



OFFICE OF HOUSING

OFFICE OF ASSET SALES

OFFICE OF FINANCE AND BUDGET

Report to the Commissioner on Post Sale Report March 2024 Report

**HUD-HELD VACANT LOAN SALES FOR
HOME EQUITY CONVERSION MORTGAGES**

**Department of Housing and Urban Development
Federal Housing Administration**

BACKGROUND

HUD-held Vacant Loan Sales (HVLS) for home equity conversion mortgages (HECMs) were introduced in 2016. These sales maximize recoveries to the Federal Housing Administration (FHA) insurance fund on behalf of taxpayers through competitive auctions. HVLS transactions are comprised of a portfolio of defaulted, formerly FHA-insured, single-family reverse mortgage loans owned by HUD. The loans are first liens secured by 1 to 4 unit, residential properties with the following attributes:

- ❖ The last surviving borrower is deceased;
- ❖ No borrower is survived by a non-borrowing spouse;
- ❖ The property securing the mortgage loan is vacant; and
- ❖ The heirs of the estate have not paid off the debt.

The HVLS sold loans were assigned to HUD from prior servicers, who are able to assign the loans to HUD when the loan balance reaches 98% of Maximum Claim Amount (MCA). MCA is equal to the lesser of the loan's appraised value or the maximum FHA lending limit at origination. HUD takes over servicing when the loans are assigned.

HUD can foreclose on these vacant properties but that is usually lengthy and costly to the U.S. taxpayers. Selling these defaulted mortgages through a competitive auction generates savings for FHA by avoiding holding, foreclosure, and sales expenses that would be incurred with a disposition through the REO conveyance program.

The HVLS portfolio is summarized below. This report includes post-sale reporting data due 01/02/2024 on ten HVLS transactions, HVLS 2017-1 through HVLS 2023-1. The first reporting for HVLS 2024-1 is due on July 1, 2024. Per sale requirements, Purchasers must ensure that the loans are serviced in accordance with the Conveyance, Assignment and Assumption Agreement (CAA) and all applicable state and federal laws and regulations.

The information contained herein is based upon data reported by Purchasers.

EXHIBIT 1: THE HVLS PORTFOLIO

Sale Name	Sale Date	Settled Loan Count	Updated Loan Balance (MM)	Repurchased Loans	Count without Repurchases	Number of Pools
HVLS 2017-1	11/30/2016	1,644	\$333.4	77	1,567	5
HVLS 2017-2	6/21/2017	864	\$171.7	59	805	5
HVLS 2018-1	4/11/2018	566	\$120.2	55	511	4
HVLS 2019-1	12/12/2018	964	\$201.4	44	920	8
HVLS 2019-2	7/24/2019	1,473	\$329.5	98	1,375	10
HVLS 2020-1	6/24/2020	638	\$146.6	11	627	10
HVLS 2022-1	12/1/2021	1,605	\$398.6	15	1,590	17
HVLS 2022-2 Part 1	6/8/2022	699	\$190.9	8	691	7
HVLS 2022-2 Part 2	7/27/2022	682	\$139.5	11	671	13
HVLS 2023-1	5/23/2023	1,145	\$301.1	7	1,138	14
HVLS 2024-1	12/5/2023	1,488	\$372.6	0	1,488	13
HVLS Total		11,768	\$2,705.5	385	11,383	106

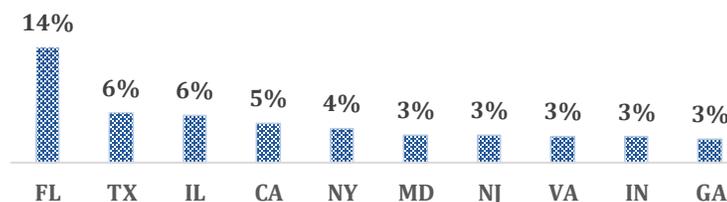
The table above includes settled loans only, including 385 loans that are shown as Repurchased by the Purchasers.

