

To: All CHFA Servicers

Bulletin #7

February 28, 2013



From: Elizabeth M. Vallera, Treasurer

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**Subject:** CHFA Home Mortgage Programs Operating Manual – Delinquency & Foreclosure Reporting Supplement (Revision 3); Servicing Reminders

The attached ***CHFA Home Mortgage Programs Operating Manual – Delinquency & Foreclosure Reporting Supplement (Revision 3)*** has been revised to incorporate the following changes. These changes will take effect on March 1, 2013.

Summary of Changes:

- CHFA will pre-reimburse servicers for certain categories of expenses related to loans in foreclosure
  - Servicer may submit a Foreclosure Expense Pre-Reimbursement package (the “Package”) to CHFA that conforms to CHFA defined parameters for review and payment.
  - Packages will only be accepted for loans in the process of foreclosure or those approved for short sale.
  - For insured loans, servicer must file the 1<sup>st</sup> insurer claim within 60 days of CHFA’s reimbursement for the Package.
  - Servicer must file the 2<sup>nd</sup> insurer claim (where applicable) within 30 days of 1<sup>st</sup> insurer claim on FHA insured mortgages and within 60 days for all other insurance types.
  - Only foreclosure expenses detailed in the CHFA Home Mortgage Programs Operating Manual – Delinquency & Foreclosure Reporting Supplement (Revision 3) will be eligible.
- Servicer’s are required to provide monthly updates to CHFA for all loans for which they’ve received this pre-reimbursement utilizing the Option Compliance Report.

Please refer to the corresponding sections of the attached ***CHFA Home Mortgage Programs Operating Manual – Delinquency & Foreclosure Reporting Supplement (Revision 3)*** for detailed information on each of the above items.

Additionally, CHFA is issuing the following reminders to all loan servicers. Please advise all appropriate staff in your respective servicing departments of the observations noted in this bulletin and take corrective action, if necessary:

1. The CHFA Foreclosure Approval Initiation/Mitigation/Notification form is not being consistently submitted to CHFA, according to the Participating Lenders Operating Manual – Delinquency & Foreclosure Supplement (Revision 2 & 3). The form notifies CHFA of any loan that is entering foreclosure or that has had an action for which CHFA must be notified immediately, e.g., Title Taken Date. (previous reminder sent 7/22/11 in Bulletin #3)
2. All 60 day delinquent borrowers must be notified by letter referring them to a CHFA approved counseling agency. A copy of the letter must also be sent to the counseling agency. (previous reminder sent 5/24/10 in Bulletin #1)
3. The FHA Connection insurance database must be updated to reflect CHFA as the “Current Holder” of the FHA-insured mortgages subsequent to loan purchase. Please verify the correct holder id at loan setup. (previous reminder sent 7/22/11 in Bulletin #3)

4. Servicer must use the standard CHFA release of mortgage form on a consistent basis. Release of mortgage must report CHFA as the mortgagee, not the servicer.
5. Servicer's are reminded that all insurer claim proceeds on loans in foreclosure must be remitted directly to CHFA from the Insurer or the servicer will incur a \$250 penalty.
6. Any sales proceeds received by the servicer as a result of short sales, etc. must be immediately forwarded to CHFA.

Please contact Kristin Kotler at 860-571-4247 with any questions.

*Please forward this Bulletin to any effected management or staff within your organization. This Bulletin is also listed on CHFA's website at [www.chfa.org](http://www.chfa.org) under the Lender Documentation Library as Servicing Bulletin #7.*