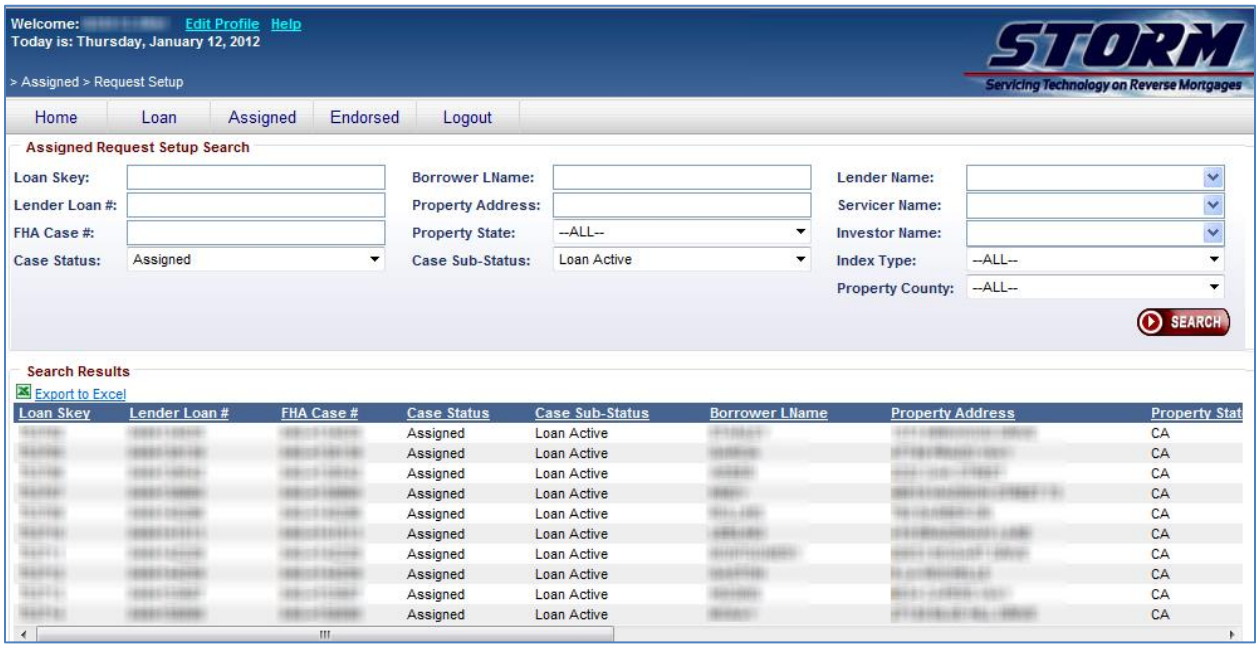

Figure 7-222: Request Setup Search – Assigned Payoff Request

Step 3. From the search results, select a loan to initiate the timeline.

Step 4. On the **Edit Servicing Management** Window, **Select** Payoff Requests from the **Servicing Type** dropdown and populate the required fields (marked with an asterisk).

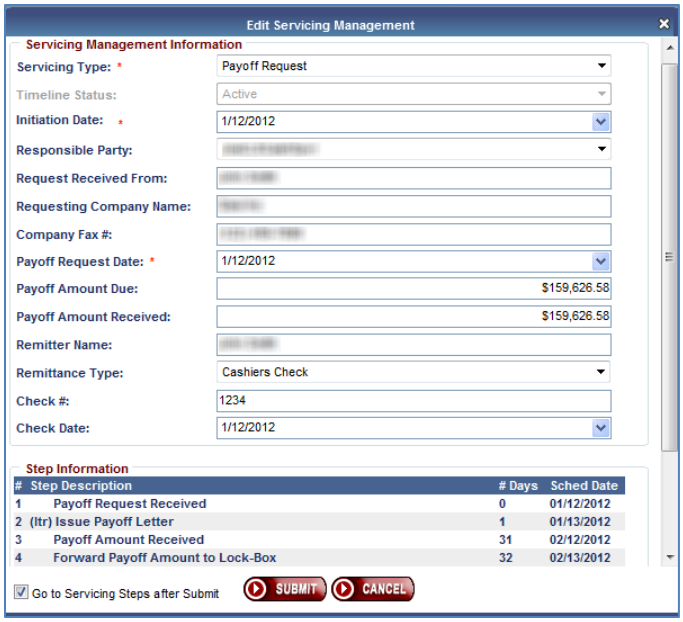

Figure 7-223: Edit Servicing Management – Assigned Payoff Request

Step 5. Click the checkbox beside **Go to Servicing Steps after Submit** (at the bottom of the **Edit Servicing Management** Window).

Step 6. Click **Submit** (Note: If you click Cancel, the Assigned Request Setup Search Screen will be displayed).

Step 7. The **Requests Steps** screen for Payoff Requests timeline is displayed.

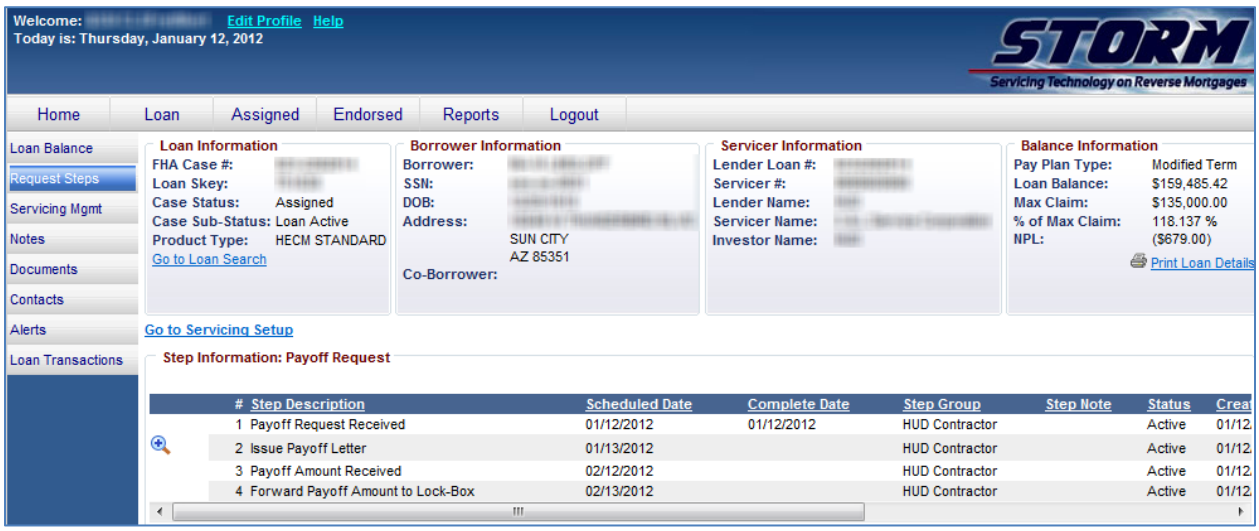

Figure 7-224: Timeline Steps – Assigned Payoff Request

Step 8. The step **Payoff Request Received** completion date is pre-populated with the timeline created date.

Step 9. To generate the **Payoff Statement**, click the **magnifying glass** beside step Issue Payoff Letter step to update and print the statement. A new screen is displayed with the Payoff Statement with options to Preview and Print Document.

Step 10. Update the **Payoff Statement** and once the changes have been made, select the Preview Document link to view the updated document. To auto-save the changes made to the document select the Print Document link. Select Open on the **File Download** pop-up screen. This action will auto-save the updated Payoff Statement to the **Documents** tab. Refresh the screen to auto-complete the step.

Step 11. Complete the steps in the timeline when the corresponding activity tied to the step is complete. To complete any step in the timeline, click the step. For example step **Payoff Amount Received**.

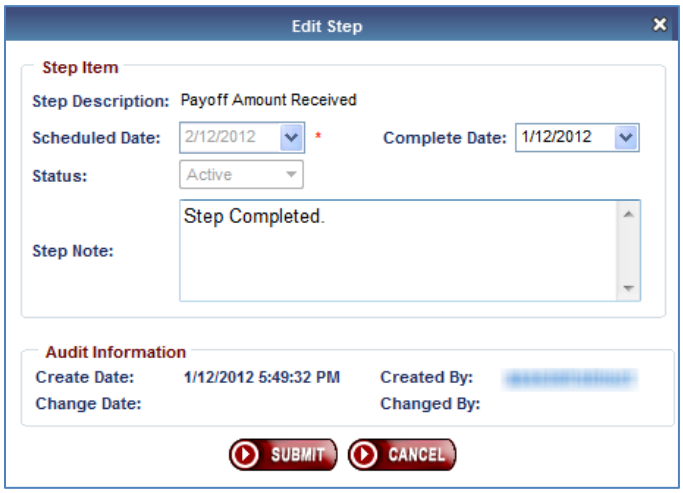

Figure 7-225: Edit Step – Assigned Payoff Request

Step 12. Populate the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step** window.

Step 13. The completion date is populated beside the step **Payoff Amount Received** on the **Requests Step** screen.

Step 14. Repeat the above instructions to complete the other remaining steps.

7.4.3.3 Zero Balance

When a payoff statement is requested on HUD's second mortgage, the HUD NSC contractor initiates this timeline to show that there are no funds advanced under the second note. This timeline is initiated and completed by a HUD NSC contractor. There is no interaction with the servicer.

Multiple active Zero Balance timelines can be initiated on a loan. The Servicing Management tab can be used to activate or inactivate the timeline. Once the timeline is inactivated, none of the steps can be edited.

To initiate a **Zero Balance** timeline:

Step 1. From the **Assigned** menu, select **Request**, and click **Setup**.

Step 2. On the **Assigned Request Setup Search** Screen, enter the loan search criteria and click **Search.**

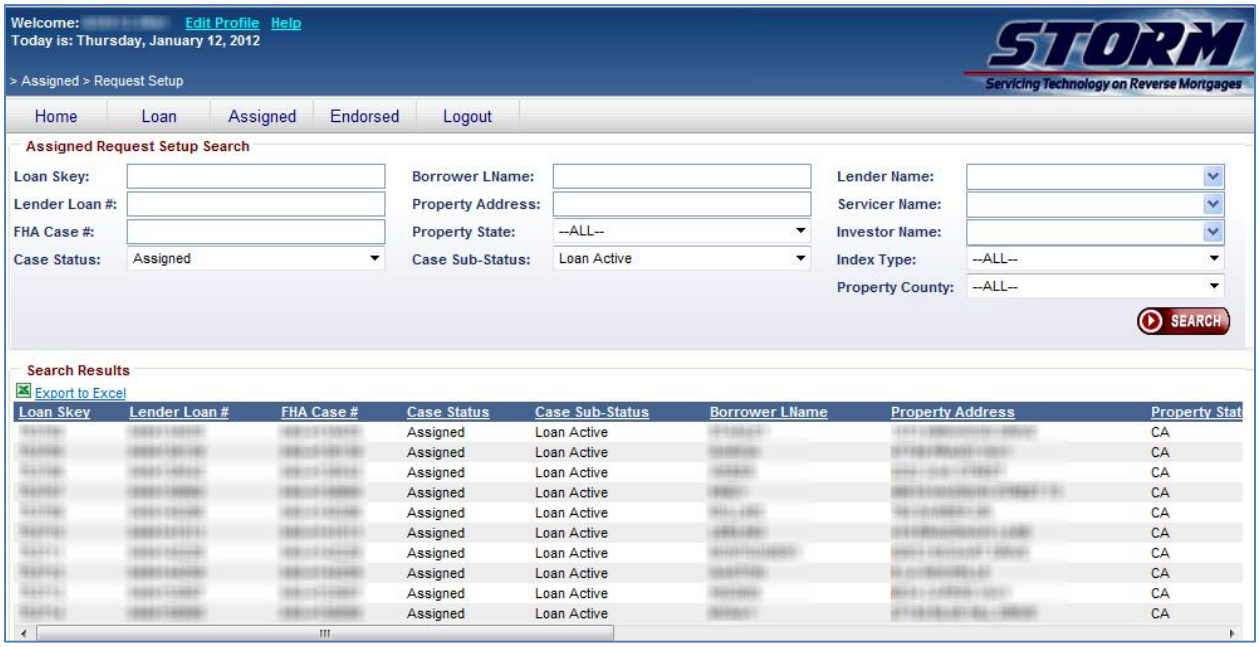

Figure 7-226: Request Setup Search – Assigned Zero Balance

Step 3. From the search results, select a loan to initiate the timeline.

