



## HUD LOANS, FORBEARANCES, PAYOFFS AND FORECLOSURES (11-8-2024)

What does this mean to you and your clients?

- (1) **BEWARE: HUD PARTIAL CLAIMS, SUBORDINATE MORTGAGES, AND MODIFICATIONS ARE SEPARATE LIENS – HUD IS THE ACTUAL NOTEHOLDER** Payoffs must be made to HUD per the actual instructions on the document, *not to the original mortgagee* of the primary HUD-insured mortgage. *These subordinate, partial or modification liens to HUD are being missed or assumed related to the primary mortgage, however, they are totally separate liens with totally separate payoffs.* For Partial Claims deeds of trust (only), see HUD's [Smart Integrated Portal](#)
- (2) REMEMBER: **HUD DOES NOT ACCEPT WIRE PAYOFFS.** See prior [Chicago Bull](#).
- (3) Secretary-held mortgage assistance, subordination, release, and payoff information is on-line at: [https://www.hud.gov/program\\_offices/housing/sfh/nsc/fmaddr](https://www.hud.gov/program_offices/housing/sfh/nsc/fmaddr)  
This includes FHA Single Family Secretary-held documents below:
  - Partial Claim Subordinate Mortgages;
  - Payment Supplement Subordinate Mortgages;
  - Section 235 Subordinate Mortgages;
  - Nehemiah Subordinate Mortgages;
  - Emergency Homeowners Loan Program (EHLA) Subordinate Mortgages;
  - Asset Control Area (ACA) Mortgages;
  - Hope for Homeowners (H4H) Subordinate Mortgages; and
  - Good Neighbor Next Door (GNND) Subordinate Mortgages.
- (4) [CFPB PROPOSED RULE](#) is published with goal to streamline and simplify “Request for Loss Mitigation Assistance,” barring foreclosure during a “loss mitigation cycle” triggered even if the borrower has only made an informal inquiry indicating hardship or expressing an interest in loss mitigation prior to a formal request being submitted.
- (5) If a deed of trust is foreclosed with priority over the HUD Secretary-held mortgage or other lien, technically the subordinate Secretary-held lien (or any US held lien, other than federal tax liens under 26 U.S.C. § 7425) can only be extinguished by a judicial sale under 28 U.S.C. § 2410(c). However, HUD has agreed to waive the judicial sale requirement in the event the prior deed of trust foreclosure results in no surplus proceeds. Thus, a release from HUD or evidence that no surplus proceeds will be required in order to extinguish the subordinate lien of the USA. See [Mortgagee Letter 2024-17](#) and our related [Chicago Bull](#) under Deeds of Trust or Foreclosures. Ref: [Show Me State Premium Homes v. McDonnell](#), 74 F.4th 911 (8th Cir. 2023).

All of the above **may be increasingly relevant** here in North Carolina in the aftermath of recent storms, including Hurricane Helene!

BE AWARE OF THESE SIGNIFICANT RISKS AND BENEFITS!!

As always, feel free to contact Chicago Title with any questions, updates, or concerns!

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