SERVICING FACT SHEET – PARTIAL CLAIMS

What is the HUD Loss Mitigation Partial Claim option?

A Partial Claim is one of FHA's loss mitigation options to assist qualified FHA Borrowers with preventing foreclosure. The Partial Claim is FHA's reimbursement of a Servicing Lender's advancement of funds on the Borrower's behalf to assist in bringing the delinquent Mortgage current, resulting in a lien against the Property. No interest will accrue on the Partial Claim. HUD will not require payments on the Partial Claim until the sale of the Property or payoff of the Mortgage. HUD does not forgive, negotiate or reduce the amount owed on the Partial Claim. In order to have the lien released, payment in full must be remitted to HUD.

The Borrower's Servicing Lender determines the necessary Partial Claim amount and prepares the Partial Claim documentation. The Servicing Lender is required to prepare a Partial Claim promissory Note and subordinate Mortgage for Borrower execution and provide the Borrower with a copy of the executed documents. Any questions related to the Partial Claim amount should be directed to the Borrower's Servicing Lender who can provide a breakdown showing how the Partial Claim funds were applied, as well as provide a copy of the Partial Claim documentation if needed.

Requesting a Payoff Statement

The Lender, Borrower, or Authorized Third Party may request a payoff statement for a lien held by HUD. The payoff statement quote will contain the sum of all Partial Claims that have been paid related to the FHA Case number.

Partial Claim payoff requests may be submitted through various methods:

1. **SMART Integrated Portal (SIP)** at https://sip.hudnsc.org - This self-service portal is the preferred method to request a Partial Claim payoff. Payoff statements are provided in minutes versus days for other payoff methods.

   For SIP Technical Support FAQs and the User Guide go to https://sip.hudnsc.org/index.cfm?switch=Support

2. **Email or Fax** - Written payoff requests may also be submitted to HUD's Loan Servicing Contractor:
   - Email Option: answers@hud.gov
   - Fax Options: (405) 724-7800, (405) 724-7833 or (405) 724-7854

   Email and Fax requests must include the following:
   - Ten-digit FHA Case number
   - Property address
   - Borrower's name
   - Anticipated payoff date
   - Requestor's contact information
   - The email address, fax number, or mailing address where the payoff statement is to be sent

Please allow (5) business days for processing of written payoff requests submitted via email or fax.

Third Party Requests via SIP, Email, or Fax: Written authorization is required for HUD's Loan Servicing Contractor to release case specific information to a third party. Written authorization may include a borrower signed authorization form, Power of Attorney, or other documentation showing legal authorization signed and dated by the Borrower, with a statement identifying the third party authorized to receive information from HUD's Loan Servicing Contractor.

The payoff statement will include the payoff amount and instructions for submitting the payoff funds via mail or pay.gov. **HUD does not accept wire transfers. A Partial Claim payoff statement containing wiring instructions is fraudulent.** You should immediately contact FHA at answers@hud.gov to report receiving a possible fraudulent statement, and to obtain a correct payoff statement. Once paid please allow 15 business days for the Satisfaction of Mortgage to be prepared and filed with the Borrower's local county recorder's office. The timeframe for the completion of the release process is dependent on the Borrower's local county recorder's office.

Homeowner Assistance Funds (HAF)

The Homeowner Assistance Fund (HAF) is a federal program to help homeowners impacted by COVID-19 catch up on mortgage and housing costs. As allowable by state, HAF funds may be applied for assistance with mortgage payments, as a lump sum to reduce the principal balance of the mortgage, to help pay off the Partial Claim, and for other specified purposes. Please refer to your state's HAF program to determine how funds may be applied at https://www.ncsha.org/homeowner-assistance-fund/

Requesting a Subordination – FHA Streamline Refinance

A HUD-held Partial Claim does not need to be paid at the time of an FHA Streamline Refinance. If a Borrower is using an FHA Streamline Refinance to refinance their FHA-insured first Mortgage, the Lender will want its new Mortgage to be in first position. In order to accomplish this, HUD must be willing to subordinate its Partial Claim lien to the new first Mortgage.

The following are the **Conditions for Acceptance**

1. The Borrower(s) must be refinancing with an FHA streamline. No other loan types will be approved.
2. The Borrower must not receive any cash (in any form) from the proceeds of the refinance.
3. HUD will subordinate Partial Claims where an FHA-insured Borrower is approved for a loss mitigation loan modification.

To request subordination of a HUD-held Partial Claim Mortgage, a lender must:

- Contact HUD's Loan Servicing Contractor to receive a Subordination Information Sheet at answers@hud.gov or via the self-service portal (SIP) at https://sip.hudnsc.org/ and
- Submit required documentation, as listed in the Subordination Information Sheet, to HUD's Loan Servicing Contractor.

Subordination questions may be sent to HUD's Loan Servicing Contractor via email at answers@hud.gov. Please allow up to 10 business days for the request to be processed.

Making Optional Payments

While monthly payments are not required, payments may be made at any time. Payoff funds may be submitted online or via mail. Please be sure to include a copy of a current payoff statement when submitting funds. For instructions on how to request a payoff statement click here. For payoff instructions when paying online or by mail go to https://www.hud.gov/hud-partners/single-family-national-service-center.

Requesting a Lien Release for a Previously Paid Off Partial Claim

After payoff funds are received, HUD's Loan Servicing Contractor will prepare and file the HUD-held Partial Claim Mortgage Satisfaction with the Borrowers local County Recorder's office. Please allow HUD's Loan Servicing Contractor, 15 business days to prepare and file the HUD-held Partial Claim Mortgage Satisfaction with the Borrower's local County Recorder's office. The time frame for the completion of the release process is dependent on the Borrower's local County Recorder's office.

If the lien has not been released after allowing adequate processing time and verifying with the Borrower's local County Recorder's office that it has not been received please contact HUD's Loan Servicing Contractor.

Lien release requests on previously paid off Partial Claim Mortgages should be emailed to HUD's Loan Servicing Contractor at answers@hud.gov and include supporting documents showing satisfaction of the lien:

- a copy of the payoff quote; and
- payoff confirmation (e.g. confirmation print-out or email from pay.gov).