Step 4. On the **Edit Servicing Management** Screen select Zero Balance from the **Servicing Type** dropdown and populate the required fields (marked with an asterisk).

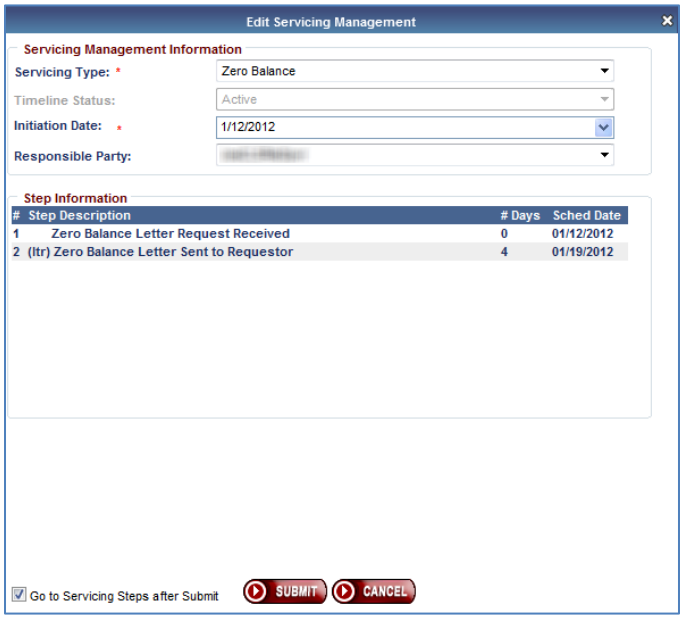

Figure 7-227: Edit Servicing Management – Assigned Zero Balance

Step 5. Click the checkbox beside **Go to Servicing Steps after Submit** (at the bottom of the **Edit Servicing Management** Window).

Step 6. Click **Submit** (Note: If you click Cancel, the **Endorsed Request Setup Search** Screen will be displayed).

Step 7. The Request Steps screen for Zero Balance timeline is displayed.

Figure 7-228: Timeline Steps – Assigned Zero Balance

Step 8. The step **Zero Balance Letter Request Received** completion date is pre-populated with the timeline created date.

Step 9. To generate the **Zero Balance Letter** sheet, click on the **magnifying glass** beside Zero Balance Letter Sent to Requestor step to update and print the Zero Balance Letter. A new screen is displayed with the Zero Balance Letter with options to Preview Document and Print Document.

Step 10. Update the sheet and once the changes have been made, select the **Preview Document** link to view the updated document. To auto-save the changes made to the document select the **Print Document** link. Select Open button on the **File Download** pop-up window. This action will save the updated Zero Balance Letter to the Documents tab. Refresh the screen to auto-complete the step.

7.4.4 Assigned Foreclosure Timeline

This timeline is automatically initiated by the system if the step 'Transfer to Foreclosure Department' is completed on the Loss Mitigation – Pre-Foreclosure timeline. This timeline can also be manually initiated by a HUD NSC Contractor when the Notice of Intent (NOI) expires to track the foreclosure process. This timeline requires HUD NSC Staff interaction. Upon initiation of this timeline, the case sub-status is updated to Foreclosure-Assigned. If the timeline is inactivated, the case sub-status is updated accordingly.

Multiple active Foreclosure timelines cannot be initiated on a loan. The Servicing Management tab can be used to activate or inactivate the timeline. Once inactivated all the steps within the timeline are greyed out and cannot be edited.

To initiate and complete the **Foreclosure** timeline:

Step 1. From the **Assigned** menu, select **Foreclosure**, under Foreclosure, and click **Search**.

Step 2. On the **Assigned Foreclosure Search** Screen, enter the search criteria and click **Search** to retrieve the timelines that have been auto-initiated by the system.

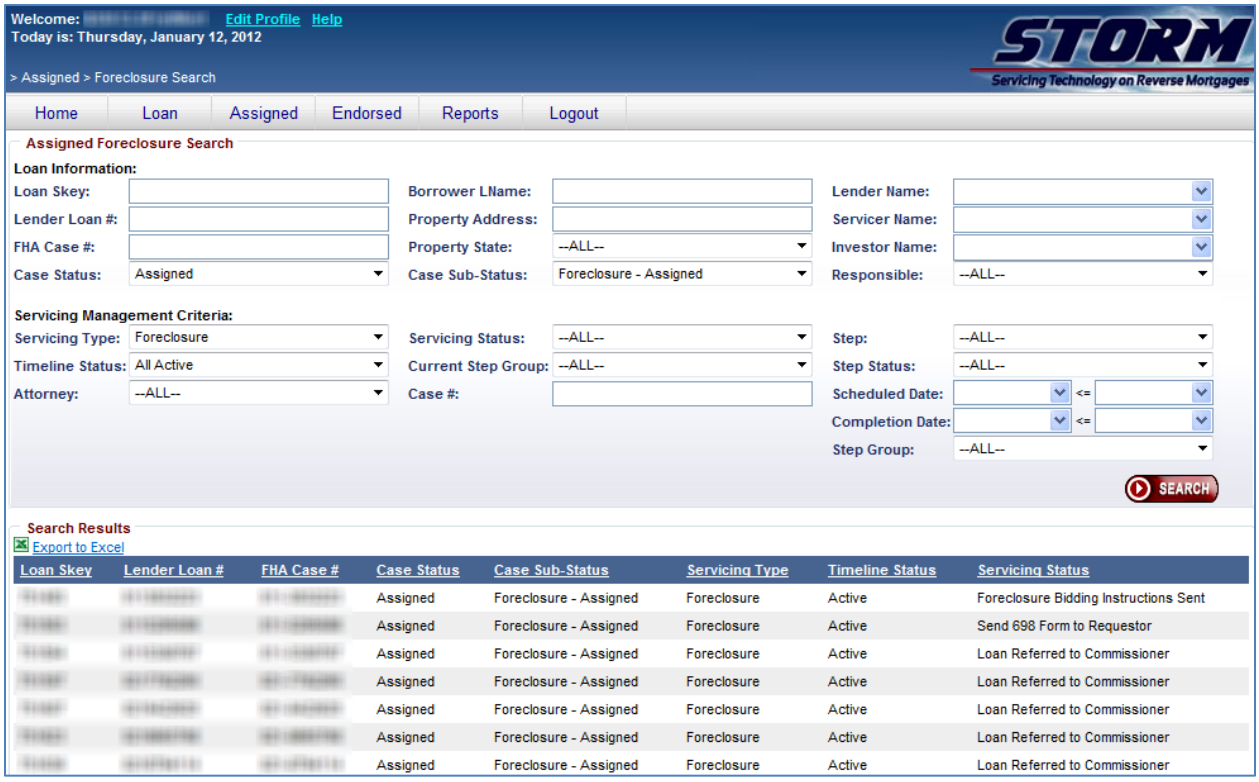

Figure 7-229: Search – Assigned Foreclosure

Step 3. Select the loan to view/edit the timeline.

Step 4. The **Foreclosure Steps** screen for Foreclosure timeline is displayed.

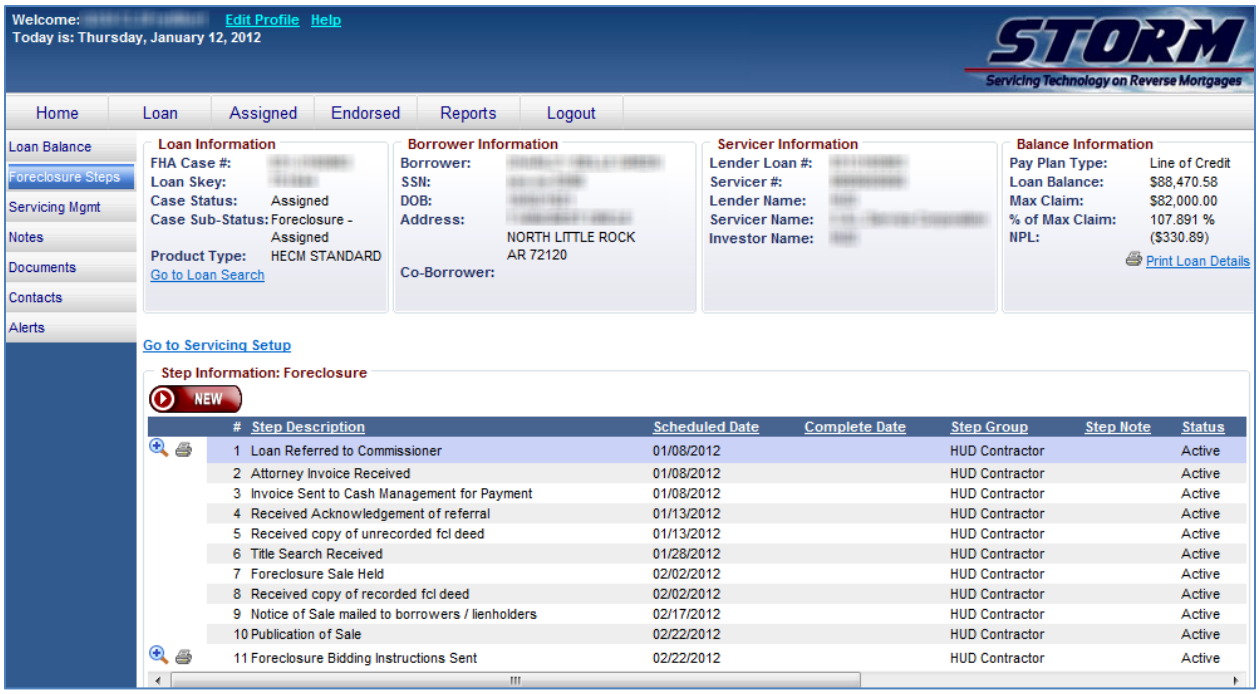

Figure 7-230: Timeline Steps – Assigned Foreclosure

Step 5. To generate the Department of Justice (DOJ)/ Non Judicial Foreclosure (NJF) Referral Letter, click the **magnifying glass** beside **Loan Referred to Commissioner** step to preview the letter, the **Modify Letter Fields** screen is displayed.

Step 6. Edit the subject and salutation and select **OK**. The DOJ/NJF Referral Letter is displayed. The **printer icon** beside the step allows the HUD contractor to auto-save the document to the **Documents** tab.

Step 7. Select the printer icon, the **Modify Letter Fields** screen is displayed. Edit the subject and salutation and select **OK**. The DOJ/NJF Referral Letter is displayed. This action auto-saves the document in the Documents tab and auto-completes the step.

Step 8. Complete the steps in the timeline when the corresponding activity tied to the step is complete. To complete any step in the timeline, click the step. For example step **Attorney Invoice Received**.

Step 9. Populate the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step** window.

Step 10. The completion date is populated beside the step **Attorney Invoice Received** on the **Foreclosure Steps** screen.

Step 11. To generate the **Foreclosure Bidding Instructions Letter**, click the **magnifying glass** beside Foreclosure Bidding Instructions Sent step to preview the letter, the Modify Letter Fields window is displayed. Edit the subject and select **OK**. The Foreclosure Bidding Instructions Letter is displayed.

