March 9, 2020
Office of Housing, Department of Housing and Urban Development
451 7th Street SW
Washington, D.C. 20410-8000

RE: Proposed Enhancements to Claims Without Conveyance of Title (CWCOT) Program

Ladies and Gentlemen,

On behalf of the Mortgage Bankers Association\(^1\) (MBA), the Housing Policy Council \(^2\) (HPC), and the National Mortgage Servicing Association\(^3\) (NMSA) we are jointly submitting feedback on the proposed enhancements to FHA’s Claims Without Conveyance of Title (CWCOT) program. We applaud FHA for its efforts to expand this important program. After all, successful CWCOT sales (either at foreclosure sale or second chance sales) result in significantly lower losses to the FHA insurance fund when compared to Conveyance. A more efficient and effective CWCOT program results in getting impacted properties quickly back into the normal fabric of our nation’s neighborhoods and communities.

We also appreciate the use of FHA’s Office of Single Family Housing “Drafting Table” for purposes of soliciting public feedback on this important policy revision. We appreciate the opportunity to provide feedback on such critical housing programs.

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\(^1\) The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 280,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation’s residential and commercial real estate markets, to expand homeownership, and to extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of over 2,300 companies includes all elements of real estate finance: mortgage companies, mortgage brokers, commercial banks, thrifts, REITs, Wall Street conduits, life insurance companies, and others in the mortgage lending field. For additional information, visit MBA’s Web site: www.mba.org.

\(^2\) The Housing Policy Council is a trade association comprised of the leading national mortgage lenders and servicers, mortgage and title insurers, and technology and data companies. HPC advocates for the mortgage and housing marketplace interests of its members in legislative, regulatory, and judicial forums. Our interest is in the safety and soundness of the housing finance system, the equitable and consistent regulatory treatment of all market participants, and the promotion of lending practices that create sustainable homeownership opportunities in support of vibrant communities and long-term wealth-building for families.

\(^3\) With a membership comprising more than 90 percent of the mortgage servicing market, the National Mortgage Servicing Association (NMSA) is a nonpartisan organization driven by senior executive representation from the nation’s leading mortgage servicing organizations, formed for the purpose of effecting progress and change on the key challenges that face the mortgage servicing industry. NMSA is a membership group that is a part of Five Star Global (FSG), a national trade association supporting the U.S. residential mortgage and real estate market through membership groups, publishing, conferences, education services, and strategic events. FSG advocates on behalf of and for industry stakeholders on policy matters and interests established to protect, preserve, and promote homeownership. Learn more at thefivestar.com.
Attached is a list of areas where additional clarification is requested. Given the overall positive impact of the proposed revisions, we do not want to delay finalization of the Mortgagee Letter. We only request clarifying the language concerning extensions for post-foreclosure sales prior to finalizing the policy. With regard to the extension of time, we seek clarification regarding the amount of time provided and the relationship to mortgagee compliance with all foreclosure timelines. We want to ensure that the Mortgagee Letter achieves the goal of increasing overall CWCOT sale rates.

Currently, HUD will approve two consecutive 60-day extensions to the conveyance timeframe. The conveyance timeframe is 30 days from the later of:

- Filing for record the foreclosure deed;
- Recording date of deed in lieu of foreclosure;
- Acquiring possession of the property;
- Expiration of the redemption period; or
- Such further time as the Secretary may approve in writing.\textsuperscript{4}

The draft Mortgagee Letter language appears to start the 60 days from only one prong of the conveyance timeframe: “HUD will provide the Mortgagee with an extension of the conveyance timeframes for 60 Days from the filing for the record of the foreclosure deed to attempt additional sales efforts...” We would ask that this 60-day timeframe be provided for all the scenarios noted above. Moreover, we assume that this 60-day timeframe is in addition to the 30-day conveyance timeframe. We appreciate the automatic 30-Day extension to this deadline if “an acceptable sales contract has been ratified before the expiration of the 60-Day period.” We assume that HUD will grant additional extensions upon request based on a case-by-case review. HUD currently provides servicers with two 60-day extensions upon request, and we assume HUD would provide continued consideration for operational challenges. We ask that HUD confirm these assumptions.

Currently, extensions of time for second chance sales are not conditioned on mortgagee compliance with all foreclosure timelines. After all, penalties to mortgagees are already in place for missing these timelines. We seek clarification that mortgagees are still afforded the same extensions of time in cases where foreclosure deadlines are missed.

\textsuperscript{4} 24 CFR 203.359(b)
In conclusion, we appreciate HUD’s efforts in examining CWCOT policies in search of ways to increase third party sales relative to conveyances. Decreasing conveyances is a win to the FHA fund, mortgagees and communities.

Sincerely,

Sara Singhas, AMP
Director, Loan Administration
Mortgage Bankers Association

Meg Burns
Senior Vice President for Mortgage Policy
Housing Policy Council

Rachel Williams
Executive Director
National Mortgage Servicing Association