



Sample Written Mortgage Collection and Delinquency Policy

The Fuller Center of _____ has contracted with _____ mortgage service company to collect loan payments, manage escrow accounts, and provide reporting to homeowners and a designated officer of the covenant partner.

Payment Policy:

1. All payments are due on the 5th day of each month. A payment is "late" if it is not received on the 5th day of each month.
2. If a payment is received after the 20th day of the month in which the payment is due, a late fee of \$25 is charged for each late payment and will not exceed the limit on fees established by state law. The late fee period and amount will be included in the mortgage document. The day after the expiration of the grace period, a letter will be sent from the loan servicing company to the homeowner notifying the homeowner of the assessment of the late fee.
3. A bounced check fee is charged for each returned check. The amount of the bounced check fee will be the amount that fully recovers the bank's fees, subject to any fee limitation by state law. After a third returned check, only certified checks or money orders will be accepted from the homeowner, unless the third party servicer is equipped for ACH payments.
4. A payment is delinquent after 30 days from the payment due date.
5. If a payment is 60 days delinquent and no written remediation agreement has been established, a "Foreclosure Pending" notice will be sent by registered (certified) mail to the homeowner.
6. Subject to the state's laws and mortgage documents, foreclosure should be recommended by the covenant partner Board of Directors (or the Finance Committee) when a loan is 90 days delinquent without an approved remediation and payment.

Practices To Minimize and Manage Delinquencies:

1. Contract with a bank or a third party professional mortgage servicing company.
2. Require prospective homeowners to take a financial literacy course as part of their sweat equity requirements.
3. If the homeowner is delinquent due to financial hardship such as job loss or a disability that prevents full employment, the covenant partner may choose to modify the repayment terms of the mortgage. The covenant partner should work with a qualified real estate attorney when crafting a new payment agreement.
4. Establish a committee to monitor loan delinquencies.
5. The committee will propose policies for the board related to collection, forbearance agreements, deed-in-lieu transfers, foreclosures and the management of properties returned to the covenant partner.
6. Require in the 30-day delinquent notice that the homeowner must meet with a representative from the Family Support Committee within 2 weeks of the 30-day delinquent notice. If there is no response from the delinquent homeowner, the Family Support committee should be proactive and visit the home before the 60 days delinquent "Foreclosure Pending" notice.
7. Remediation and payment plans should not be revised if the homeowner has not attempted to honor the original remediation agreement.