Step 12. The printer icon beside the step allows the HUD contractor to auto-save the document to the **Documents** tab. Select the **printer icon**, the Modify Letter Fields window is displayed. Edit the Subject and select **OK**. The **Foreclosure Bidding Instructions Letter** is displayed. This action auto-saves the document in the Documents tab and auto-completes the step.

Step 13. To add an optional step, click **New.**

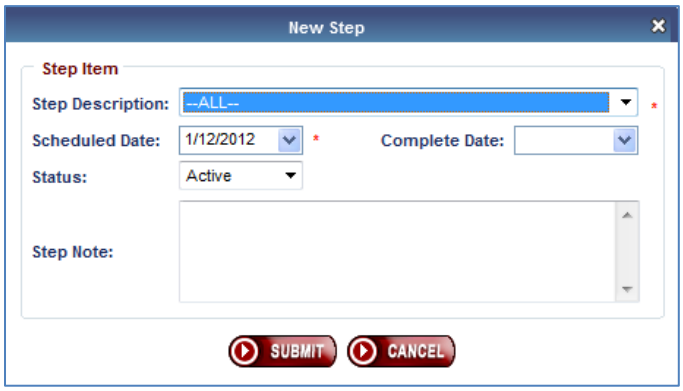

Figure 7-231: New Step – Assigned Foreclosure

Step 14. Select an optional step from the **Step Description** drop down that needs to be added on the timeline and click **Submit** on New window. The step will be added to the list of steps.

Step 15. To complete the step, select it and populate the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step** window.

Step 16. Repeat the above instructions to add and complete other optional steps.

Step 17. The following step are automatically added by the system when the optional step **Title Issues** is added:
- Title Issues Resolved

Step 18. The following steps are automatically added by the system in the timeline, when the optional step Order Occupancy Inspection is added and completed:
- Inspection Results Received
- Request Custodial Care
- HUD Placed in Custodial Care (Note: This step can only be completed by HUD. To complete the step, select the step in the timeline, populate the complete date optionally add note and click **Submit** on **Edit step** window).

Step 19. The following steps are automatically added by the system in the timeline, when the optional step Property sold 3rd Party is added and completed:
- Received 10% down payment
- Balance of 3rd party funds received

Step 20. The following steps are automatically added by the system in the timeline, when the optional step Vacate Letter Sent to Occupant is added and completed:
- Follow Up on Vacate Letter
- Refer to Attorney for Eviction
- Eviction Hearing Date Set
- Eviction Date Set / Schedule Lockout
- Eviction Complete / Verification received

Step 21. The following steps are automatically added by the system, when the optional step Conveyance File sent to Cash Management is added and completed:
- Loan Conveyed - Balances Removed
- Conveyance Entered into P260 (Note: This step can only be completed by HUD. To complete the step, select the step in the timeline, populate the complete date optionally add note and click **Submit** on **Edit Step window**).

Step 22. The following steps are automatically added by the system, when the optional step **Received original unrecorded Deed from DOJ is** added and completed:
- Foreclosure deed sent for recording
- Received copy of recorded deed from county

Step 23. To generate the Notice to Voluntarily Vacate Letter, click the magnifying glass beside the **Vacate Letter Sent to Occupant** step to preview the letter; the Modify Letter Fields window is displayed. Edit the subject and select **OK**. The Notice to Voluntarily Vacate Letter is displayed.

Step 24. The printer icon beside the step enables the HUD contractor to auto-save the document to the **Documents** tab. Select the **printer icon**, the Modify Letter Fields window is displayed. Edit the subject and select **OK**. **The Notice to Voluntarily Vacate Letter** is displayed. This action auto-saves the document in the **Documents** tab and auto-completes the step.

Step 25. To generate the Eviction Referral Letter, click on the magnifying glass beside **Refer to Attorney for Eviction** step to preview the letter,. The Eviction Referral Letter is displayed.

Step 26. The printer icon beside the step allows the HUD contractor to auto-save the document to the **Documents** tab. Select the **printer icon**; the **Eviction Referral**

Letter is displayed. This action auto-saves the document in the Documents tab and auto-completes the step.

Step 27. To generate the Conveyance of Loan Form sheet, click the magnifying glass beside **Conveyance File sent to Cash Management** step to update and print the Conveyance of Loan Form sheet. A new window is displayed with the **Conveyance of Loan Form** sheet with options to Preview Document and Print Document.

Step 28. Update the sheet, and once the changes have been made, select the Preview Document link to view the updated document. To auto-save the changes made to the document select the **Print Document** link. Select Open on the **File Download** pop-up window. This action will save the updated Conveyance of **Loan Form** sheet to the Documents tab. Refresh the screen to auto-complete the step.

To manually initiate the timeline:

Step 1. From the **Assigned** menu, select **Foreclosure** and click **Setup**.

Step 2. On the **Assigned Foreclosure Setup Search** Screen, enter the loan search criteria and click **Search**.

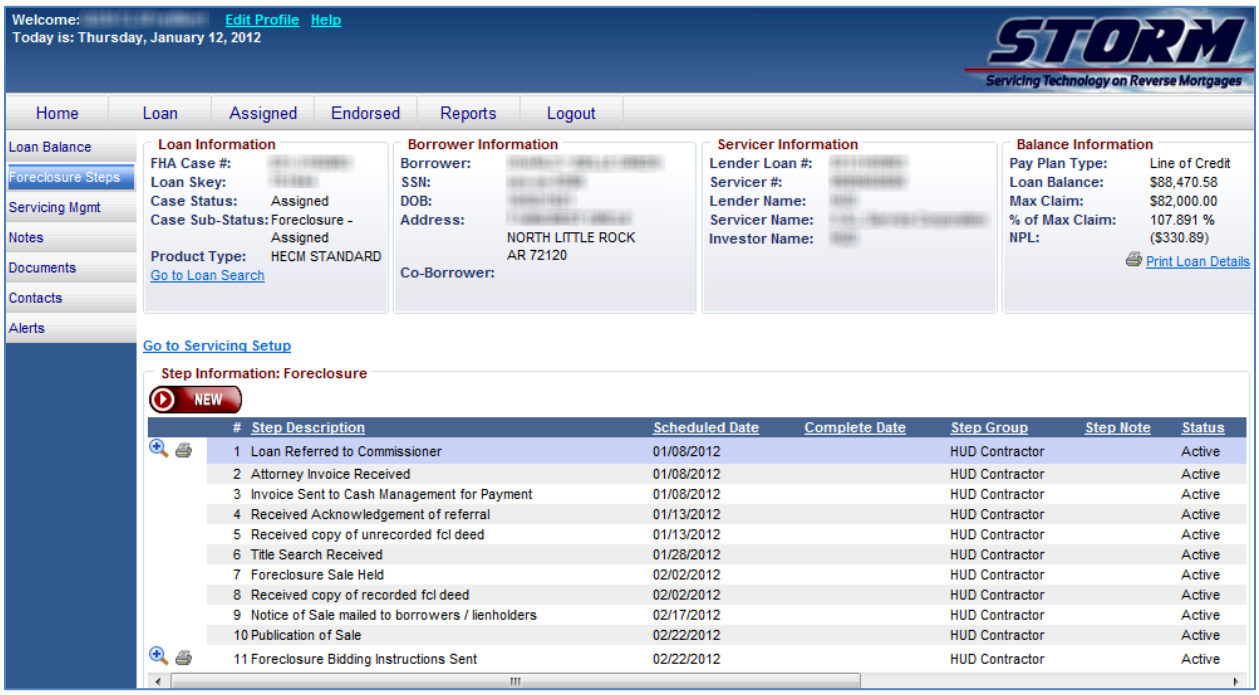

Figure 7-232: Timeline Steps – Assigned Foreclosure

Step 3. From the search results, select a **loan** to initiate the timeline.

Step 4. On the **Edit Servicing Management** Screen, the **Foreclosure** selection is prepopulated in the Servicing Type dropdown and grayed out. Populate the required fields (marked with an asterisk).

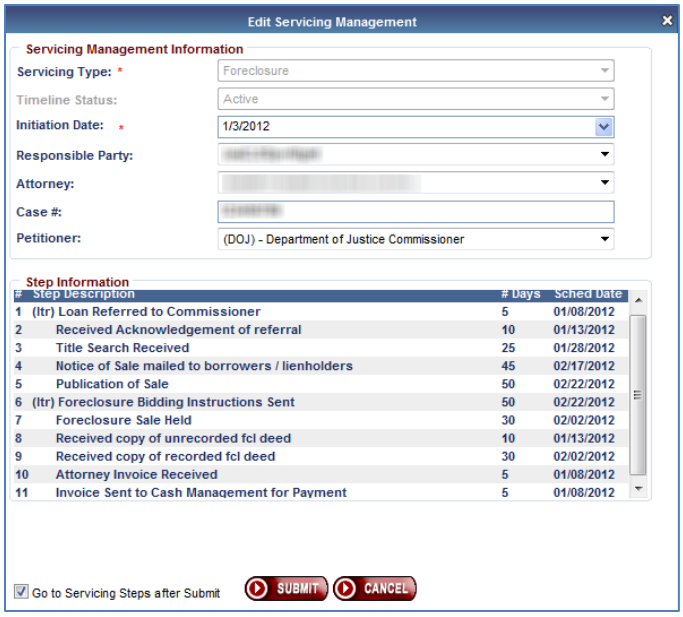

Figure 7-233: Edit Servicing Management – Assigned Foreclosure

Step 5. Click the checkbox beside **Go to Servicing Steps after Submit** (At the bottom of the **Edit Servicing Management** Screen).

Step 6. Click **Submit** (If you click **Cancel**, the Assigned Foreclosure Setup Search Screen will be displayed).

Step 7. The **Foreclosure Steps** screen for Foreclosure timeline is displayed.

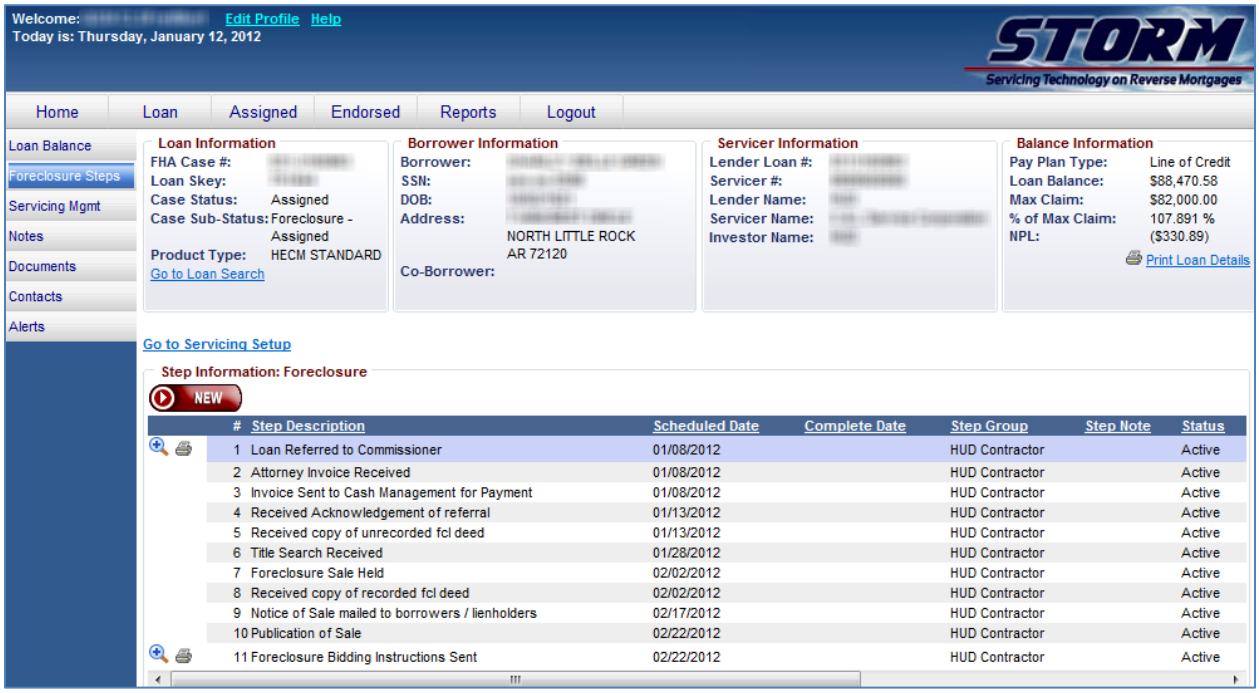

Figure 7-234: Timeline Steps - Assigned-Foreclosure

7.4.5 Bankruptcy Timelines

7.4.5.1 Bankruptcy - Chapter 13

This timeline is automatically initiated after the processing of the Banko file to track a Chapter 13 bankruptcy event. When a Chapter 13 bankruptcy is filed, the court appoints a trustee and establishes a payment plan under a reorganization agreement.

