

New Hampshire Housing

July
2020

TRAILING DOCUMENTS POLICY



New Hampshire Housing

Trailing Documents (aka “Post-Closing Documents”)

1. Definitions

“Correct Document” means a required document that is complete, conforming, and accurate and is confirmed by New Hampshire Housing and the secondary-market document custodian as being complete, conforming, and accurate.

“Incorrect Document” means a required document that is not complete, conforming, or accurate as determined New Hampshire Housing or the secondary-market document custodian.

“Loan Purchase Date” means the date New Hampshire Housing purchased a loan from a lender.

“Missing Trailing Document” means a required post-closing loan document that:

- i) Has not been provided to New Hampshire Housing; or
- ii) Has been provided to New Hampshire Housing but is not a Correct Document, meaning the document is not complete, conforming or accurate.

2. Introduction

Lenders shall timely submit all Correct Documents that are required by the applicable stacking list. Failure to provide timely Correct Documents creates significant challenges and financial impacts. This policy aims to provide lenders with a reasonable opportunity to submit Correct Documents. However, if a lender does not comply, this policy creates penalties to motivate performance and to compensate New Hampshire Housing when it takes steps to address a lender’s nonperformance.

3. Deadlines/Timelines

To provide lenders with reasonable time while ensuring timely delivery of Correct Documents to New Hampshire Housing, the following timelines/deadlines apply to all loan programs. Lenders can view loan-level document data via Lender Online. Additionally, New Hampshire Housing will provide lenders with periodic reports that breakdown loans by the timeline in this table.

Day 1	Loan Purchase Date
Day 15, 30 and 45	New Hampshire Housing will provide reports to lender with a comprehensive list of loans with Missing Trailing Documents segregated based on the timelines in this table.
Day 60	Correct Documents are due. Documents received after this deadline are considered untimely Missing Trailing Documents.
Day 61	New Hampshire Housing will send lender a warning that documents are late. Lender shall submit such documents by day 90 or the penalty (see below) will be assessed.
Day 91	Penalty assessed for <u>each</u> Missing Trailing Document that is over 90 days.
Day 120	Penalty not due if lender provides New Hampshire Housing with the Correct Document.
Day 121	Penalty becomes final and collectable if lender does not provide Correct Document. Without relieving lender of its obligations, New Hampshire Housing may take steps to obtain Missing Trailing Documents.

Note: Timelines/deadlines in this table are based on calendar days since the Loan Purchase Date. Lenders can access each loan's status in Lender Online. Additionally, New Hampshire Housing will be reporting to lenders on a periodic basis the loans that are missing documents, and those reports will categorize the loans based on the timelines in the table. For example, while a loan may pass the 61-day mark, the loan will be reported on the next periodic report, and the lender will have the allotted time to address from the report date.

4. Incorrect Documents

If a lender submits an Incorrect Document, New Hampshire Housing shall:

- i) Notify the lender of the defect via Lender Online; and
- ii) Provide the lender with 30 days from that notice to submit the Correct Document.

If the lender:

- i) Submits the Correct Document within this 30-day deadline, then, no penalty shall be due; or
- ii) Fails to submit the Correct Document within the 30-day deadline, then a \$150 penalty shall be due and collectable on day 31 from the notice of defect via Lender Online. This 30-day deadline applies even if lender would have otherwise had additional time to submit under Section 3 above.

5. Penalties and Costs

If a lender fails to provide a Correct Document within the deadlines, New Hampshire Housing shall impose the following penalties and costs.

- **Penalty:** \$150 per Missing Trailing Document that remains outstanding (missing or incorrect). Thus, a loan file that includes more than one Missing Trailing Document will be assessed a separate \$150 penalty for each Missing Trailing Document.
 - The penalty will be assessed on day 91 for each Missing Trailing Document;
 - The penalty will not be due if the Correct Document is submitted by day 120; and
 - The penalty shall be final and collectable on day 121.
- **Collection of Penalties:** Monthly, New Hampshire Housing will provide lenders with a statement of penalties that are final and collectable. The lender shall pay that statement of penalties within 30 days. If the lender fails to timely pay, New Hampshire Housing shall take additional steps to obtain payment, which could include withholding lender compensation on other loans and crediting that holdback towards the outstanding penalties.
- **Costs:** New Hampshire Housing may charge lenders for "costs" that exceed the penalty when New Hampshire Housing or a third-party vendor takes steps to obtain:
 - A Missing Trailing Document that is still missing 121 days after Loan Purchase; or
 - An Incorrect Document that has not been corrected within the 30-day deadline."Costs" includes staff time, document preparation, shipping, or recording and other costs associated with New Hampshire Housing having to obtain the document.

