



Title I Lender and Servicer Newsletter

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The FOC is here to help!

Phone:
1-800-669-5152

X 2836 (Endorsement and Claims HelpLine)

X 2832 (Premiums HelpLine)

Email:
Title_One_Help@hud.gov

Address:
Financial Operations Center
52 Corporate Circle
Albany, NY 12203

PREMIUM BILLING PROBLEM

A computer programming problem related to the production of Title I premium billing statements has occurred. The problem appears to be associated with the processing of certain loan data adjustments that cause the correct premium amount due on such cases to be reduced to zero. In rare cases, erroneous premium credits have also been generated. Fortunately, this problem has impacted only a small number of insured loans, and when this problem has occurred, lenders have been undercharged, not overcharged.

Financial Operations Center personnel have been working closely with systems contractors to identify the cause of the problem and to develop a resolution. We are confident that we will be able to correct the problem soon. In the meantime, we are monitoring monthly billing statements and making appropriate manual corrections to make sure lenders are billed for any missed premiums, and that loan records reflect the proper premium amount and status.

We urge you to review your Title I premium bill carefully each month and to contact us immediately if you discover any errors or discrepancies with the billing information displayed.

DOCUMENTING OTHER SOURCES OF INCOME

There are additional underwriting requirements when the cost of the improvements exceeds the Title I loan amount.

- The loan file should clearly document the source of the funding for any costs above the loan amount.
- If the entire excess cost is to be paid from the available cash resources of the applicant, you must document the existence of the funds and obtain credible explanations for any large recent bank deposits or new accounts.
- If any part of the funds to pay the excess cost is being borrowed, then the monthly payment for the obligation must be included in the qualifying debt-to-income ratio.

If you have any questions about other sources of funding, please contact the Endorsement and Claims Processing Branch for assistance. Contact information is provided to the left.



SHORT SALES

You must receive prior written approval from HUD before approving any short sale release of security on a Title I insured loan (see 24 C.F.R. 201.24(2) (e)). HUD's approval will be for release of lien only and will not include a release of the borrower(s) from their obligation to pay the balance due on the Title I loan. A lender's failure to receive prior written approval from HUD for a short sale lien release or release of a borrower from their obligation on the loan note will result in future claim denial.

To request HUD approval for a short sale you should submit the following documentation:

- Letter requesting approval with a proposed settlement amount
- Sales Contract/Purchase Agreement
- Property Appraisal/Broker's Price Opinion
- Current Payoff Statements from each lien holder
- Short Sale Approval Letters from lien holder(s), if applicable
- Current Title Report
- Proposed HUD-1 Settlement Statement
- Written acknowledgement from the borrower(s) that any release of lien will not release them from the remaining obligation due on the loan

Send your requests for short sale approval to the Financial Operations Center, Attn: HUD Title I Insured Short Sale Requests. They can be sent via fax to 518-462-4299 or via email to debt.servicing.help@hud.gov. You can also call 1-800-669-5152, extension 2819 if you have any questions related to short sales. Short sale approval requests are normally processed within 2-3 business days.

LIEN ASSIGNMENTS—HUD's ADDRESS

When filing a claim and preparing your assignments to HUD, please assign the security to United States of America - Department of HUD and use 52 Corporate Circle, Albany NY 12203 as HUD's address. Using this address allows us to receive notices of foreclosure more timely, reducing the number of follow up calls we need to make to you.

Written and published by staff of HUD's Financial Operations Center, Albany, NY