



OFFICE OF HOUSING

OFFICE OF ASSET SALES

OFFICE OF FINANCE AND BUDGET

Report to the Commissioner on Post Sale Report September 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 07/01/2024 on eleven HVLS transactions, HVLS 2017-1 through HVLS 2024-1. 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.

On May 7, 2024, HUD held HVLS 2024-2 offering 1,502 loans with the same sale structure as HVLS 2024-1. Post-sale reporting data for HVLS 2024-2 will appear in subsequent Reports to the FHA Commissioner.

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	\$120.4	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	\$190.7	10	689	7
HVLS 2022-2 Part 2	7/27/2022	682	\$138.7	13	669	13
HVLS 2023-1	5/23/2023	1,145	\$300.5	11	1,134	14
HVLS 2024-1	12/5/2023	1,488	\$372.6	5	1,483	13
HVLS Total		11,768	\$2,704.1	398	11,370	106

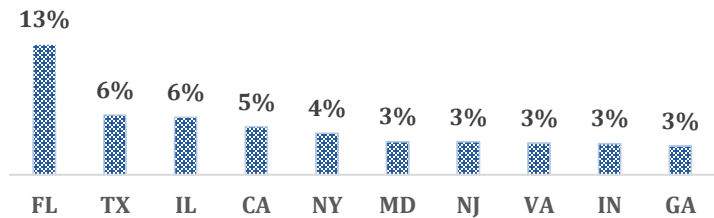
The table above includes settled loans only, including 398 loans that are shown as Repurchased by the Purchasers.

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, HVLS 2024-1 and HVLS 2024-2 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 concentrated in 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 63% 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.
- In HVLS 2024-2, 38% of the loans offered were sold to Priority Bidders.

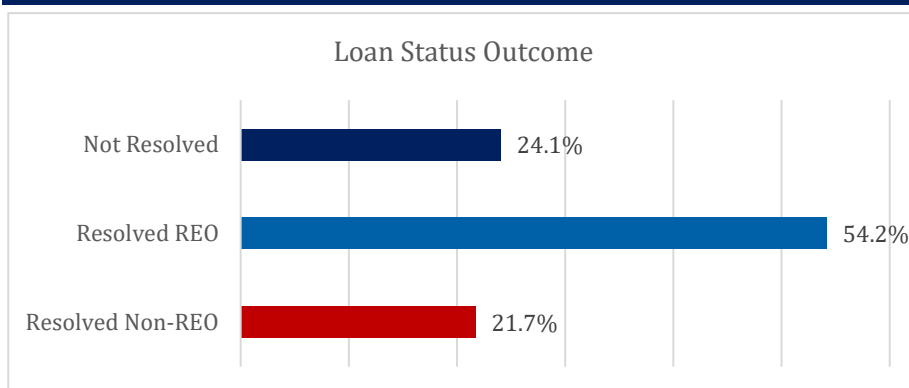
Nonprofits have purchased 29% of the total HVLS loans sold since the inception of the program.

(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	21.0%	\$ 528.6	37	2,428
VWH Capital Management, LP/ VRMTG ACQ, LLC	786	6.7%	\$ 141.4	62	724
Home Preservation Partnership, LLC (Non-Profit)	724	6.2%	\$ 226.8	14	710
Hogar Hispano, Inc. (Non-Profit)	723	6.1%	\$ 155.9	4	719
Seattle Bank	589	5.0%	\$ 134.8	11	578
The Corona Group	543	4.6%	\$ 125.7	44	499
Upland Mortgage Acquisition LLC	503	4.3%	\$ 102.6	9	494
Waterfall Victoria Master Fund Ltd	399	3.4%	\$ 90.6	2	397
RMH 2023-1 LLC (Non-Profit)	337	2.9%	\$ 105.3	0	337
Anders Capital Group	308	2.6%	\$ 79.0	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	0	169
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	1	100
Housing Opportunities, Mortgage Assistance & Effective Neighborhood Solutions, Inc. (Non-Profit)	101	0.9%	\$ 41.6	2	99
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%	\$ 6.9	1	27
National Faith Homebuyers (Non-Profit)	24	0.2%	\$ 5.4	1	23
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%	\$ 4.9	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%	\$ 2,704.1	398	11,370

LOAN STATUS OUTCOMES SUMMARY



Where post-sale reporting has been received, 54% of the loans were resolved through foreclosure or deed in lieu becoming Purchaser held Real Estate Owned (REO), 22% of loans were resolved through non-REO outcomes and 24% of the loans have not yet been resolved. Since the borrowers are deceased, the primary resolution method for Purchasers is REO; with 50% obtained through foreclosure and 4% obtained through deed in lieu.

