

**7th Annual National P&P Conference
Washington, DC
November 14-16, 2010**

Keynote Address

November 16, 2010

Keynote Speaker

Vance Morris, Director of Single Family Asset Management
U.S. Department of Housing and Urban Development (HUD)

Safeguard CEO Alan Jaffa was pleased to introduce Vance Morris, HUD's director of single family asset management, as Tuesday's keynote speaker. Morris oversees loss mitigation, default reporting, and servicing of HUD's portfolio of more than \$850 billion. He manages acquisition and disposition of FHA's REO portfolio. Morris has extensive experience at HUD as well as in the servicing world.

Team Restructuring and Expectations for M&M III Contract

Morris provided background on changes that have been occurring at HUD since he joined the single family asset management group in 2007. One of his initial goals was to improve internal communication. He noted the depth of talent in his group, and that the department has benefited from adopting a true "team" mentality.

Relationship-building with servicers has also been a primary focus in the last several years. Improvements in infrastructure, technology, and streamlined internal processes have enhanced the department's ability to better serve the industry.

Morris also discussed expectations for the M&M III contract. He outlined several key changes, including:

- Improved outreach by MCM to servicers regarding property condition at conveyance
- Enhanced tracking of how funds are being spent and whether the end result of utilizing those funds meets expectations
- Active role of the field services manager (FSM) with regard to conveyance requests and pre-conveyance inspections

M&M III will be fully transitioned by December 12, 2010.

Tenant Protection

HUD's Protecting Tenants Against Foreclosure (PTAF) Act was passed in May 2009; while it has been challenging to implement, Morris noted that this is high on HUD's priority list. Servicers are expected to follow the federal law regarding bona fide tenant status. This act should not be confused with the issue of occupied conveyance, in which the occupant is the former mortgagor. Occupied Conveyance forms and notices are being updated and will be posted on HUD's Web site.

New Procedures and Policies Under Review

HUD is looking for ways to streamline and eliminate redundancy with regard to conveying marketable title. Morris expects to have revisions published by the end of 2010.

The trial modification plan has been implemented; as a result, re-default rates have dropped from 50% to 20%. This plan is still under evaluation to ensure that it is as successful as possible.