NONPROFIT HIGHLIGHTS

- ❖ A virtual training event for Nonprofits and governmental entities, *2024 Nonprofit Loan Sale Seminar: Creating Successful Partnerships*, was held on March 28, 2024. The goals of the seminar were to educate current and future participants on expectations for successfully achieving HUD’s mission outcomes, inform participants of the legal requirements, review key post-sale reporting requirements and framework for meeting and measuring success, and outline best practices to ensure a successful settlement and servicing transfer.
- ❖ HVLS 2019-1, HVLS 2019-2 and HVLS 2020-1 featured carve-out pools which allowed nonprofits to self-select up to 10% of loans from the larger Regional pools offered for sale to all qualified bidders.
- ❖ In HVLS 2022-1 the percentage of loans nonprofits could self-select was increased to 50% of the loans from the Regional pools offered for sale. nonprofit organizations successfully won 50% of the notes eligible for carve-out bidding from each Regional pool.
- ❖ In HVLS 2022-2 bids were submitted for the first time on an individual loan basis for all the loans offered for sale.
 - For Part 1, loans were only offered to qualified nonprofit bidders up to 50% of the loan count.
 - For Part 2, remaining loans not awarded to nonprofits were offered to all qualified bidders.
- ❖ In HVLS 2023-1 and HVLS 2024-1 bids were submitted on an individual loan basis for all the loans offered for sale.
 - Nonprofits with a housing mission (Priority Bidders) were offered priority award up to 50% of the loan count.
 - Remaining loans were awarded to all qualified bidders.
- ❖ From time to time, HUD has also created set-aside pools offered only to nonprofit/local government bidders. These set-aside pools are a pre-defined set of loans within a larger pool offered for sale to all qualified investors.

GEOGRAPHIC DISTRIBUTION

Top 10 States for HVLS Properties



The HVLS loans sold were secured by properties in all 50 states, the District of Columbia and Puerto Rico. Approximately 51% of the loans sold were from the top 10 states.

HUD’s pooling strategies have helped increase the volume of loans sold to nonprofits:

- Prior to 2019, the total loans sold to nonprofits was 4%.
- For HVLS 2019-1 and 2019-2, a total of 19% of the loans were sold to nonprofits.
- For HVLS 2020-1 and 2022-1, 26% and 50%, respectively, of the loans were sold to nonprofits.
- In HVLS 2022-2 Parts 1 and 2 combined, approximately 62% of the loans offered were sold to nonprofits.
- In HVLS 2023-1, 41% of the loans offered were sold to Priority Bidders.
- In HVLS 2024-1, 34% of the loans offered were sold to Priority Bidders.

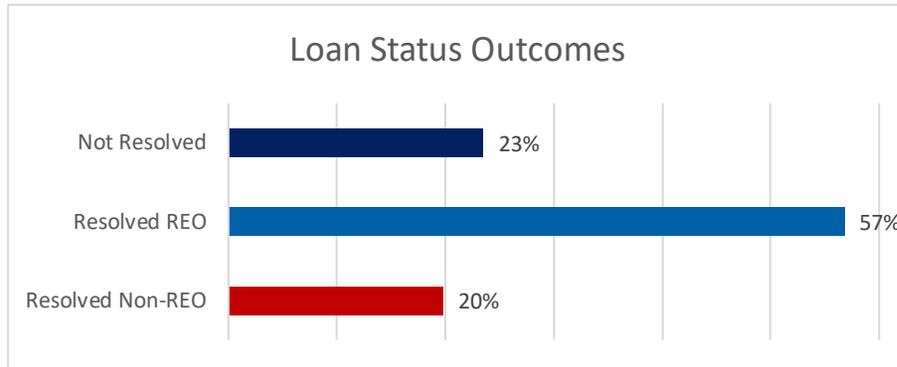
Nonprofits have purchased 29% of the total HVLS loans sold since the inception of the program.

(Note the data above reflects loan counts at settlement including Repurchases).