Additionally, this timeline can be manually initiated by a HUD NSC Contractor to track the Chapter 13 bankruptcy event. This timeline does not require HUD NSC Staff interaction. Upon initiation of this timeline, the case sub-status is updated to Bankruptcy/Chapter 13. If the timeline is inactivated, the case sub-status is updated accordingly.

Multiple active Bankruptcy–Chapter 13 timelines cannot be initiated on a loan. The Servicing Management tab can be used to activate or inactivate the timeline. Once the timeline is inactivated, none of the steps can be edited.

To initiate and complete the **Bankruptcy – Chapter 13** timeline:

Step 1. From the **Assigned** menu select **Bankruptcy** and click **Search**.

Step 2. On the **Assigned Bankruptcy Search** Screen, enter the search criteria including Servicing Type of Bankruptcy – Chapter 13 and click **Submit** to retrieve the timelines that have been auto-initiated by the system.

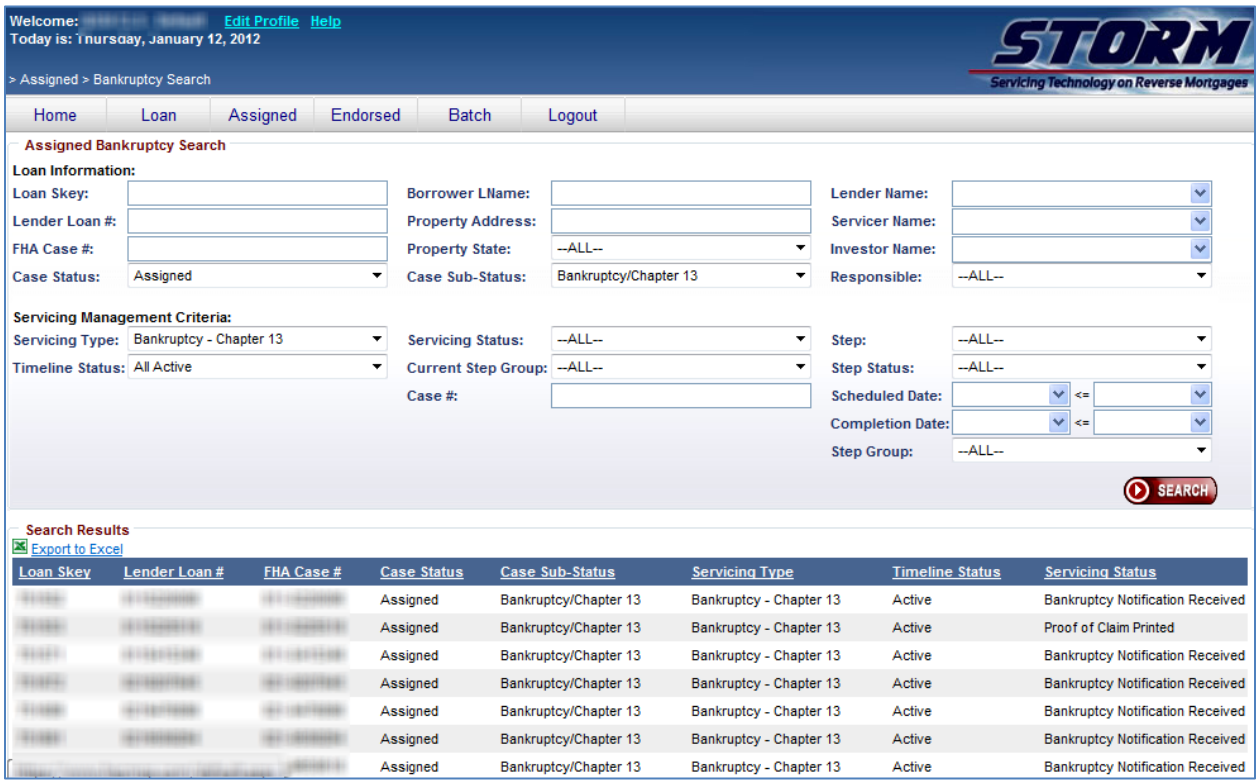

Figure 7-235: Search – Assigned Bankruptcy

Step 3. Select the loan to view or edit the timeline.

Step 4. The **Bankruptcy Steps** screen for Bankruptcy – Chapter 13 timeline is displayed.

Figure 7-236: Timeline Steps – Assigned Bankruptcy Chapter 13

Step 5. The step **Bankruptcy Filed** completion date is pre-populated with the Bankruptcy filed date received in the BANKO file for the FHA case #. When the timeline is manually initiated, this step will be pre-populated with the date the timeline was created.

Step 6. The step **Bankruptcy Notification Received** completion date is **pre-populated** with the date the file was processed and timeline initiated. When timeline is manually initiated, this step must be manually completed.

Step 7. To generate the **Proof of Claim Form**, click the **magnifying glass** beside the **Proof of Claim Prepared** step to update and print the Proof of Claim Form. A new screen is displayed with the **Proof of Claim Form** with options to Preview and Print Document.

Step 8. Update the sheet and once the changes have been made, select the **Preview Document** link to view the updated document. To auto-save the changes made to the document select the **Print Document** link.

Step 9. Select **Open** on the File Download screen. This action will save the updated Proof of Claim Form to the Documents tab. Refresh the screen to auto-complete the step.

- Note: If the **Proof of Claim form** does not display, go to the Servicing Management Screen and populate the Bankruptcy District name. This will allow the Proof of Claim form to be viewed.

Step 10. Complete the steps in the timeline when the corresponding activity tied to the step is complete. To complete any step in the timeline, click the step, for example, step **Proof of Claim Filed**.

Step 11. Populate the completion date, add a note in the Notes field if applicable, click **Submit** on the **Edit Step** window.

Step 12. The completion date is populated beside the step **Proof of Claim Filed** on the **Bankruptcy Steps** screen.

Step 13. To add an optional step, click **New.**

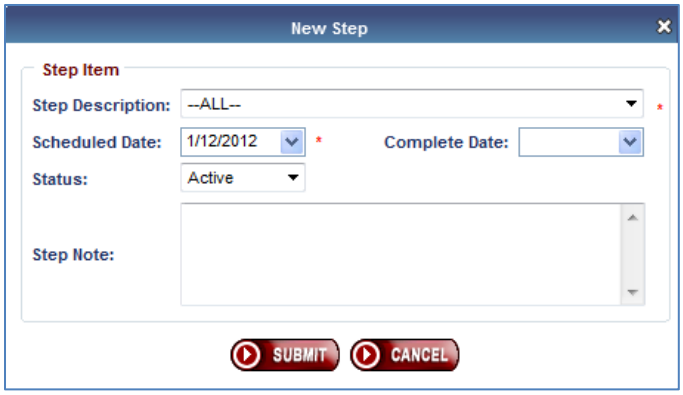

Figure 7-237: New Step – Assigned Bankruptcy Chapter 13

Step 14. Select an optional step from the **Step Description** dropdown that needs to be added on the timeline and click **Submit** on the new screen. The step will be added to the list of steps.

Step 15. To complete the step, select the step and populate the completion date, add a note in the Notes field if applicable, click **Submit** on the **Edit Step** window.

Step 16. Repeat the above instructions to add and complete other optional steps.

To manually initiate the timeline:

Step 1. From the Assigned menu select **Bankruptcy** and click **Setup**.

Step 2. On the **Assigned Bankruptcy Setup Search** Screen, enter the loan search criteria and click **Search**.

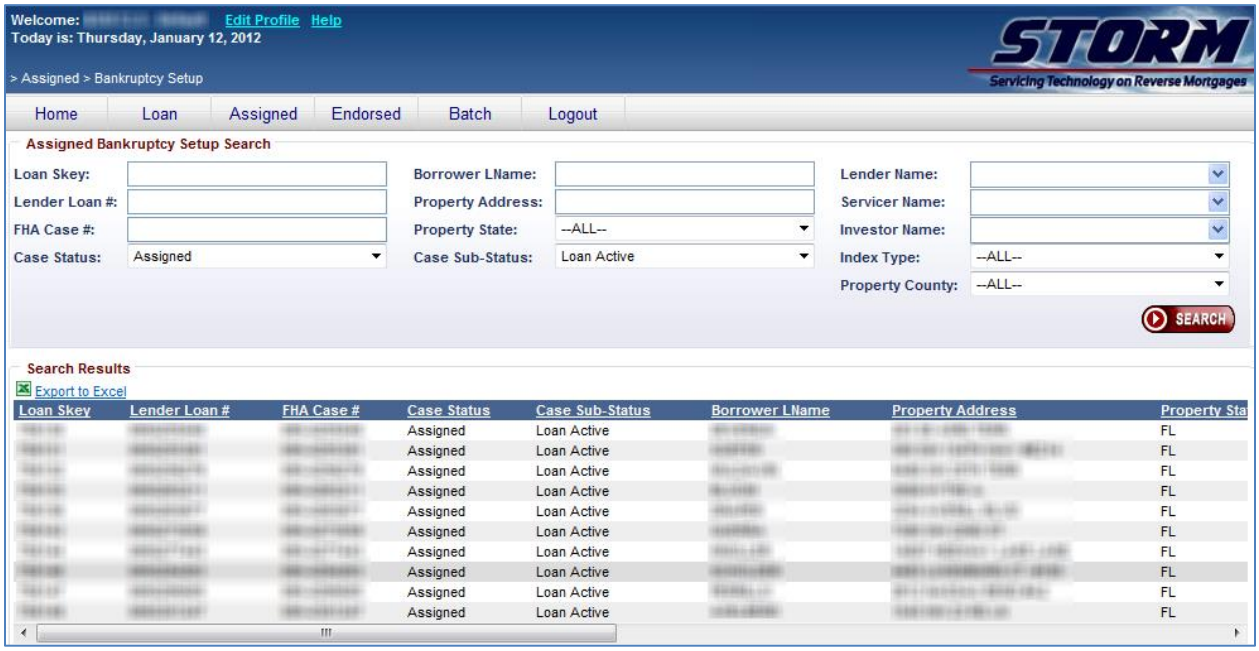

Figure 7-238: Setup Search – Assigned Bankruptcy Chapter 13

Step 3. From the search results, select a loan to initiate the timeline.

Step 4. On the **Edit Servicing Management** screen, select Bankruptcy – Chapter 13 from the **Servicing Type** dropdown and populate the required fields (marked with an asterisk).

