

# **City of Greensboro**

## **Housing Loan Delinquency Policies**

### **Revised July 2017**

The Neighborhood Development Department (NDD) is entrusted with the collection of debts owed by borrowers as determined by various housing and development loan programs administered with federal, local, and state funding. NDD partners with the City of Greensboro Collection Division in assuming responsibility for the loan portfolio and will exercise special care to achieve, if at all possible, the prime goals of maintaining the portfolio in a current status, keeping the property owners in uncontested ownership of their property and keeping the owner/occupants fully vested in the basic human values of dignity and respect. Through these policies we attempt to balance prudent lending policies with support for borrowers and distressed homeowners.

To achieve these goals, NDD adopts the following loan policy and procedures:

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### **Owner Occupancy Policy**

Some City loan agreements and deeds of trust require homeowners to reside in the property as their principal residence and to keep the property habitable. The City will issue a Notice of Acceleration according to the terms of the original note and deed of trust when the City receives notification of a breach of terms. Owners will be notified of the default in accordance with the terms of the applicable Deed of Trust.

- Staff routinely reviews obituaries and insurance declaration pages to ensure borrowers maintain property as primary address as applicable.
- Staff monitors returns of first class mail for potential change of address.
- Staff visits property as necessary to ascertain occupancy and property condition.
- Staff may require the homeowner to provide written certification that they reside in the property as their principal residence.

## **Homeowners Insurance Policy**

City loan agreements and deeds of trust require homeowners to maintain current homeowner's insurance policies in an amount sufficient to protect the City's loan interest in the property.

Insurance forms must include the City as a loss payee. Annual renewal certificates and terminations should be sent to the City at the following address:

Neighborhood Development Department  
PO Box 3136  
Greensboro, NC 27402

When annual certificates are not received, the following delinquency actions will be taken:

Contact will be made with the prior insurer of record to determine if there was an administrative error and certificate can be sent, or if there was a termination.

If there is no reply from the prior insurer of record or if insurance has been terminated, the owner will be contacted to provide new insurance documentation.

City staff will monitor mail returns for indications of vacancy or non-owner occupancy.

City staff may conduct an onsite visit to the property to determine if occupied or vacant. Depending on the terms of the loan, vacancy or non-owner occupancy may be grounds for enforcement action, including default or foreclosure.

For loan balances over \$25,000, the City may choose to force-place insurance and add the resulting fees to the owner's principal balance. The City will send a letter via certified mail informing the owner of the additional loan charges and the timeframe for resolution prior to acquiring the insurance.

### **Insurance Claim Policy**

When an insured claim is generated, the insurance check will require signature from loan payees. The owner and other loan payees must sign the check. The City will cash the check, hold the funds in escrow and pay funds out as work is completed, inspected and approved. Any remaining fund balance may be applied to debt, subject to claims from senior lenders.

Owners must provide: copy of insurance claim statement, name and contact information for contractor, copy of contractor estimate, and original check endorsed to the City. Prior to any funds being returned to the owner from escrow, Owner must also provide Contractor's billing or final invoice, and allow the City to make a visual inspection of the work performed.

If a senior lender refuses to allow the City to cash and hold the check proceeds, the City Finance Department will work with senior lender and may endorse the check to a senior lender holding a note with an outstanding loan balance.

## **Foreclosure Prevention Policy**

### **Pre-foreclosure Counseling**

The Neighborhood Development Department currently employs a Housing Counselor who can work with City borrowers on their general credit issues. For Pre-foreclosure Counseling, the City at times has contracts with specific counseling agencies, or will refer borrowers to other HUD-certified foreclosure counseling agencies. There is no charge to borrowers for housing counseling from HUD-certified counseling agencies.

### **Pre-Foreclosure Notification to City**

Most City loan closing packages include a recorded Notice of Default and Sale which directs senior lenders to notify the City of pending foreclosure actions.

### **Bank Initiated Pre-foreclosure Sales (Short Sale) Guidelines for Staff Approval:**

If a borrower is having financial difficulty and is unable for any reason to comply with the loan terms from their first position or senior lender(s) and the City of Greensboro, a possible short sale including up to a 20% reduction of the total amount (principal and interest) due from the borrower may be negotiated by the Loan Manager with approval by the NDD Director.