6. Loan Sale/Assignment

The lender's sale/assignment of a loan to New Hampshire Housing entitles New Hampshire Housing to work directly with the borrower and any third party that closed the loan or provided any service/insurance connected to the loan, e.g., title company or title insurer. Lenders shall support New Hampshire Housing's exercise of this right such as informing borrowers and third parties to cooperate with New Hampshire Housing's efforts to obtain Correct Documents.

7. Lender Contacts

To assist with reporting and to ensure performance, lenders shall provide New Hampshire Housing with staff contact(s) who work day-to-day on the post-closing documents. Additionally, lenders shall provide contacts for manager(s) of the post-closing process and the contact name for billing statements of penalties and costs. Lenders shall use the contact form attached to this policy, updating the list with staffing changes. New Hampshire Housing shall use this contact list to send reports and to reach out when needed to address nonperformance.

8. Reporting and Check-ins

- **Lender Online:** Lenders may use Lender Online to view all loan files that have missing documents (initial and trailing).
- **Reports:** To assist lenders, New Hampshire Housing will provide lenders with periodic reports that show the status of loan files with Trailing Missing Documents. The reports shall provide a list of loans categorized by the time since the Loan Purchase Date.
- **Check-ins:** New Hampshire Housing will hold periodic calls with lenders to review the list of Missing Trailing Documents and to address any performance issues.

9. Other Remedies

Nothing in this policy, including the penalties and costs, limits New Hampshire Housing's rights under the Mortgage Loan Purchase Agreement. Specifically, lenders that fail to meet the obligation to provide Correct Documents or to pay the penalties and costs may be:

- Suspended or terminated from participating in New Hampshire Housing's programs; or
- Required to repurchase the loan; or
- Required to provide New Hampshire Housing with other compensation or assurances related to the lender's nonperformance.

10. Effective Date

Lenders are **currently** obligated by the Mortgage Loan Purchase Agreement to timely (within 60 days) provide the documents required by New Hampshire Housing, including documents required by the secondary market. Nothing in this new policy relieves lenders from their existing obligations.

Here are effective dates:

- Loans with a Loan Purchase Date on or after June 1, 2020, the policy applies as stated above, including the deadlines in paragraph 3, meaning penalties will be assessed 91 days after the Loan Purchase Date.
- Loans with a Loan Purchase Date before June 1, 2020, the following deadlines apply. These loans are well past the existing 60-day deadline to submit documents, and so, lenders will be given one more opportunity to provide the document or be penalized.

July 31	New Hampshire Housing will send lenders the list of the Missing Trailing Documents and will assess \$150 for <u>each</u> Missing Trailing Document.
August 31	Deadline for lenders to submit Missing Trailing Document and have the penalty not due.
September 1	Penalty becomes final and collectable if lender has not provided the Correct Document.



Participating Lender Trailing Documents/Post-Closing Documents Staff Listing

New Hampshire Housing wants to ensure our communication with lenders is working for lenders and for New Hampshire Housing. Generally, New Hampshire Housing will communicate with lender staff that perform the day-to-day post-closing functions. There are times, however, that the lender or New Hampshire Housing may want contact between New Hampshire Housing and lender management to address performance challenges.

Therefore, please provide the names and contact information for:

1. The staff working on the day-to-day post-closing process;
2. The management who should be included on reports or contacted when there are performance challenges; and
3. The staff to whom New Hampshire Housing will send billings statements for penalties and costs

Lenders should update this form as staffing changes.

NAME	TITLE	EMAIL	PHONE
Day-to-day post-closing staff			
Supervisors/Management			
Contact for billing statements			

Date: _____

Submitted by: _____