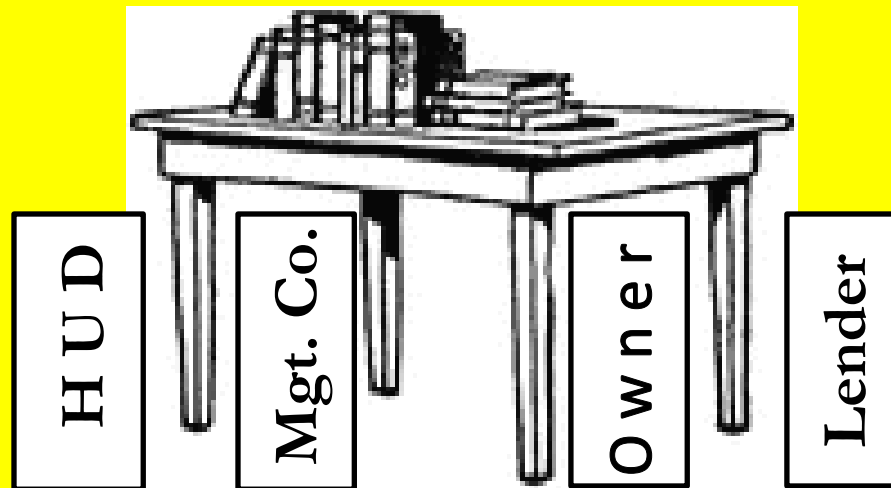
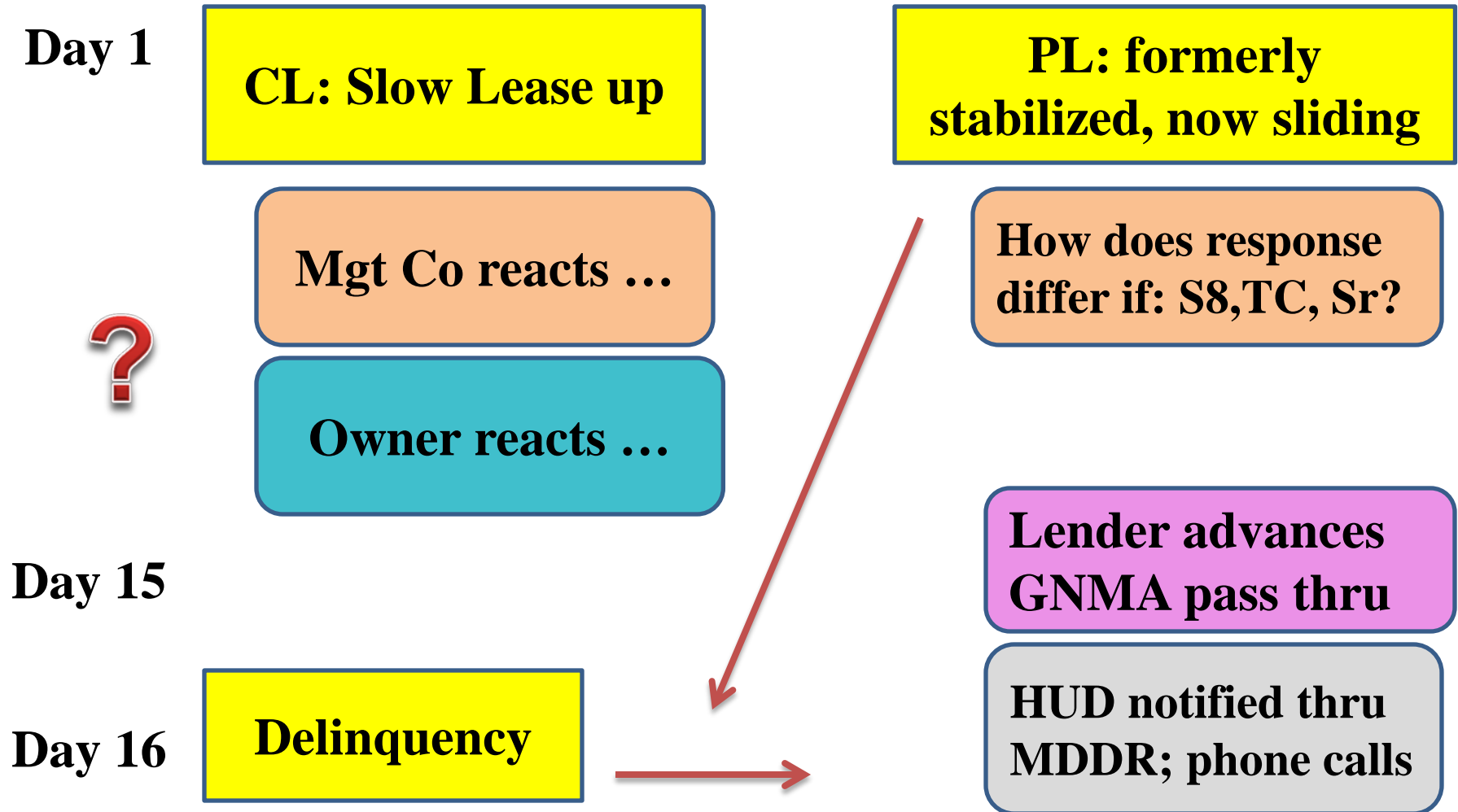


Proactive Loss Mitigation Strategies on Delinquent HUD Loans

Multifamily Housing as a 4-Part Team Effort



Time Line for Proactive Loss Mitigation Effort on Delinquent HUD Loans



Time Line for Proactive Loss Mitigation Effort on Delinquent HUD Loans

Day 31

- **Intensive Analysis of Oper. Statements, Rent Rolls, Local Market, Owner & Mgt Co. efforts**
- **Update Lender & MDDR Watch Lists**
- **Hopefully loan re-instates EOM1, w-late fee, perhaps using adv. collections from next mo.**

**If pattern repeats mo. after mo.
... a “rolling delinquency” results**



Time Line for Proactive Loss Mitigation Effort on Delinquent HUD Loans

Days 32+

**If conditions worsen ...
Default declared ...**

Mgt. Co. slashes expenses..AP grows

Day 45

**Lender advances 2nd
GNMA pass thru**

**Owner weighs
Sec 8, capital
call, TPA ...**

Day 60

**EOM2, if one pmt. made ...
w-draw to fiscal delinquency;
otherwise, 'rolling default'
might still be possible**

**HUD & Lender
explain IRR, RfR
rls., TPA, Refi, PPC**

**All parties
meeting advisable**

Time Line for Proactive Loss Mitigation Effort on Delinquent HUD Loans

Days 61-74

As solution is hammered out ...

New marketing plan/concessions reduce vacancies

Day 75

File ETA ... unless overdue “Day 1” pmt is collected to continue “rolling default” or

Capital call successful; new partner admitted

HUD can grant 30 day extensions to ETA to avoid assignment & allow time ...

Loan mod vs. refi feasibility determined

to suspend RfR &/or process TPA, Refi, IRR, PPC

Suggestions on How to Improve the Collective Asset Management Process

Issue revised HB 4350.1 ASAP; if in stages, then issue needed chapters on TPAs, RfR, Insurance & NCR

If HUD desires Lenders to assume more delegated responsibility; uniform written guidance is needed to minimize *lender liability* concerns

Create a Lender Liaison for Multifamily

Consolidate MLs into a revised HB 4350.4 for Mortgagees

Resist SF “policy creep” into MF , eg. HB 4000.1

Adopt LEAN policy of refunding insp. fee for delegated NCR lenders