EXHIBIT 2: THE HVLS PURCHASERS

Purchaser	Settled Loan Count	% of Loan Count	Updated Loan Balance (MM)	Repurchased Loans	Count without Repurchases
Rushmore Loan Management Services LLC/Roosevelt	2,613	22.2%	\$ 558.6	198	2,415
GITSIT Solutions, LLC (Formerly known as Kondaur)	2,465	20.9%	\$ 529.3	35	2,430
VWH Capital Management, LP/ VRMTG ACQ, LLC	786	6.7%	\$ 141.4	59	727
Home Preservation Partnership, LLC (Non-Profit)	724	6.2%	\$ 227.1	9	715
Hogar Hispano, Inc. (Non-Profit)	723	6.1%	\$ 155.9	4	719
Seattle Bank	589	5.0%	\$ 134.8	10	579
The Corona Group	543	4.6%	\$ 125.5	44	499
Upland Mortgage Acquisition LLC	503	4.3%	\$ 102.6	9	494
Waterfall Victoria Master Fund Ltd	399	3.4%	\$ 90.6	1	398
RMH 2023-1 LLC (Non-Profit)	337	2.9%	\$ 105.4	0	337
Anders Capital Group	308	2.6%	\$ 79.1	0	308
Western Run Capital Management (Non-Profit)	244	2.1%	\$ 61.7	3	241
Hogar Hispano-1, Inc. (Non-Profit)	169	1.4%	\$ 37.4	3	166
RM ACQ, LLC (Non-Profit)	165	1.4%	\$ 37.1	5	160
Bayview Asset Management	162	1.4%	\$ 25.1	1	161
Skid Row Housing Trust (Non-Profit)	155	1.3%	\$ 40.1	0	155
American Built Communities, Inc (Non-Profit)	153	1.3%	\$ 40.9	0	153
CAG National Fund II LLC (Non-Profit)	101	0.9%	\$ 27.3	0	101
Housing Opportunities, Mortgage Assistance & Effective Neighborhood Solutions, Inc. (Non-Profit)	101	0.9%	\$ 41.6	1	100
Headlands Foundation (Non-Profit)	86	0.7%	\$ 24.9	0	86
Springboard CDFI (Non-Profit)	80	0.7%	\$ 22.7	0	80
HECMResi 2023-1 LLC (Non-Profit)	62	0.5%	\$ 17.9	1	61
SafeGuard Misty Realty Group LLC (Non-Profit)	44	0.4%	\$ 15.1	0	44
Southside NSP 2018-1 REO LLC (Non-Profit)	34	0.3%	\$ 4.9	0	34
NCP SSNS I LLC (Non-Profit)	29	0.2%	\$ 8.3	0	29
The Ogunsola Foundation, Inc (Non-Profit)	28	0.2%	\$ 7.0	0	28
National Faith Homebuyers (Non-Profit)	24	0.2%	\$ 5.4	0	24
LL Funds Administrative Agent, LLC (Non-Profit)	22	0.2%	\$ 5.1	0	22
HHI Community Investment Fund (Non-Profit)	22	0.2%	\$ 6.3	1	21
Home Independence, LLC (Non-Profit)	19	0.2%	\$ 3.8	0	19
RDMO SSNS I LLC (Non-Profit)	19	0.2%	\$ 4.2	0	19
SafeGuard Credit Counseling Services Inc.(Non-Profit)	17	0.1%	\$ 5.0	0	17
Odessa Housing Finance Corporation (Non-Profit)	16	0.1%	\$ 6.5	0	16
Marigold, Iris and Yarrow Financial, LLC (Non-Profit)	10	0.1%	\$ 3.2	1	9
NAAC 2022-2 LLC (Non-Profit)	6	0.1%	\$.9	0	6
ARK (Non-Profit)	5	0.0%	\$.8	0	5
Land Quest Enterprises, LLC (Non-Profit)	5	0.0%	\$ 1.9	0	5
HVLS Total	11,768	100%	\$2,705.5	385	11,383

LOAN STATUS OUTCOMES SUMMARY



Where post-sale reporting has been received, 57% of the loans were resolved through foreclosure or deed in lieu becoming Purchaser held Real Estate Owned (REO), 20% of loans were resolved through non-REO outcomes and 23% of the loans have not yet been resolved. Since the borrowers are deceased, the primary resolution method for Purchasers is REO; with 53% obtained through foreclosure and 3% obtained through deed in lieu.