1. The seller must submit a hardship letter fully describing the circumstances creating the inability to make payments to the senior lender(s) and/or the City of Greensboro
2. The senior lender is required to either match or exceed the 20% short sale percentage established by the City.
3. The seller must submit a copy of the listing agreement between the realtor and the seller.
4. A copy of the approval document from the senior lender is required for review before the City commits to a short sale.
5. A copy of the estimated HUD-1 closing document is required for review before the City commits to a short sale.
6. Total Sales Commission must be 6% or less.
7. All required documentation listed above must be submitted for review no less than 15 days before a scheduled closing date.
8. The City will confirm in writing any agreement made between the seller and City.
9. The seller must not receive any sale proceeds for themselves.

### **Non-qualifying Short Sales require City Council Approval**

For proposed short sales in excess of 20% reduction in total amount (principal and interest), additional documentation must be provided showing market cause for loan reduction including, but not limited to: taxes and other outstanding liens, property condition report, appraisal or Comparative Market Assessment/Brokers Price Opinion, and an estimate of repairs needed. Property and loan information for non-qualifying short sales will be presented to City Council for approval.

## **Delinquency Policy**

### **Notification of Delinquency**

#### **30-60 day delinquent loans:**

No action taken by staff of NDD or Collections. All loans are due on the 1st day of the month. Monthly statements are mailed to each borrower with scheduled payment information 10 days prior to the due date. Statements are designed to provide reminder messages to borrowers based on delinquent status. The reminder message for borrowers that fall in the 30-60 day category is as follows:

*The "Total Amount Due" Includes Payments And/Or Partial Payments That Are Past Due.*

#### **60-120 day delinquent loans:**

The City's loan software program, CLCS, provides delinquent loan reports bi-monthly on the 15th and the last day of the month. The report categorizes delinquent loans as over 30 days, 60 days, 90 days, and 120 days past due. Reports may also be generated manually using CLCS' reports menu as needed.

Statements provided to borrowers include the following reminder messages. All statements are reviewed before they are mailed and these messages along with the "Total Amount Now Due" are highlighted.

60 days: *"Notice of Default. Your Account is Seriously Past Due. Please Pay The "Total Amount Due" By The Date Indicated."*

90 Days: *Notice of Default. By Continually Failing To Pay All "Past Due Amounts", You Are Risking Foreclosure.*

#### **121+ Day delinquent loans:**

Loans reaching delinquency of 121 days or greater are no longer serviced by the Collection Division. NDD assumes responsibility for collecting these accounts.

Statements mailed to borrowers include the following reminder message. All statements are reviewed before they are mailed and this message along with the "Total Amount Now Due" is highlighted.

120+ Days: *Notice of Default. Your Account Is More Than Four Months Past Due Foreclosure is Being Considered*

### **Communication with Borrowers**

During the 60-120 delinquent periods, NDD staff assumes responsibility for communicating with borrowers. Communication includes telephone conversations and/or physically visiting the property as determined necessary. As time permits, staff will continue to follow-up with attempts to and/or actual communication with the borrower to achieve a current status with delinquent loans.

NDD staff documents all attempts/actual communication with borrowers on the "notepad" provided by CLCS. Specific questions regarding loan balances, etc. are referred to NDD's Loan Specialist and/or Loan Manager.

NDD staff reviews documents/correspondence and consults with City Attorney's Office in order to monitor status of loans in collection/foreclosure status and to determine if any action is required.

All documents are imaged under the corresponding loan number(s) for respective loans.

### **Remedies for Delinquency**

Delinquent Loan Reports are automatically created bi-monthly by CLCS. Staff also has the ability to manually run the report as needed. Using this report, loan staff reviews all loans 121+ days delinquent. Any loans reaching this status are flagged for delinquency investigation. NDD staff will reach out to borrowers through mail, telephone or property visits to ascertain status and offer remedies for delinquency.

Access to all remedies for delinquency will require that the borrowers attend a foreclosure counseling session either with the City's Housing Counselor or through referral to a HUD-certified counselor.

**Payment Plans** - As warranted, the Loan Specialist and the Loan Manager have the authority to authorize a short term payment plan that will assist the borrower with achieving a current status. All payment plans must be documented in writing and signed by the borrower. CLCS will be updated to include "PP" after the borrower's name. This will ensure, as timely payments are made, the Collection Agents will recognize that no action is required. Partial payment plans are documented in CLCS's notepad. Failure to make payments in a timely manner under the payment plan is not acceptable. The loan will be considered in default and submitted to the attorney for delinquency enforcement actions.

