

RFP Sub-Servicing of Single Family Mortgage Loan Portfolio Questions and Responses #3

ALL BIDS WILL REMAIN SEALED UNTIL MONDAY, JUNE 20, 2011

1. When modifying mortgages related to this RFP, does the Authority permit the capitalization of escrow shortages, legal fees/costs and other default related corporate advances, as well as delinquent interest?
The Sub-servicer must process loan modifications in accordance with the mortgage insurer's guidelines. If the mortgage insurer permits the capitalization of escrow shortages, legal fees/costs, other default related corporate advances and delinquent interest then the Authority will allow them.

2. Also related to loan modifications and how it relates to conventionally insured loans, if the private mortgage insurer will approve the loan modification, but will limit their insurance coverage to an amount that is lower than the new modified principal balance, will the Authority still permit the loan modification, or this a reason for denial?
The Authority will still permit the loan modification based on the new amount of insurance coverage.

3. On page 22 of the Manual – the first sentence reads, “Payments less than the full amount to bring the loan current plus costs incurred should be accepted unless acceptance of the partial payment will only serve to delay foreclosure proceedings.” Will the Authority permit the sub-servicer more authority to refuse payment, on a case by case basis, when it become evident that this policy contributes to high default rates resulting from rolling defaults?
If the mortgage insurer's guidelines permit such action, the Authority will allow the Sub-servicer to determine whether or not to accept a regularly late payment if this contributes to higher default rates from rolling defaults.

4. Does the Authority require that we use Authority approved foreclosure attorneys or may the sub-servicer utilize their own council?
The Sub-servicer may utilize the law firm of their choice, provided the legal council is licensed and authorized to practice in the State of Michigan.