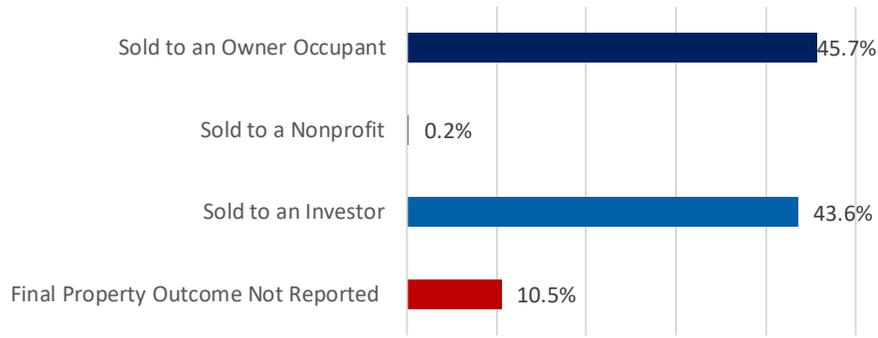
EXHIBIT 3: LOAN STATUS OUTCOMES BY SALE

Category	Count					% of Loans Sold				
	2017-1	2017-2	2018-1	2019-1	2019-2	2017-1	2017-2	2018-1	2019-1	2019-2
RESOLVED										
Resolved Non-REO										
Paid-in-Full	59	29	3	6	14	3.8%	3.6%	0.6%	0.7%	1.0%
Short Payoff	0	1	2	12	4	0.0%	0.1%	0.4%	1.3%	0.3%
Short Sale	443	131	12	75	119	28.3%	16.3%	2.3%	8.2%	8.7%
Loans Sold at Foreclosure to a Third Party	0	40	0	0	144	0.0%	5.0%	0.0%	0.0%	10.5%
Charge-Offs	36	0	0	9	11	2.3%	0.0%	0.0%	1.0%	0.8%
Total Resolved Non-REO	538	201	17	102	292	34.3%	25.0%	3.3%	11.1%	21.2%
Resolved REO										
Foreclosure	1,003	586	404	700	965	64.0%	72.8%	79.1%	76.1%	70.2%
Deed in Lieu	0	11	27	60	31	0.0%	1.4%	5.3%	6.5%	2.3%
Total Resolved REO	1,003	597	431	760	996	64.0%	74.2%	84.3%	82.6%	72.4%
Total Resolved	1,541	798	448	862	1,288	98.3%	99.1%	87.7%	93.7%	93.7%
NOT RESOLVED										
Total Not Resolved (In Delinquent Servicing)	26	7	63	58	87	1.7%	0.9%	12.3%	6.3%	6.3%
Number of Loans Sold	1,567	805	511	920	1,375	100.0%	100.0%	100.0%	100.0%	100.0%

Category	Count					% of Loans Sold				
	2020-1	2022-1	2022-2 Part 1	2022-2 Part 2	2023-1	2020-1	2022-1	2022-2 Part 1	2022-2 Part 2	2023-1
RESOLVED										
Resolved Non-REO										
Paid-in-Full	8	30	13	23	3	1.3%	1.9%	1.9%	3.4%	0.3%
Short Payoff	6	12	0	7	0	1.0%	0.8%	0.0%	1.0%	0.0%
Short Sale	39	126	9	59	20	6.2%	7.9%	1.3%	8.8%	1.8%
Loans Sold at Foreclosure to a Third Party	132	81	101	94	34	21.1%	5.1%	14.6%	14.0%	3.0%
Charge-Offs	0	7	0	0	0	0.0%	0.4%	0.0%	0.0%	0.0%
Total Resolved Non-REO	185	256	123	183	57	29.5%	16.1%	17.8%	27.3%	5.0%
Resolved REO										
Foreclosure	280	808	302	138	103	44.7%	50.8%	43.7%	20.6%	9.1%
Deed in Lieu	72	79	12	23	15	11.5%	5.0%	1.7%	3.4%	1.3%
Total Resolved REO	352	887	314	161	118	56.1%	55.8%	45.4%	24.0%	10.4%
Total Resolved	537	1,143	437	344	175	85.6%	71.9%	63.2%	51.3%	15.4%
NOT RESOLVED										
Total Not Resolved (In Delinquent Servicing)	90	447	254	327	963	14.4%	28.1%	36.8%	48.7%	84.6%
Number of Loans Sold	627	1,590	691	671	1,138	100.0%	100.0%	100.0%	100.0%	100.0%