**Re-amortization** – For past due accounts that are not able to be addressed through a short term payment plan, but a borrower could afford a higher monthly loan payment, the Loan Manager may recommend that interest arrearages be added to the loan principal balance and the loan be re-amortized over the remaining term. For accrual of arrearages and re-amortization, the recommendation and supporting documentation will be presented to the City's Loan Committee for approval.

**Loan Modifications** – For borrowers needing more assistance than re-amortization, the Loan Manager may recommend interest arrearages be added to the loan balance and an extension to the loan term for amortization. The recommendation and supporting documentation will be presented to the City Loan Committee for approval and forwarded to City Council for approval of the loan modification.

**Hardship Deferments** – As warranted, the Loan Manager may recommend temporary deferment or permanent conversion of a loan from repayment to deferred for documented conditions of inability to repay including medical hardship, retirement or other significant and prolonged loss of

income. The request must be documented in writing and signed by borrower. The Loan Manager may authorize a temporary deferment up to one year in length. CLCS will be updated to include “TD” after the borrower’s name. For permanent conversion of a loan from repayment to deferred, the recommendation and supporting documentation will be presented to the City Loan Committee for approval and forwarded to City Council for approval of the loan modification.

## **Default Options**

**Default Penalty Terms** – Unresolved loans may be subject to interest increases or other default penalty terms in accordance with the terms of the loan agreement, note or deed of trust. The City will issue a Notice of Acceleration according to the terms of the original Note and Deed of Trust when the City receives notification of a breach of terms.

**NC Debt Set-Off** – Unresolved delinquencies may be subject to collection efforts through the NC Debt Set-Off program which garnishes available tax refunds. Loan staff will work with Collections office to coordinate claims reporting.

**Short Sales With No Senior Bank Loan** – In certain cases, it may be more expedient and cost effective to accept less than the total loan balance as a short sale offer, than to follow through with foreclosure proceedings. When presented with any such offer, documentation must be provided showing market cause for the loan reduction including, but not limited to: taxes and other outstanding liens, property condition report, appraisal or Comparative Market Assessment/Brokers Price Opinion, and estimate of repairs needed. Loan reductions (principal and interest) up to 20% may be negotiated by the Loan Manager with approval from the NDD Director. Property and loan information for short sales with loan reductions (principal and interest) in excess of 20% will be presented to City Council for approval.

## **Foreclosure and Bankruptcy Procedures**

### **Senior Lender Foreclosure or County Tax Foreclosure**

Notices of Foreclosure Sales are reviewed by the City Attorney's Office and the Loan Manager. Several factors are considered when making a decision to bid or not to bid on proposed foreclosed properties consisting of, but not limited to, the following:

- The City's lien priority
- Outstanding Deeds of Trust
- Principal balance of loan(s)
- Property located in existing or proposed development area
- Condition of property
- Funding source of original loan
- If source was federal, are funds available to make necessary repairs under federal guidelines
- Other creditors (e.g. the County)

Once a decision has been approved by the NDD Director, the City Attorney's Office will be notified and will proceed as directed. NDD staff images all documents related to foreclosures. Depending on circumstances surrounding individual foreclosures, staff may or may not have access to copies of the following documentation:

- Notice of Foreclosure
- Notice of Foreclosure Sale
- Request For Write-Off or Loan Reduction is approved in writing by the Division Manager, Department Director, Finance and Legal.
- All documents providing update of Foreclosure status
- Write-off memo from City Attorney's Office
- Pay-off document from CLCS
- Journal entry removing loan balance from CLCS Foreclosure spreadsheet updated

When the City Attorney's Office determines a property has been sold through foreclosure, a memo is generated advising staff that the Final Report is complete and, if no excess funds exist or otherwise advisable, that the loan should be "written off." The Loan Specialist completes the Request for Write Off/Reduction form, obtains required approval signatures and updates the foreclosure spreadsheet. The write off memo from the City Attorney's Office is attached to this form and both are forwarded to the Loan Manager after appropriate signatures are obtained. The Loan Manager has security access in CLCS to write-off the loans and will provide a copy of the journal entry.

The three documents are returned to the Loan Specialist to be imaged. The Loan Manager will provide a copy of the documents to the appropriate finance staff as documentation of the journal entry write-off.

If excess funds are obtained, the City Attorney's Office will forward the check to the Loan Specialist. The Loan Specialist prepares the necessary coupon for processing and takes the

payment to Collections to be processed. A reduction in the amount due would occur and the remaining balance would be processed as described above.