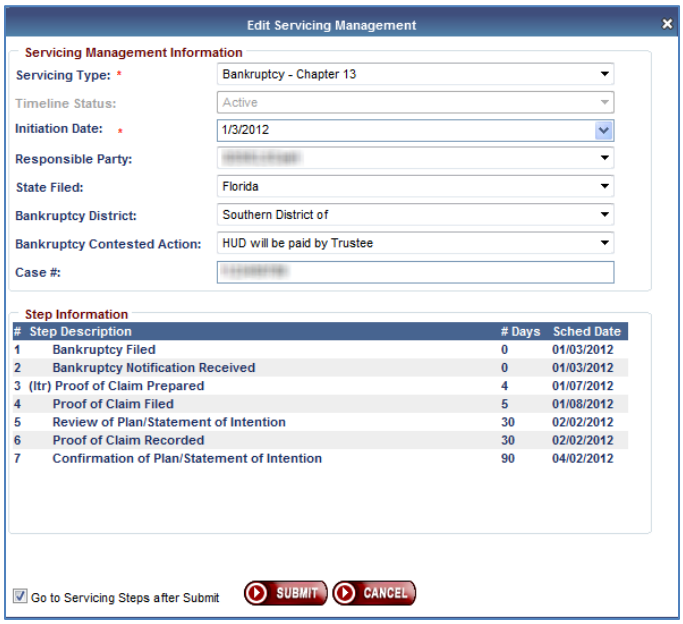

Figure 7-239: Edit Servicing Management – Assigned Bankruptcy Chapter 13

Step 5. Click the checkbox beside **Go to Servicing Steps after Submit** (at the bottom of the **Edit Servicing Management** window).

Step 6. Click **Submit** (If you click **Cancel** , the **Assigned Bankruptcy Setup Search** Screen will be displayed).

Step 7. The **Bankruptcy Steps** screen for Bankruptcy – Chapter 13 timeline is displayed.

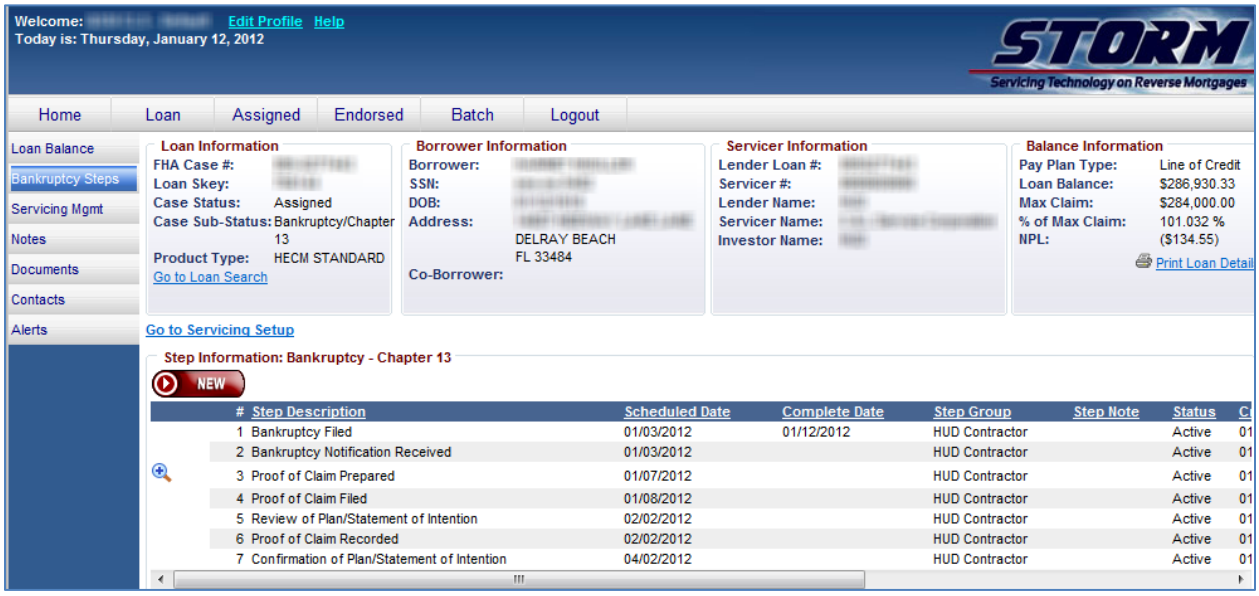

Figure 7-240: Timeline Steps – Assigned Bankruptcy Chapter 13

7.4.5.2 Bankruptcy - Chapter 7

This timeline is automatically initiated after the processing of the BANKO file to track a Chapter 7 bankruptcy event. A Chapter 7 bankruptcy releases the mortgagor from unsecured liabilities and retains their secured debt.

Additionally, this timeline can also be manually initiated by a HUD NSC Contractor to track the Chapter 7 bankruptcy event. This timeline does not require HUD NSC Staff interaction. When this timeline is initiated, the case sub-status is updated to Bankruptcy/Chapter 7. If the timeline is inactivated, the case sub-status is updated accordingly.

Multiple active Bankruptcy – Chapter 7 timelines cannot be initiated on a loan. The Servicing Management tab can be used to activate or inactivate the timeline. Once the timeline is inactivated, none of the steps can be edited.

To initiate and complete a **Bankruptcy – Chapter 7** timeline:

Step 1. From the **Assigned** menu, select **Bankruptcy**, and click **Search**.

Step 2. On the **Assigned Bankruptcy Search** Screen, enter the search criteria, select Servicing Type as Bankruptcy – Chapter 7 and click **Submit** to retrieve the timelines that have been auto-initiated by the system.

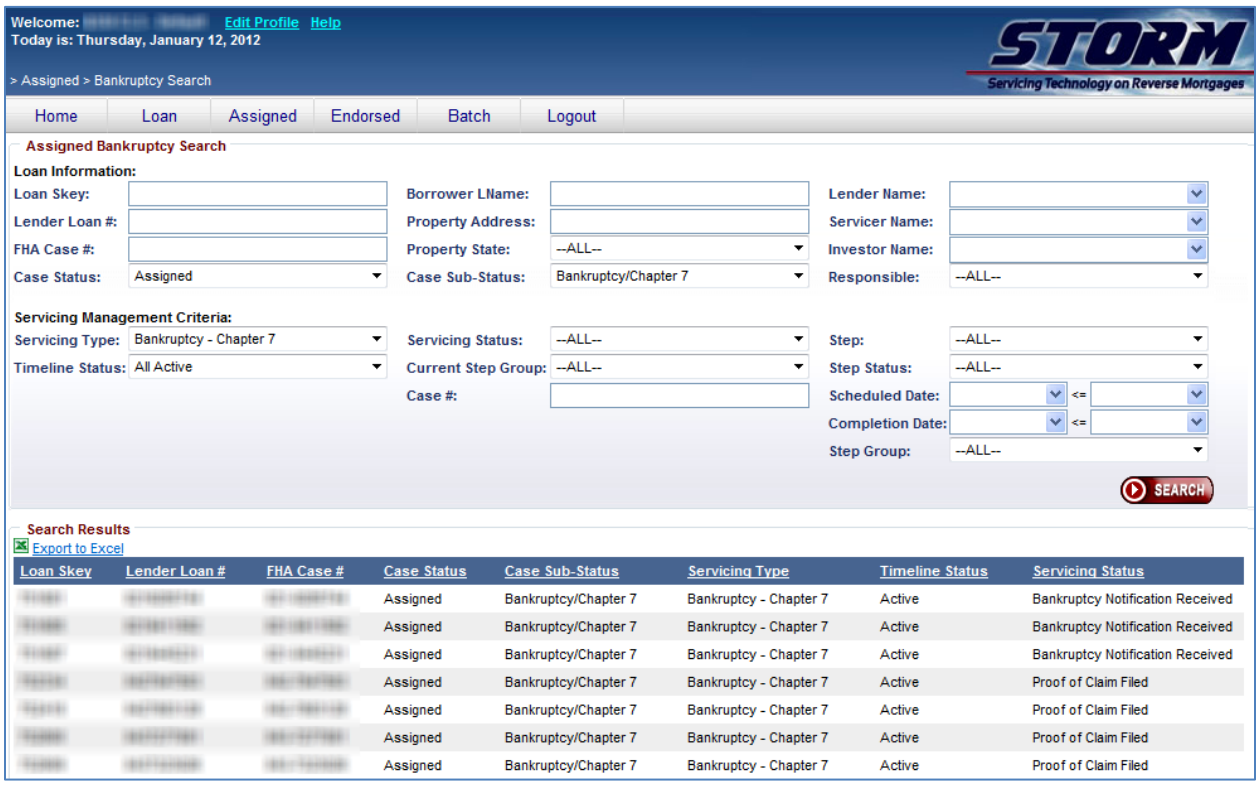

Figure 7-241: Bankruptcy Search – Assigned Bankruptcy Chapter 7

Step 3. Select the loan to view or edit the timeline.

Step 4. The **Bankruptcy Steps** screen for Bankruptcy – Chapter 7 timeline is displayed.

Figure 7-242: Timeline Steps – Assigned Bankruptcy Chapter 7

Step 5. The step **Bankruptcy Filed** completion date is pre-populated with the Bankruptcy filed date received in the BANKO file for the FHA Case #. When timeline is manually initiated, this step will be pre-populated with the date the timeline was created.

Step 6. The step **Bankruptcy Notification Received** completion date is pre-populated with the date the file was processed and timeline initiated. Note: When timeline is manually initiated, this step must be manually completed.

Step 7. To generate the Proof of Claim Form, click the magnifying glass beside the **Proof of Claim Prepared** step to update and print the Proof of Claim Form. A new window is displayed with the Proof of Claim Form with options to preview or print the document.

Step 8. Update the sheet and once the changes have been made, select the **Preview Document** link to view the updated document. To auto-save the changes made to the document select the **Print Document** link. Select Open on the File Download pop-up window. This action will save the updated Proof of Claim Form to the Documents tab. Refresh the screen to auto-complete the step.

- Note: If the Proof of Claim form does not display, go to the servicing management screen and populate the **Bankruptcy District** name. This will allow the **Proof of Claim form** to be viewed.

Step 9. Complete the steps in the timeline when activity corresponding to the step is complete. To complete any step in the timeline, click the step, for example, step Proof of Claim Filed.

Step 10. Populate the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step** window.

Step 11. The completion date is populated beside the step Proof of Claim Filed on the **Bankruptcy Steps** screen.

Step 12. To add an optional step, click **New.**

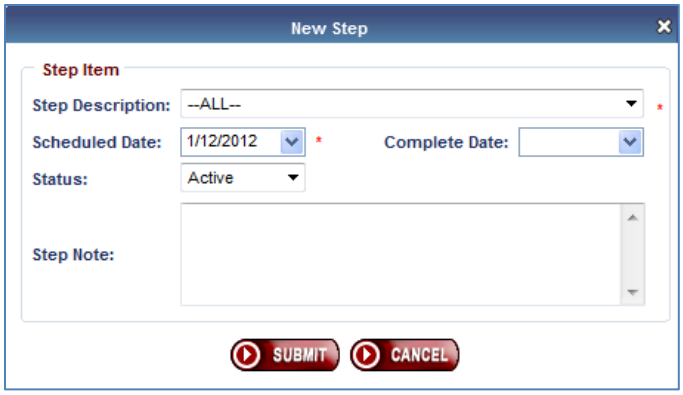

Figure 7-243: New Step – Assigned Bankruptcy Chapter 7

Step 13. Select an optional step from the **Step Description** dropdown that needs to be added on the timeline and click **Submit** on the new window. The step will be added to the list of steps.

Step 14. To complete the step, select the step and populate the completion date, add a note in the Notes field if applicable, click **Submit** on the **Edit Step** window.

Step 15. Repeat the above instructions to add and complete other optional steps.

To manually initiate the timeline:

Step 1. From the Assigned menu, select **Bankruptcy** and click **Setup**.

