

.06 COLLECTION OF DELINQUENCIES

A. AHFC Loans (Excluding Type II Manufactured Home Loans)

The following is the minimum collection program that AHFC finds acceptable for the collection of delinquent loans. The development of a more extensive program by the Servicer is encouraged. The individual circumstances of each loan should be reviewed and analyzed to determine the appropriate course of action to remedy the delinquency. The Servicer is fully responsible for protecting AHFC's interest. Loan payments are generally due on the first day of the month and are considered delinquent if received after the first.

All collection efforts and conversations with borrowers (collectively referred to as "borrower") must be documented. The collection time frames listed below must include attempts to contact borrower on the loan. Acceptable communication with the borrower includes but is not limited to telephone, mail, email and face-to-face discussions. The Servicer must vary the days of the week and times of the day for making calls with borrower including evenings to achieve communication with borrower.

1. Identification of a delinquent loan should be made as early as possible, but no later than the **16th day of the month**.
2. A late notice must be mailed each month the loan reaches **17 days delinquent** unless otherwise mandated by the loan documents.
3. Borrower who defaults in the first year of their loan: the Servicer is required to begin early telephone contact between the 7th and the 10th of the month and counsel the borrower to make timely payments. Servicers must offer early delinquency counseling to prevent the loan from becoming seriously past due and to avoid establishing a pattern of unnecessary delinquencies in the future.
4. Servicers should perform actual telephone calls as the principal form of contact with the borrower. Unmanned automated message calls do not constitute sufficient attempts to contact borrower. At least 2 quality right party contact attempts must be made prior to the 30th day of delinquency.
5. By the **30th day of delinquency**, the Servicer should have contacted the borrower by whatever means available. Telephone calls, mail, email and face-to-face interviews are preferred.

If no contact has been made with borrower by the 30th day of delinquency, the Servicer should exercise additional methods to achieve and establish contact, including field calls, posting property, skip tracing, additional letters and phone calls to borrower. The

Servicer should take steps to verify status of utilities and/or condo dues, if applicable.

6. If, by the **45th day of delinquency**, satisfactory arrangements to bring the account current have not been made, a face-to-face interview with the borrower should be conducted. Attempts to arrange an interview must be documented. In face-to-face interviews conducted or communication with borrower, the Servicer must establish the reason for default, the borrower's ability to make payments and financial circumstances to repay the mortgage, the borrower's intentions with the property, review financial forms, discuss the loss mitigation options available to prevent foreclosure and cure the delinquency, and the action that will be taken if the delinquency is not cured.
7. If a satisfactory response is not obtained, the Servicer must continue to follow up with notices, letters, telephone contact, face-to-face interviews, field calls, etc. until the loan has been brought current. At no point through the delinquency process is the Servicer to stop its collection activity.
8. The Servicer should be aware of and offer any government or other agency programs that may assist borrowers in resolving delinquencies, or any counseling agencies that may assist borrowers in their debt management. Referrals to any agency should be documented.
9. If it is discovered that the property has been abandoned, a demand letter should be sent immediately to the borrower. The Servicer must also submit a Notification of Recommended Action ([Form SER-71](#)) recommending appropriate action to AHFC's Servicing Department. AHFC will review and consider a foreclosure recommendation for an abandoned property. (Refer to [Section 13000.07](#) – Preservation of Property).
10. A demand letter must be sent on or before the **50th day of delinquency**; however, in some cases a demand letter may be sent as early as the 32nd day of delinquency. The Servicer should consult the individual loan documents and comply with the insurer/guarantor requirements.
11. No later than the **80th day of delinquency**, the Servicer must submit a completed initial [Form SER-71](#) (with any applicable addendums) notifying AHFC of the default. Comments should fully describe the reason for default, the borrower's intentions and attitude with the property, the Servicer's actions taken, and support a recommended action if one is provided. If updating AHFC after the initial delinquency notification, Servicer can send an email with information if there is not a recommendation or change to the borrower's circumstances.

12. When it is determined the loan will not be reinstated, after all collection efforts have been exhausted and the Servicer is ready to proceed with their recommended action; but no later than the **110th day of delinquency**, the Servicer must submit a completed [Form SER-71](#) (with any applicable addendums) recommending action to protect AHFC's interest. Routine summary foreclosures are to be completed no later than 8 months from the date of default.