### **City Initiated Foreclosure**

When remedies for delinquency have been exhausted, loans are turned over to the City Attorney's Office for collection. Documents accompanying the request to the City Attorney's Office include a payoff report that provides the principal balance, accrued interest and per diem interest, and a payment history indicating the current and delinquent amount due. At the beginning of this process, the Loan Specialist enters "Foreclosure" beside the last name of the borrower on the Name and Address Maintenance feature in CLCS. This will alert both staff in NDD and Collections of the status of the loans as needed when making inquiries or entries in CLCS.

The City Attorney's Office will oversee preparation of a letter demanding payment be made within 15 days; the letter shall provide the Loan Specialist's name and telephone number as a contact for purposes of making payment arrangements. If the borrower contacts the Loan Specialist within the 15 day period, the Loan Specialist will assist the borrower by providing the total amount due and will also provide other related information as requested.

For past due accounts where the borrower is unable to be located, refuses to comply with remedies for delinquency, or where other available remedies are deemed ineffective, the case will be turned over to the City's foreclosure attorney. Documents accompanying the request to the attorney include a copy of the note and deed of trust, payoff report that provides the principal balance, accrued interest and per diem interest, and a payment history indicating the current and delinquent amount due.

Currently, outside counsel is under contract to assume responsibility for all legal procedures involved with City-initiated foreclosures. The contracted foreclosure attorney reports to the Assistant City Attorney and the Loan Manager on the results of title exams and any response to required foreclosure notices and postings.

The City will obtain an as-is appraisal prior to foreclosure sale to establish value. The City Manager or designee, has the authority to negotiate the terms of a foreclosure sale including establishing a foreclosure bid amount, accepting a higher offer bid and authorizing any necessary loan value write-off.

### **Bankruptcy**

The City works with borrowers and the bankruptcy court to protect the City's loan interests. During bankruptcy proceedings, City collection efforts are limited to those options outlined in the bankruptcy plan. NDD staff is responsible for the following actions in borrower bankruptcy cases:

- City of Greensboro receives notice of the bankruptcy.
- If received by NDD staff, document is forwarded to the City Attorney's Office. "USB" is added to CLCS Name and Address Maintenance screen to identify the borrower as being in bankruptcy.
- Document CLCS Notepad.



- Review the Notice of Proposed Plan And Order Confirming Plan from Chapter 13 Office.
  - Payments will be made to Chapter 13 Office and forwarded to NDD or the Borrower will be responsible for direct payments to NDD.
- Loan Specialist follows-up with borrowers having direct payment plans to NDD, to clarify that payments should be mailed to NDD and not the Chapter 13 Office.
- Image all documents in loan files.
- Remove "USB" from Name and Address Maintenance screen when Chapter 13 Plan is dismissed and/or completed.

## **Loan Subordination Procedures for Homeowners**

Homeowner subordination requests which meet the following requirements are approvable by the Neighborhood Development Department Director.

1. The City's lien position must remain current or improve.
2. The City will only allow Borrower(s) to refinance for better terms and/or to make necessary emergency repairs such as:
  - Electrical systems that have been determined to be a serious fire or shock hazard
  - Water intrusions such as: leaking roof or faulty plumbing;
  - Non-functioning heating and air conditioning systems or;
  - Any other condition which makes the home dangerous to the health or safety of the occupants.

On a refinancing for better loan terms, the amount of the new mortgage cannot exceed the amount of the original first mortgage unless the City's loan is paid down by the increased amount. MIP (mortgage insurance premiums) refunds, if any, must be paid against the City's mortgage unless the new loan has an upfront MIP fee, in which case, it can be rolled to the new mortgage. Lender charges for securing the new first mortgage cannot exceed 5% of the new loan amount and subprime loans are not allowed.