Step 2. On the **Assigned Bankruptcy Setup Search** Screen, enter the loan search criteria and click **Search.**

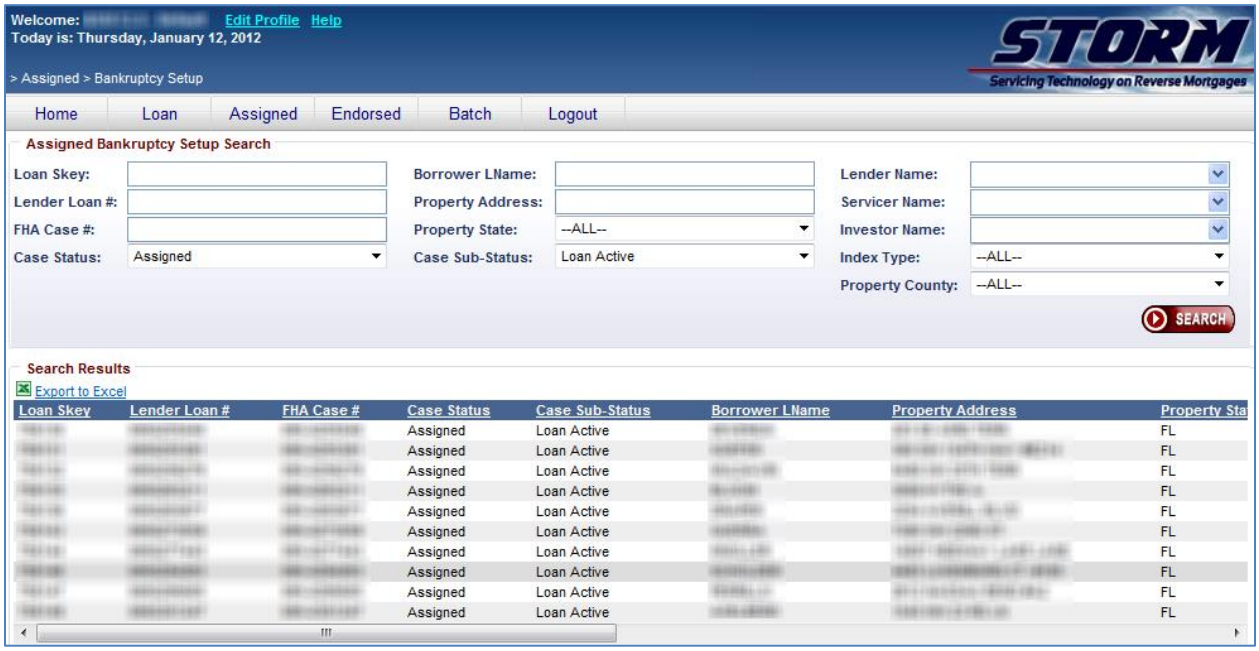

Figure 7-244: Bankruptcy Search – Assigned Bankruptcy Chapter 7

Step 3. From the search results, click a loan to initiate the timeline.

Step 4. On the **Edit Servicing Management** Screen, select **Bankruptcy – Chapter 7** from the **Servicing Type** dropdown and populate the required fields (marked with an asterisk).

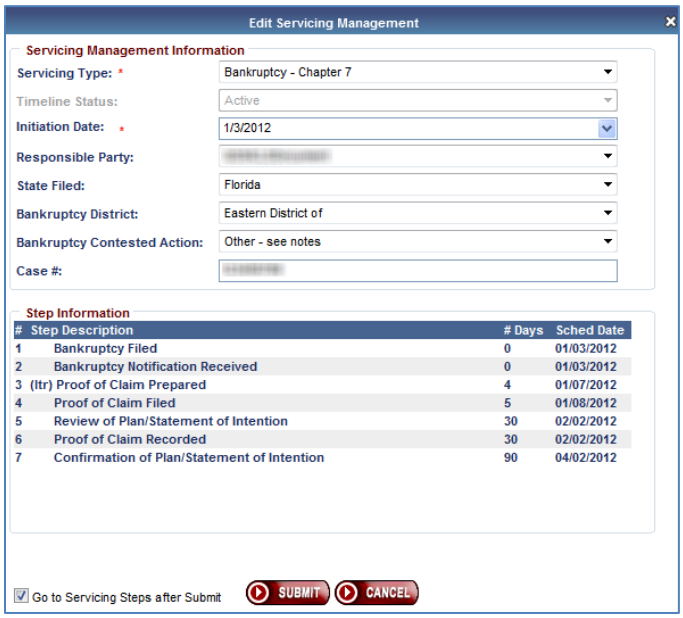

Figure 7-245: Edit Servicing Management for Chapter 7 Bankruptcy

Step 5. Click the checkbox beside **Go to Servicing Steps after Submit** (At the bottom of the **Edit Servicing Management** Window).

Step 6. Click **Submit** (If you click **Cancel**, the Assigned Bankruptcy Setup Search Screen will be displayed).

Step 7. The **Bankruptcy Steps** screen for Bankruptcy – Chapter 7 timeline is displayed.

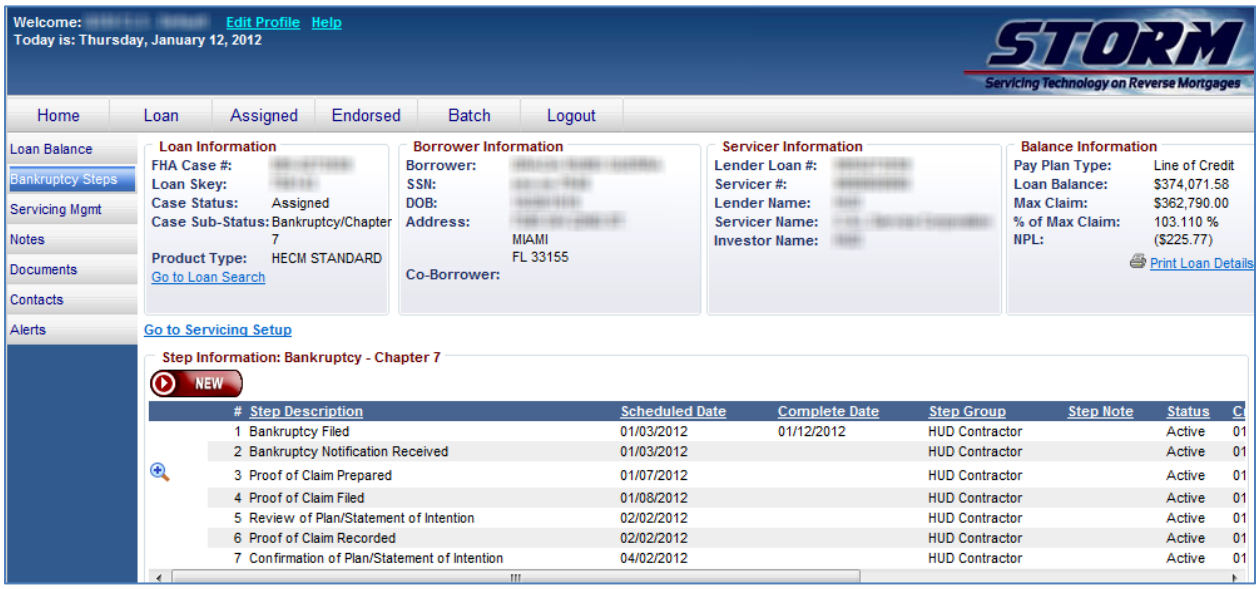

Figure 7-246: Timeline Steps – Assigned Bankruptcy Chapter 7

7.4.6 Release Timelines

7.4.6.1 Release 1st (Release of HUD's First Mortgage)

This timeline is automatically initiated by the system when the loan status is updated to Terminated. The status is updated to Terminated when the terminate transaction is added on the loan. Refer to the Transactions- Loan- Termination section in General Servicing chapter of this User Guide for details. The scheduled date of the first step is set to 10 business days after the effective date of the payoff transactions.

Multiple active Release 1st timelines cannot be initiated on a loan. The Servicing Management tab can be used to activate or inactivate the timeline. Once the timeline is inactivated, none of the steps can be edited.

To initiate and complete the **Release 1st** timeline:

Step 1. From the **Assigned** menu, select **Release**, and click **Search**.

Step 2. On the **Assigned Release Search** Screen, enter the search criteria, select Servicing Type as Release 1st and click **Submit** to retrieve the timelines that have been auto-initiated by the system.

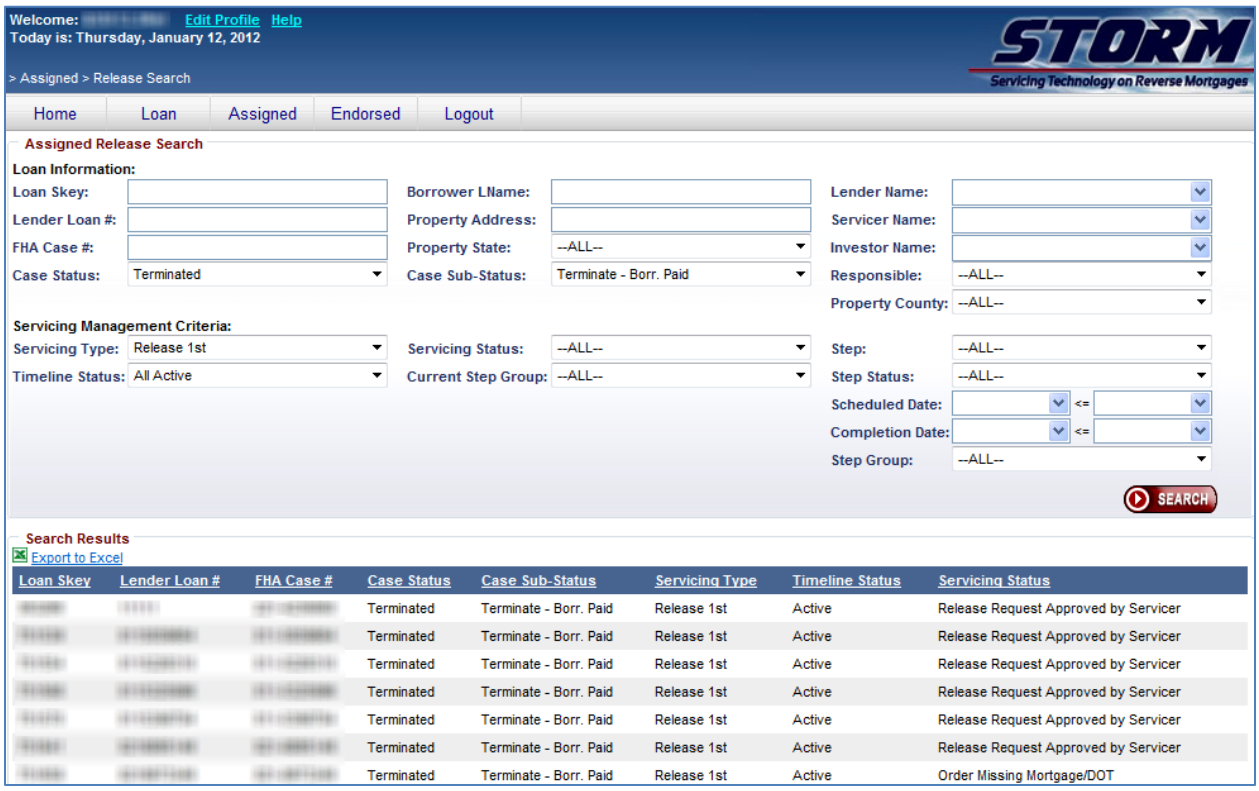

Figure 7-247: Release Search – Assigned Released 1st

Step 3. From the search results, click a loan to view or edit the timeline.

Step 4. The **Release Steps** screen for Release 1st timeline is displayed.

