



NAMFS 2016 MBA Servicing Conference Recap

NAMFS leadership and association members were prominently represented at the 2016 MBA Servicing Conference and Expo. Member companies participated as conference sponsors, exhibitors, panelists and attendees. This recap is a compilation of events, sessions and industry updates from many of those in attendance. NAMFS greatly appreciates their sharing this information with all our members.

NAMFS hosted an independent Industry Solution Working Group Meeting on Wednesday morning prior to the kickoff of the Conference. The following are summaries of the discussion topics.

Background Checks:

As of 2/15/16 the Industry Standard Background Check Solution has processed 31,726 unique background checks. This does not include renewals. Ratings percentage breakdown is as follows:

IC01 – 93%

IC02 – <1%

IC03 – <1%

IC04 – ~5%

Total Sign Ins from the property for January 2016 - ~290K

It was confirmed that ITIN's issued for tax purposes are not acceptable in the background check process. An individual must have a SSN# to support being able to work in the US.

There is initial vetting under way to determine if the Working Group will expand to include broker representation.

Ongoing Agenda Items Include:

NAMFS Academy

The Working Group participants will be provided with NAMFS Academy access to evaluate the potential use of this as an Industry Standard.

ML 2016-02 & FNMA/FHMLC Inspections

Further discussion on these items will be part of the scheduled monthly meetings

MBA Servicing Conference

FHA/HUD Update:

There were several events involving HUD including the MBA HUD/VA Subcommittee meeting which took place Tuesday afternoon just prior to the conference.

Key Points include:

- HUD advising that there would be no clarification provided to ML 2016-02 on an ad hoc basis.
- HUD stated that the industry should collect and funnel all clarification questions through the MBA and the MBA in turn should submit a letter to HUD.
- HUD will draft responses and run them past their legal department. If an answer is determined by legal to create new policy then HUD will be unable to supply that response. Any HUD response deemed only to provide clarification can be shared.

Servicing Handbook.

At this session HUD provided an impending effective date of 3/14/16. It was also noted that this online resource was undergoing continuous updates including the addition of ML 2016-02. HUD is working on the process and implementation of pre-conveyance inspections but did indicate that this would be through a pilot with selected servicers.

The 2016 initiatives include: a Claims & Disposition update for the Handbook, HUD Loss Mitigation “waterfall” and to have industry defined timeframes to convey and file a claim. The last items will require legislative changes to the CFR and will most likely take several years to implement due to this requirement.

New Mortgage Letters

ML 2016-02 was issued on February 5, 2016 with an effective date of February 1, 2016. This caused some confusion and HUD advised that servicers were split on this question with some OK with immediate and some wishing for an implementation period.

- No additional information was shared regarding the discussions and ultimately HUD issued and unfortunately it was retroactive.

In terms of why \$5000 as the max property spend, HUD research over the last five years of conveyances and determined that the average aggregate P&P expenditure per property was \$2,700. This would allow for an additional \$2,300 which would incorporate the new allowable services.

Price Caps on Inspections/Grass Cuts

One semi-clarification was given in answer to the question “What if you are at the cap and still need to continue inspections and grass cuts. Do you request approval on each?” HUD’s response was to reference a prior ML issue around grass cuts and that was to submit for a single O/A for a specified number of occurrences in advance of exceeding the cap.

Inspection Timeframes

Another clarification was supplied for the contradictory language concerning inspection timeframes. Although 30 days is mentioned in the ML HUD still directs that the 25-35 day window is in effect (cited in another section of the ML). The one area of concern is how this will be impacted by when the initial vacant inspection occurs.

Insurance Claims

ML 2016-02 also provides guidance on insurance claims and proceeds. The group has concerns around the filing of an insurance claim because it typically causes the property to miss the conveyance date leaving servicers and their vendors liable for costs. The guidance from HUD was that the servicer should file for an extension to the conveyance date and provide ISN with the reason of insurance claim filed for damages and repairs. Additionally, there was concern about filing claims for missing appliances. HUD advised that the claim be filed to “see what happens”.

MCM (ISN Corp) Performance

HUD provided some information regarding the new MCM (ISN Corp) performance since there October 2015 start date. It includes:

20,373 conveyances

91,929 O/As processed

22,767 extensions reviewed

14,819 claim reviews

6,374 Administrative Remedies (demand, offsets and reconveyances). \$ 13,912,873.38 recouped.

Reconveyance and Timeframes

Overall, reconveyances are down and averaging 200-250 per month. Reasons are 76% for property issues and 24% for title issues. ISN will most likely host an industry event in OKC sometime around October of 2016.

ML 2016-03 raised reasonable diligence timeframes in 32 states and DC (in line with Fannie Mae). It also increased attorney fees. HUD noted that no servicer appears to be curtailing P&P expenses when reasonable diligence timeframes are not met and going forward HUD will be implementing. The panel recommended earlier preparation for conveyance, specifically: understanding the extensions and insure servicers make first legal, tighten internal controls and making repairs to match the neighborhood. There was also a suggestion to utilize BATF – where further damages are imminent and to prevent mortgagee neglect. Documentation is paramount to prevent denial, chargeback, demand letter. That said, there is risk on both sides and may depend on servicer risk tolerance. Finally, the Cash for Keys amount was raised to \$3000.

CFPB

CFPB hopes to publish the Final Servicing Rule mid-year and a proposed rule for FDICPA by year end. Nothing definitive related to servicing at this time. In 2015, 82% of complaints received were related to mortgage servicing. “Hot buttons” will focus on compliance management system weaknesses, technical violations and record retention

Foreclosure & Regulatory Law Update

Litigation is back closer to “normal” from the mortgage crisis/recession timeframe. The volume of cases, including class action, has decreased. State specific litigation on foreclosures is of continued concern.

Transforming Blighted Communities Session:

In Detroit where blighted properties were demolished within 500 feet of a non-blighted property the property value of that property increased by 4.2%. Where blighted properties are not rehabbed the average selling price is \$ 43K. Rehabbed properties average \$ 72K.

At the session, an audience member from the National Stabilization Trust voiced concern over the loan sales by HUD and the GSE's to private equity where the fear is blighted properties will not get the same attention.

The National Association of Mortgage Field Services, Inc. (NAMFS) is dedicated to working with all entities of the industry from the Government Agencies and investors that set policy to the contractors and inspectors that perform the work.