3. The City will pull a credit report on borrower(s). Our approval is also contingent upon borrower(s) creditworthiness. Borrowers with observed credit issues may be referred to a certified counseling agency.
4. A borrower must be in compliance with the terms set forth in the City's Note and Deed of Trust.
5. A Borrower cannot receive, as part of the refinancing, cash at closing or use any of the proceeds from the refinancing to pay off personal debt. Any excess funds generated by the refinancing must be used to pay down the City's loan. If repairs are involved, any funds owed for repairs and not paid out at closing shall be escrowed by the closing attorney pending completion of the work.
6. A request for subordination of the City Loan/Deed of Trust must be submitted from the lender in writing and include all the following information:
  - Reason for request
  - Amount and Term of new loan
  - MIP information
  - New monthly payment
  - New interest rate
  - Copy of current appraisal
  - Residential Mortgage Application
  - Good Faith Estimate

- Loan Payoff Statement
  - If repairs are involved, lenders must submit a list of repairs with cost estimate from a licensed contractor and explanation of how the repair funds will be disbursed. *(The closing attorney is allowed to pay the contractor upon written notification from the contractor that all repairs have been completed. Any overage of funds after payment to contractor must be applied to the City's loan).*
  - Name, address and phone number of licensed N.C. attorney performing the closing. The closing attorney must be located in the Guilford County area.
  - The anticipated date of closing.
  - **No witness only closings allowed.**
7. The Borrower(s) must bear all expenses of the subordination or other costs to record the new documents.
  8. Lender's request should be mailed or faxed to:
 

Rhonda Enoch  
 Department of Neighborhood Development City of Greensboro  
 PO Box 3136, 300 W. Washington Street, Room 315  
 Greensboro, NC 27402-3136  
 Phone: (336) 373-4146; Fax (336) 412-6315
  9. For the City's Loan Pay Off amount only contact Vera Funderburk at (336) 412-5725.
  10. Loan subordination requests meeting the City's policy will be forwarded to the City Attorney's Office for review and generation of subordination documents, as required.
  11. The City Attorney's Office will arrange for the Mayor's signature or designee on the subordination document and coordinate with the closing attorney.

## **Loan Subordination Procedures for Multi-family**

During the construction and initial financing process, the City will subordinate in accordance with its Loan Agreement and the City Council funding resolution for anticipated conversion of construction to permanent loans, or addition of other known senior loans. Other subordination requests which meet the following requirements are approvable by the Neighborhood Development Director.

1. The City's lien position must remain current or improve.
2. The City will only allow Borrower(s) to refinance for senior loan termination, better loan terms, and/or to make necessary emergency repairs which cannot be financed through replacement escrows, such as:
  - Electrical systems that have been determined to be a serious fire or shock hazard
  - Water intrusions such as: leaking roof or faulty plumbing;
  - Non-functioning heating and air conditioning systems or;
  - Any other condition which makes the units dangerous to the health or safety of the occupants.
3. A borrower must be in compliance with the terms set forth in the City's Note and Deed of Trust.
4. Borrower may not receive cash out at closing or use funds for repayment of Borrower's related party loans. Any excess funds generated by the refinancing must be used to pay down the City's loan, or as required by senior lender. If repairs are involved, any funds owed for repairs and not paid out at closing shall be escrowed by the Borrower pending completion of the work.
5. A request for subordination of the City Loan/Deed of Trust must be submitted from the Borrower in writing and include all the following information:
  - Reason for request
  - Current Loan Payoff Statement
  - Financing commitment letter
  - Amount and term of new loan
  - New monthly payment
  - New interest rate
  - Copy of current appraisal, if available
  - If repairs are involved, Borrower must submit a list of repairs with cost estimate from a licensed contractor and explanation of how the repair funds will be disbursed.
  - Closing attorney's name, address, phone number and the date of closing.
6. The Borrower(s) must bear all expenses of the subordination or other costs to record the new documents.

7. Borrower's request should be mailed or faxed to:  
Valerie Moore  
Department of Neighborhood Development  
City of Greensboro  
PO Box 3136, 300 W. Washington Street, Room 315  
Greensboro, NC 27402-3136  
Phone: (336) 373-4636; Fax (336) 412-6315
8. For the City's Loan Pay Off amount only contact Vera Funderburk at (336) 412-5725.
9. Loan subordination requests meeting the City's policy will be forwarded to the City Attorney's Office for review and generation of subordination documents, as required.
12. The City Attorney's Office will arrange for the Mayor's signature or designee on the subordination document and coordinate with the closing attorney.

## **Loan Conversion Policy and Procedures**

The current Housing Rehabilitation Program policy guidelines state the following terms regarding transfer of deferred payment or amortizing rehabilitation loans. For more information on rehabilitation loan conversions, contact the Rehabilitation Program Administrator at 336-373-2530.

### **Transfer of Deferred Payment Loans:**

(a) Deferred loans shall be repaid when the owner's status changes from that of owner-occupant, or upon the sale or transfer of the property, or upon the death of the sole owner or owners in entirety.