FINAL REO PROPERTY OUTCOMES SUMMARY

Final REO Property Outcomes



For properties that enter a Purchaser’s REO inventory through foreclosure or deed in lieu and are sold/gifted, Purchasers are required to report on the Property Outcome. The Property Outcome identifies the new owner of the property. Out of the 5,020 properties in the REO sold inventory, 45.7% were sold to Owner Occupants, .2% were sold to Nonprofits, 43.6% were sold to Investors, and 10.5% do not have a reported Property Outcome.

EXHIBIT 4: FINAL REO PROPERTY OUTCOMES BY SALE

	2017-1	2017-2	2018-1	2019-1	2019-2	2020-1	2022-1	2022-2 Part 1	2022-2 Part 2	2023-1	Total	Percentage Total
FINAL REO PROPERTY OUTCOMES												
Sold to an Owner Occupant	594	270	71	294	471	147	313	51	75	6	2,292	45.7%
Sold to a Nonprofit	1	2	0	0	1	0	7	0	0	0	11	0.2%
Sold to a Unit of Local Government	0	0	0	0	0	0	0	0	0	0	0	0.0%
Gifted to Land Bank, ULG or Nonprofit	0	0	0	0	0	0	0	0	0	0	0	0.0%
Gift	0	0	0	0	0	0	0	0	0	0	0	0.0%
Sold to an Investor	378	292	51	392	415	176	400	44	36	4	2,188	43.6%
Final Property Outcome Not Reported	18	29	304	53	94	17	9	0	3	2	529	10.5%
Total Final REO Property Outcomes	991	593	426	739	981	340	729	95	114	12	5,020	100.0%

The table above includes Final REO Property Outcomes only. The difference between Total Resolved REO shown in Exhibit 3 and Total Final REO Property Outcomes in Exhibit 4 are the properties held in the Purchasers’ inventory but not yet sold or gifted.

Exhibit 5: Glossary of Terms

Term	Definition
Paid-in-Full	The full amount of the debt is paid to the Purchaser. This includes a pay off at foreclosure sale when a third party bids more for the property than the amount of the outstanding debt or when the estate elects to pay off the debt to preserve the property.
Short Payoff	A portion of the remaining principal balance is paid off, the remainder of which is written off by the Purchaser.
Short Sale	The underlying property is sold to a third party, allowing foreclosure proceedings to be avoided.
Loans Sold at Foreclosure to a Third Party	Purchaser at foreclosure auction was a third party.
Charge-Offs	The Purchaser has written off the mortgage as uncollectible or bad debt.
Foreclosure	The Purchaser undergoes legal proceedings to take control of the property which serves as security for the mortgage. This includes instances where the property is sold at the foreclosure sale.
Deed in Lieu	The property is willingly conveyed to the Purchaser in lieu of undergoing foreclosure proceedings.
Total Not Resolved (In Delinquent Servicing)	Loans that the Purchaser continues to actively service.
Sold to an Owner Occupant	Sold to Owner Occupant
Sold to a Nonprofit	Sold to a Nonprofit Organization
Sold to a Unit of Local Government	Sold to a unit of federal, state, or local government agency
Gifted to Land Bank, ULG or Nonprofit	Property was gifted to Land Bank or unit of federal, state, or local government.
Gift	Property was gifted to another entity.
Sold to an Investor	Sold to a third party that is neither a non-owner occupant, nonprofit organization, nor unit of federal, state or local government.

HVLS LIBRARY APPENDICES

The HVLS Library Appendices, dated March 2024, has been prepared as a separate series of data tables that accompany this Report. The HVLS Library Appendices contain sale and pool level data on each HVLS transaction where available. It includes data on status outcomes, Purchasers and geographic information on the loans sold in each transaction. The HVLS Library Appendices are attached as a separate document.