



Rural Development

June 19, 2018

Joel C. Baxley
Administrator

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TO: State Directors
Rural Development

ATTN: Single Family Housing (SFH) Program Directors
Contracting Officers

FROM: Joel C. Baxley /s/ **Joel C. Baxley**
Administrator
Rural Housing Service

SUBJECT: Status of Single Family Housing Foreclosure
Process Centralization

To better support rural prosperity and enhance the quality of life for rural people, USDA Rural Development is streamlining many processes to become more effective, efficient, and customer focused. To support this effort, foreclosure responsibilities within the Single Family Housing Programs are being centralized to all take place under one roof by one team. A comprehensive plan is being developed to achieve this goal, and because of the great input provided by state and program staff earlier in this process, soon we will be initiating individual state Private Attorney (PA) agreements with an eventual single contract across the portfolio.

Here at the national office, we see these state-by-state contracts as bridge agreements to a larger procurement award that would allow for foreclosure services to be conducted on a nationwide basis. This change will make Rural Development operations run more similarly to the way large mortgage loan servicers operate, improve our processing time to industry standard, and eliminate our foreclosure backlog.

Our current holding times and costs associated with the backlogs are creating unnecessary losses to the Government. Streamlining this process and developing one foreclosure and loss mitigation model will improve utilization of Rural Development personnel resources, reduce delinquency rates, and strengthen our portfolio.

At this point, we have centrally managed PA contracts in place for the states of Mississippi, Georgia, Iowa, Tennessee, Alabama, and Indiana. Florida will have a PA contract in place by July 31, 2018. Texas, New York, Arkansas, and West Virginia will follow with anticipated enactment of PA contracts by August 31, 2018.

EXPIRATION DATE:
June 30, 2019

FILING INSTRUCTIONS:
Housing Programs

Moving forward, our goal is to provide an integrated PA procurement solution for foreclosure processing nationwide. Securing this nationwide procurement solution is the next step in managing foreclosures in a centralized manner. You will be notified as new developments occur. In the meantime, non-centralized States (those with foreclosure processes not currently centralized at the Customer Service Center) that are processing foreclosures using state staff and existing contracts should continue to do so until further notice. **However, please do not enter into any new contract awards for PA services without consultation with the Procurement Management Division.** All new PA contracts must have approval of the Procurement Management Division and the Office of General Counsel in Washington, D.C.

Questions to procurement should be directed to Lori Lloyd, Procurement Management Division Director (lori.lloyd@wdc.usda.gov).

To be as effective, efficient, and customer oriented as we can be, we must be fully coordinated when enacting PA contracts. Timely processing of 502 Direct Loan foreclosures is a high priority, and finding an integrated procurement solution for these services is a key step forward. We will continue to keep you apprised on the Monthly SFH Teleconference as we work towards a nationwide solution.

If you have any questions on this matter, please contact Tom Herron (thomas.herron@stl.usda.gov).