Figure 7-248: Timeline Steps – Assigned Release 1st

Step 5. The **Step Payoff Transaction Processed/Initiate Release** completion date is pre-populated with the timeline created date.

Step 6. Complete the steps in the timeline when the corresponding activity tied to the step is complete. To complete any step in the timeline, click the step, for example, step Release Executed by Contractor.

Step 7. Populate the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step** window.

Step 8. The completion date is populated beside the step **Release Executed by Contractor** on the **Release Steps** screen for Release 1st.

Step 9. The step **Received Missing Mortgage/Deed of Trust (DOT)** is automatically added by the system. To add this step automatically by the system, the following criteria must be satisfied: The optional step **Order Missing Mortgage/DOT** must be added on the timeline.

Step 10. To add the optional step **Order Missing Mortgage/DOT**, click **New**.

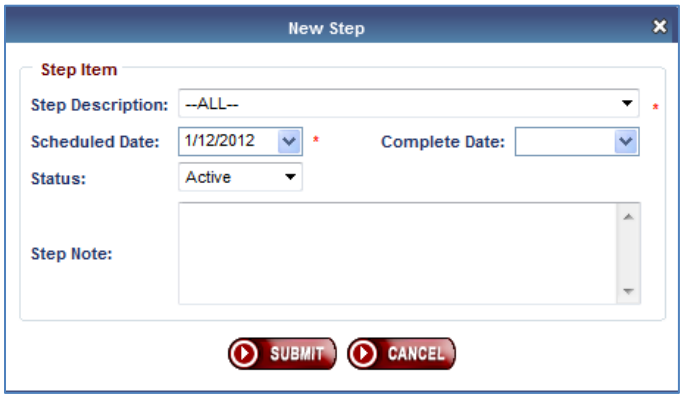

Figure 7-249: New Step for Release

Step 11. Select the optional step from the **Step Description** dropdown.

Step 12. To complete the step, populate the complete date, add a note in the Notes field if applicable, and click **Submit** on **Edit Step** window.

7.4.6.2 Release 2nd (Release of HUD's Second Mortgage)

This timeline is automatically initiated by the system when the loan status is updated to Terminated. The status is updated to Terminated when the terminate transaction is added on the loan. Refer to the Transactions- Loan- Termination section in General Servicing chapter of this User Guide for details on how to add the transaction on the loan. The scheduled date of the first step is set to 10 business days after the effective date of the payoff transaction.

The HUD NSC Contractor will follow up and complete the steps within the timeline after system initiation. There is no interaction with the HUD NSC Staff. Multiple active Release 2nd timelines cannot be initiated on a loan. The Servicing Management tab can be used to activate or inactivate the timeline. Once the timeline is inactivated, none of the steps can be edited.

To initiate and complete the **Release 2nd** timeline:

Step 1. From the **Assigned** menu, select **Release**, and click **Search**.

Step 2. On the **Assigned Release Search** Screen, enter the search criteria, select Servicing Type as Release 2nd and click **Search** to retrieve the timelines that have been auto-initiated by the system.

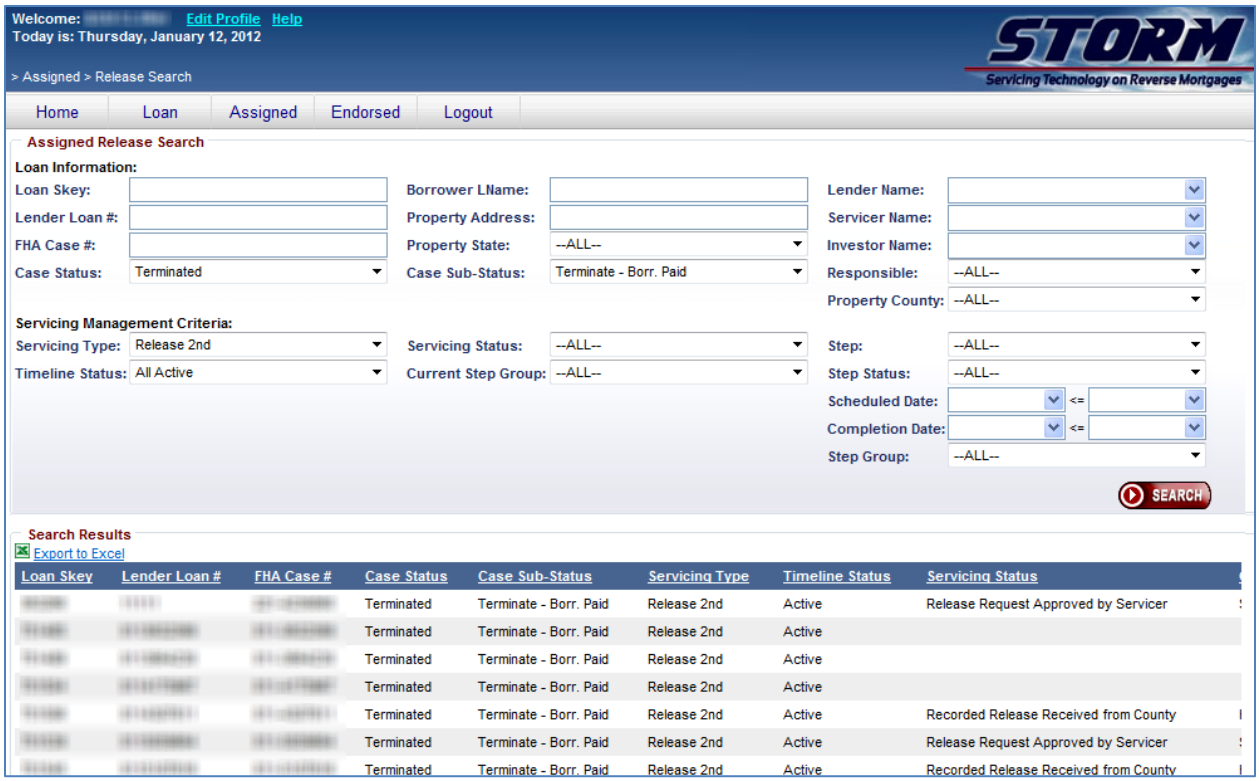

Figure 7-250: Release Search – Assigned Release 2nd

Step 3. From the search results, select a loan to view or edit the timeline.

Step 4. The **Release Steps** screen for Release 2nd timeline is displayed.

Figure 7-251: Assigned – Release 2nd Timeline Steps

Step 5. The step **Payoff Transaction Processed/Initiate Release** completion date is pre-populated with timeline created date.

Step 6. Complete the steps in the timeline when activity corresponding to the step is complete. To complete any step in the timeline, click the step, for example, step **Release Executed by Contractor**.

Step 7. Populate the completion date, add a note in the Notes field if applicable, and click **Submit** on the **Edit Step** window.

Step 8. The completion date is populated beside the step **Release Executed by Contractor** on the **Release Steps** screen for Release 2nd.

Step 9. The step **Received Missing Mortgage/DOT** is automatically added by the system. The following criteria must be satisfied: The optional step **Order Missing Mortgage/DOT** must be added on the timeline (this is an optional step).

Step 10. To add the optional step **Order Missing Mortgage/DOT**, click **New.**

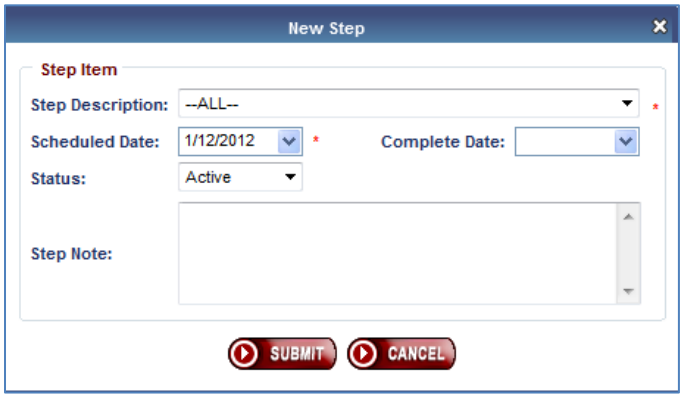

Figure 7-252: New Step – Assigned Release

Step 11. Select the optional step from the Step Description dropdown.

Step 12. To complete the step, populate the complete date, add a note in the **Notes** field if applicable, and click **Submit** on **Edit Step** window.

7.4.7 Claims Timelines

7.4.7.1 Assignment Repurchase

In cases of a discrepancy such as a title issue, non-payment of property charges, non-occupancy or any activity that could have prevented the loan from being assigned to HUD, a HUD NSC Contractor initiates this timeline and notifies the servicer of the title defect or mortgage default. The HUD NSC Staff approval is required. When this timeline is initiated, the case sub-status is updated to Repurchase. When this process is completed, the loan status is updated to Endorsed – Loan Active.

Multiple active Assignment Repurchase timelines cannot be initiated on a loan. The Servicing Management tab can be used to activate or inactivate the timeline. Once the timeline is inactivated, none of the steps can be edited.

To initiate and complete the **Assignment Repurchase** timeline:

7.4.7.1.1 Initiate Timeline – HUD NSC Contractor Activities

The HUD NSC Contractor must perform the following steps to initiate the timeline:

Step 1. From the **Assigned** menu, select **Claims**, and click **Setup**.

Step 2. On the **Assigned Claims Setup Search** Screen, enter the loan search criteria and click **Search.**

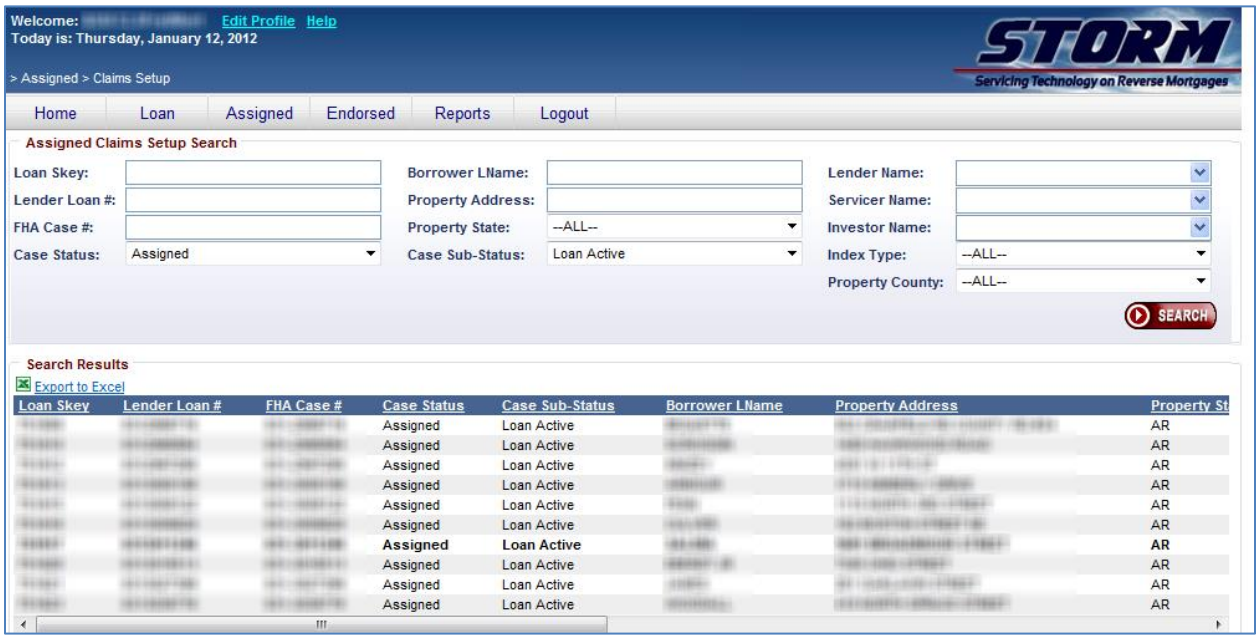

Figure 7-253: Claims Search – Assigned Repurchase

Step 3. From the search results, select a loan to initiate the timeline.