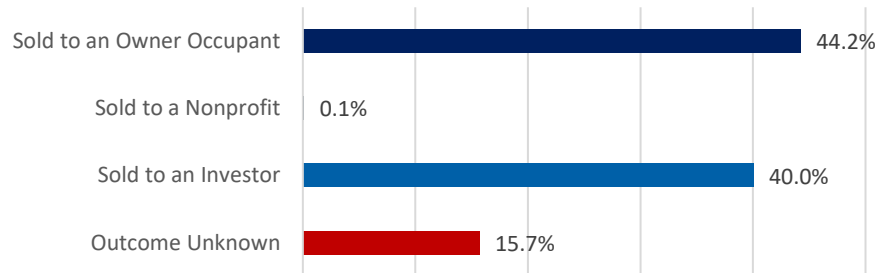
EXHIBIT 3: LOAN STATUS OUTCOMES BY SALE

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	4	6	14	3.8%	3.6%	0.8%	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	14	75	119	28.3%	16.3%	2.7%	8.2%	8.7%
Loans Sold at Foreclosure to a Third Party	0	40	162	0	144	0.0%	5.0%	31.7%	0.0%	10.5%
Charge-Offs	36	0	1	9	11	2.3%	0.0%	0.2%	1.0%	0.8%
Total Resolved Non-REO	538	201	183	102	292	34.3%	25.0%	35.8%	11.1%	21.2%
Resolved REO										
Foreclosure	1,003	586	266	700	964	64.0%	72.8%	52.1%	76.1%	70.1%
Deed in Lieu	0	11	28	60	32	0.0%	1.4%	5.5%	6.5%	2.3%
Total Resolved REO	1,003	597	294	760	996	64.0%	74.2%	57.5%	82.6%	72.4%
Total Resolved	1,541	798	477	862	1,288	98.3%	99.1%	93.3%	93.7%	93.7%
NOT RESOLVED										
Total Not Resolved (In Delinquent Servicing)	26	7	34	58	87	1.7%	0.9%	6.7%	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	2024-1	2020-1	2022-1	2022-2 Part 1	2022-2 Part 2	2023-1	2024-1
RESOLVED												
Resolved Non-REO												
Paid-in-Full	8	32	20	31	10	5	1.3%	2.0%	2.9%	4.6%	0.9%	0.3%
Short Payoff	6	14	0	9	0	1	1.0%	0.9%	0.0%	1.3%	0.0%	0.1%
Short Sale	39	145	14	77	56	27	6.2%	9.1%	2.0%	11.5%	4.9%	1.8%
Loans Sold at Foreclosure to a Third Party	134	93	124	110	142	47	21.4%	5.8%	18.0%	16.4%	12.5%	3.2%
Charge-Offs	0	8	0	0	0	0	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%
Total Resolved Non-REO	187	292	158	227	208	80	29.8%	18.4%	22.9%	33.9%	18.3%	5.4%
Resolved REO												
Foreclosure	277	867	382	213	340	139	44.2%	54.5%	55.4%	31.8%	30.0%	9.4%
Deed in Lieu	72	78	23	37	64	22	11.5%	4.9%	3.3%	5.5%	5.6%	1.5%
Total Resolved REO	349	945	405	250	404	161	55.7%	59.4%	58.8%	37.4%	35.6%	10.9%
Total Resolved	536	1,237	563	477	612	241	85.5%	77.8%	81.7%	71.3%	54.0%	16.3%
NOT RESOLVED												
Total Not Resolved (In Delinquent Servicing)	91	353	126	192	522	1,242	14.5%	22.2%	18.3%	28.7%	46.0%	83.7%
Number of Loans Sold	627	1,590	689	669	1,134	1,483	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

REO PROPERTY OUTCOMES SUMMARY

REO Property Outcomes



For loans that enter a Purchaser's REO inventory through foreclosure or deed in lieu and are sold, Purchasers are required to report on the Property Outcome. The Property Outcome identifies the new owner of the property. Out of the 5,473 properties in the REO sold inventory, 44.2% were sold to Owner Occupants, 0.1% were sold to Nonprofits, 40.0% were sold to Investors, and 15.7% have Property Outcome Unknown.

EXHIBIT 4: 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	2024-1	Total	Percentage Total
REO PROPERTY OUTCOMES													
Sold to an Owner Occupant	594	202	66	207	418	110	404	167	132	114	6	2,420	44.2%
Sold to a Nonprofit	1	2	0	0	1	0	0	0	1	0	0	5	0.1%
Sold to a Unit of Local Government	0	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	0.0%
Gift	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
Sold to an Investor	378	244	53	353	351	119	449	116	53	74	0	2,190	40.0%
Property Outcome Unknown	18	145	172	179	211	104	28	0	1	0	0	858	15.7%
Total REO Property Outcomes	991	593	291	739	981	333	881	283	187	188	6	5,473	100.0%

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 servicer 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 new servicer 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 September 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.