(b) Deferred loans may only be assumed by heirs and devisees, in the event of the death of the applicant sole owner or both owners in entirety. Heirs or devisees must convert the loan to an amortizing monthly repayment loan at 3% interest rate. Modification and conversion is subject to the approval of the Loan Committee and the payment of conversion fees. Under extenuating circumstances of personal hardship, the Loan Committee may recommend an amendment to the loan terms.

### **Transfer of Amortizing Loan:**

(a) In the event the owner's status changes from that of owner-occupant or the property is transferred or sold, the outstanding balance of the loan shall be immediately due and payable in full.

(b) Loans may only be assumed by heirs or devisees, in the event of the death of the applicant sole owner or both owners in entirety. Heirs or devisees may assume the existing or modified terms of a loan and pay any loan assumption fees. Under extenuating circumstances of personal hardship, the Loan Committee may recommend an amendment to the loan terms.

### **Conversion of Deferred or Amortizing Loans**

The City will issue a Notice of Acceleration according to the terms of the original Note and Deed of Trust when the City receives notification of a breach of terms.

#### **1. Applicant will be informed that:**

- Property inspection will be made
- Application will be required
- Applicant will be responsible for fees including Application Fee, applicable Attorney's Fees for title examination, document preparation and closing.
- In the event that the prior owner left a will, it shall be probated; if there is no will, administration of the estate will be required.

#### **2. Site inspection will be made by Rehabilitation Advisor to assess whether the property meets minimum housing standards conditions.**

3. Applicant will submit:
  - Conversion application
  - Copy of current tax return for all income earning occupants of the property.
  - Copy of current paid receipt for property taxes
  - Copy of current homeowner's insurance policy
  - Names and contact information for all parties having an ownership interest in the property.
4. This information would be forwarded to the Loan Committee along with a loan payoff statement, a credit report and a memo from the Rehabilitation Program Administrator requesting Loan Committee review.
5. The Loan Committee will consider if the applicant meets all conversion requirements, has sufficient income, and their current debt status would enable them to make required monthly payments. In extenuating circumstances, the Loan Committee may recommend alternative loan terms.
6. City Attorney's Office prepares appropriate loan documents.
7. If a property fails the minimum housing inspection, owner(s) must bring property up to minimum housing and property standards before applying for loan conversion. Minor repairs totaling less than \$3,000 may receive an extension on the Notice of Acceleration for up to three months. Major repairs totaling more than \$3,000 may receive an extended period of time, not to exceed six months.
8. If owner(s) meet qualifications outlined in Citywide Rehabilitation Program guidelines for further rehabilitation assistance, a rehabilitation program application can be filed.
9. Action under a Notice of Acceleration will be delayed during the period of City loan conversion or rehabilitation application review and assistance, provided that Applicant is complying with City requests for information and program requirements.

### **Policies to Address Issues in Conversion Cases**

1. Heir is a Minor
  - Delay any loan conversion action until the heir turns 18. Estate or legal guardian should contact Rehabilitation Program Administrator to determine best course of action to maintain property and loan compliance
2. Single Heir with Insufficient Income to Amortize Loan
  - Exercise Loan Committee discretion to recommend alternative loan terms.
3. Single or Multiple Heirs - no heirs want the property
  - City can accept property in lieu of foreclosure
  - If there are outstanding liens against the property, the City may need to foreclose to clear the title.

4. Multiple Heirs - cases where loan conversion cannot be achieved (All heirs cannot be located; Some heirs refuse to sign)

- Prepare "Side Agreement to Original Loan" for heir residing in the house. Heir agrees to make monthly payments as determined by current loan amortization schedule or conversion loan amortization schedule as determined by the Loan Committee. As long as payments are current, residing heir can remain in the property. If payments become delinquent, treat the case as a non-performing loan.

5. Owner moves to nursing or other medical facility

- If the stay is projected to be short term or temporary, owner or person holding power of attorney should contact Rehabilitation Program Administrator to determine best course of action to maintain property and loan compliance.
- If the stay is projected to be permanent, owner or person holding power or attorney should submit doctor's statement. The case will be forwarded to Loan Committee for review and determination whether to issue a Notice of Acceleration.

While we have attempted to delineate the most common conversion occurrences, all cases are unique. The Loan Committee reserves the right to review cases on an individual basis and to recommend new policy as necessary.