Step 4. From the **Edit Servicing Management** Screen, select Assignment Repurchase from the **Servicing Type** dropdown and populate the required fields (marked with an asterisk).

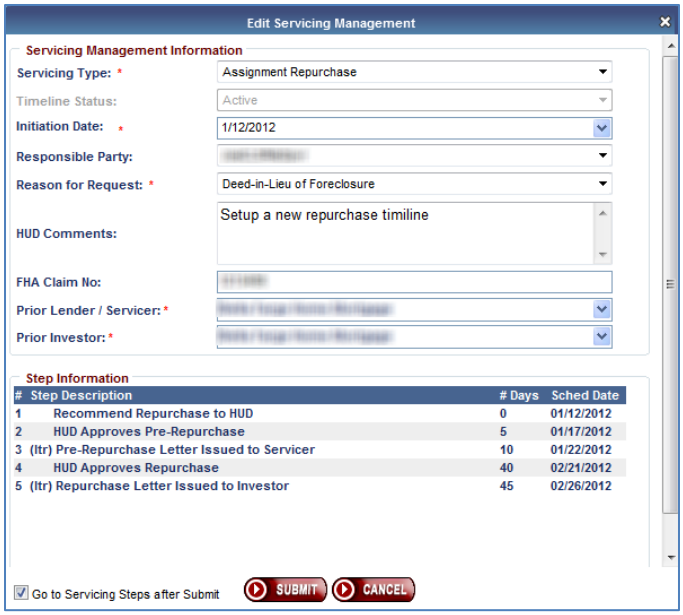

Figure 7-254: Edit Servicing Management – Assigned Repurchase

Step 5. Click the checkbox beside **Go to Servicing Steps after Submit** (At the bottom of the **Edit Servicing Management** Window).

Step 6. Click **Submit** (If you click **Cancel**, the Assigned Claims Setup Search Screen will be displayed).

Step 7. The **Claims Steps** screen for Assignment Repurchase timeline is displayed.

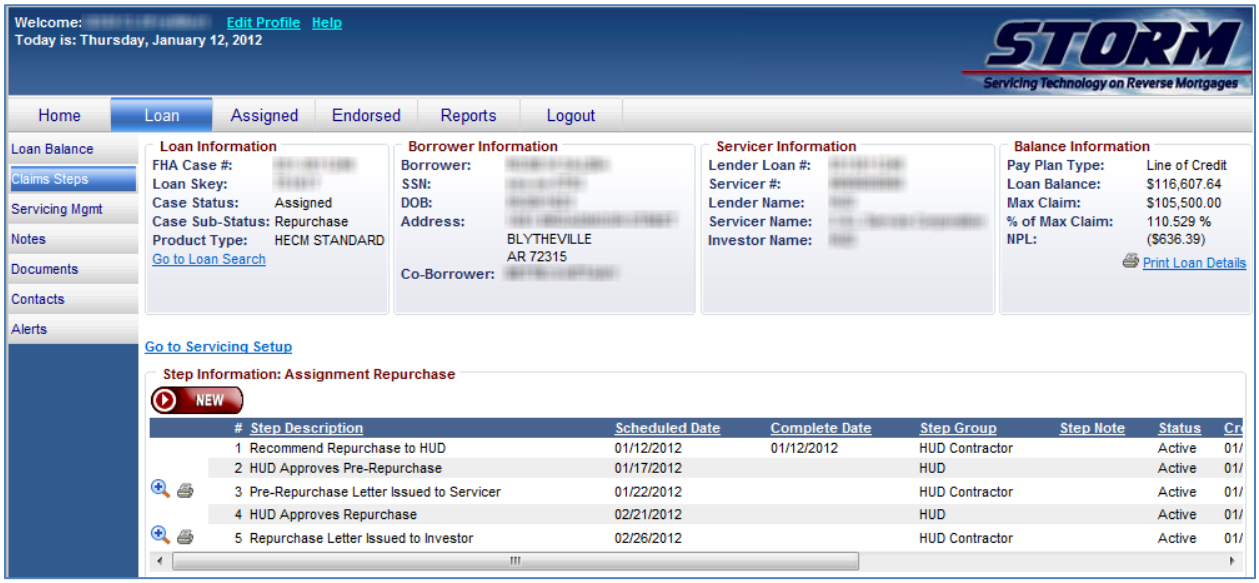

Figure 7-255: Timeline Steps – Assigned Repurchase

Step 8. The step **Recommend Repurchase** to HUD completion date is pre-populated with the initiation date on the timeline.

7.4.7.1.2 Approve Pre-Repurchase - HUD NSC Staff Activity

HUD NSC Staff must perform the following step:

Step 1. The HUD NSC Staff will select the step HUD Approves Pre-Repurchase, populate the complete date, add a note in the Notes field (if applicable), and click **Submit** on the **Edit Step** window. This completes the pre-approval process.

7.4.7.1.3 Perform Repurchase - HUD NSC Contractor Activities

HUD NSC Contractor must perform the following step:

Step 1. To generate the Pre-Repurchase Letter, click the **magnifying glass** beside **Pre-Repurchase Letter Issued to Servicer** step to preview the letter. On the Modify Letter Fields window is displayed. Edit the subject and salutation and select **OK**. The Pre-Repurchase Letter is displayed.

Step 2. The printer icon beside the step allows the HUD contractor to auto-save the document to the **Documents** tab. Select the **printer icon**, the Modify Letter Fields window is displayed. Edit the subject and salutation and select **OK**. The **Pre-Repurchase Letter** is displayed. This action auto-saves the document in the Documents tab and auto-completes the step.

Step 3. If an extension is granted on the pre-repurchase, a HUD NSC Contractor will add the optional step 30 Day Pre-Repurchase Extension Granted. To add the optional step, click **New**. Select the step from the **Step Description** dropdown and click **Submit** on the new window. The step will be added to the list of steps.

Step 4. To complete the step, select the step and populate the completion date, add a note in the Notes field (if applicable), and click **Submit** on the **Edit Step** window.

7.4.7.1.4 Approve Repurchase - HUD NSC Staff Activity

HUD NSC Staff must perform the following step:

Step 1. The HUD NSC Staff will select the step HUD Approves Repurchase, populate the complete date, add a note in the Notes field (if applicable), and click **Submit** on the **Edit Step** window. This completes the approval process.

7.4.7.1.5 Post Repurchase Approval - HUD NSC Contractor Activities

HUD NSC Contractor must perform the following step:

Step 1. To generate the Repurchase Letter, click the magnifying glass beside the **Repurchase Letter Issued to Investor** step to preview the letter; the Modify Letter Fields window is displayed. Edit the subject and salutation and click **OK.** The Repurchase Letter is displayed.

Step 2. The printer icon beside the step allows the HUD contractor to auto-save the document to the **Documents** tab. Select the **printer icon,** the Modify Letter Fields window is displayed. Edit the subject and salutation and click **OK**. The **Repurchase Letter** is displayed. This action auto-saves the document in the **Documents** tab and auto-completes the step.

Step 3. Refer to the **Repurchase Claim Payment Processing** section (7.4.7.2) for details on the payment processing.

Step 4. The following steps are triggered when the step **HUD Verifies Repayment of Claim** is added and completed by the system. This step is added when the confirmation of the collection is received from the Accounting Module.

- Repurchase Package Sent to Servicer

- Assignment to Servicer Sent for Recording
- Received Recorded Assignment

Step 5. To complete the step **Repurchase Package Sent to Servicer**, select the step, populate the complete date optionally add the note and click **Submit** on the **Edit Step** window.

Step 6. To complete the step **Assignment to Servicer Sent for Recording**, select the step, populate the complete date optionally add the note and click **Submit** on the **Edit Step** window. A certify pop-up window is displayed confirming the transfer of the servicer. Click **Yes**. This completes the step. The **case status** is updated to **Endorsed** and the case sub-status is updated to **Loan Active**. If the payment status is suspended the sub-status is updated to **Payment Suspended.**

Step 7. When the recording is completed and received, complete the step **Received Recorded Assignment.** To complete this step, select the step, populate the complete date optionally add the note and click **Submit** on **Edit Step** window.

Step 8. To add the optional step **Servicer Clears Repurchase Issue** on the timeline, click **New**. Select the optional step from the **Step Description** dropdown and click **Submit** on the **New Step** screen. The step will be added to the list of steps.

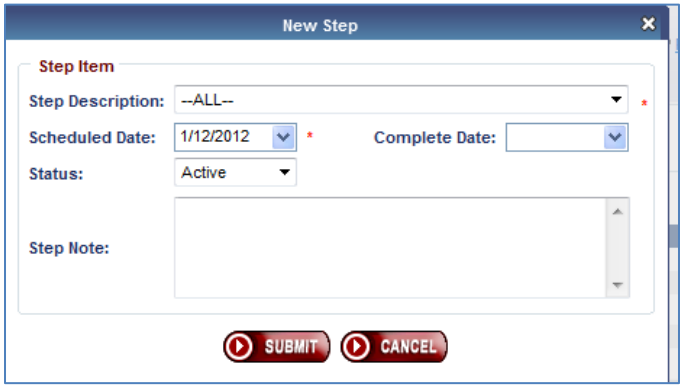

Figure 7-256: New Step – Assignment Repurchase

Step 9. To complete the step, populate the completion date, add a note in the **Notes** field if applicable, and click **Submit** on the **Edit Step** window.

7.4.7.2 Repurchase Claim Payment Processing

This section explains the repurchase collection processing in HERMIT (Servicing and Accounting Modules) system.

1. The repurchase transaction is generated when the step HUD Approves Repurchase is completed within the Repurchase timeline. These FHA cases are sent to the Accounting Module for generation of receivable via an interface file.
2. The Servicing Module assigns a batch ID and batch status for the receivable request to track the collection status. Once the file is generated and sent to the Accounting Module, the batch status (Sent to GL - Held) is updated to indicate that the transaction has been sent to the Accounting Module.
3. The Accounting Module processes the file, records the receivable in a held status and sends a response file to the Servicing Module. The receivable in the Accounting Module is not sent

for collection until a subsequent interface file is received from the Servicing Module that releases the receivable for collection.

4. The Servicing Module processes the response file from the Accounting Module and updates the batch status (Success – Held). The system adds a new step Claims Receivable Established on the repurchase timeline, the step is auto-completed with the date the file has been processed.
5. The Servicing Module sends the release transaction to the Accounting Module via an interface file when the repurchase transaction is authorized via the Accounting – Authorizations screen (authorized by lender/investor/servicer). The system adds a new step Servicer Authorizes Repayment of Claim on the repurchase timeline, this step is auto-completed with the authorization approval date.
6. The Servicing Module updates the batch status (Sent to GL Collect) when the release transaction for claims receivable is sent to the Accounting Module. If there is a difference in payoff amount between the date HUD approved repurchase and the date repurchase transaction is authorized for payment. The difference in the payoff amount is sent to Accounting Module as a separate transaction for collection.
7. The Accounting Module processes the file and sends a response file to the Servicing Module. The Servicing Module processes the response file from the Accounting Module and updates the batch status (Success – Collect).
8. The Accounting Module generates a non-interactive-batch file per Treasury Pay.gov's specification. The file is sent to Pay.gov for collection. Upon posting the collection by Pay.gov, the deposit is recorded in the Accounting Module.
9. The Accounting Module sends the receivable collection confirmation to the Servicing Module via an interface file. The Servicing Module processes this file and the batch status is updated to Settled. The system adds a new step HUD Verifies Repayment of Claim on the repurchase timeline, the step is auto-completed with the date the file has been processed. This completes the repurchase collections processing in HERMIT.