

October 10, 2024

Julia Gordon  
Assistant Secretary for Housing, Federal Housing Commissioner  
Department of Housing and Urban Development  
451 7th St., S.W.  
Washington, D.C. 20410

RE: Draft Mortgagee Letter: Partial Claim Document Recording and Payoff Statements.

Dear Commissioner Gordon:

On behalf of our low-income clients, we write to support the proposed Mortgagee Letter requiring servicers to provide partial claim information in connection with the receipt of a payoff quote. We have seen an increase in HUD collection of partial claims that were missed in real estate closing transactions, and these collections cause significant harm to borrowers. HUD's proposal will improve identification of partial claims by title companies while not imposing a significant burden on servicers. This should reduce unnecessary partial claim collections against borrowers by ensuring that the claims are paid off at real estate closings.

We recognize that servicers may object to this requirement based on their concerns that they may face liability related to partial claim loans that they do not service. We believe HUD could take additional steps to clarify that servicers are simply giving information and that the title company or other interested party must take steps, including calling the partial claim servicer, to ensure accuracy. It is most important for servicers to put everyone on notice that there is a partial claim according to their records. It should be up to the title company to follow up on this information and the title company should bear the responsibility for taking steps to ensure a proper closing.

If the servicing industry has additional ideas for clarifying and minimizing liability that servicers would have with this requirement, we would be interested in discussing them with you.

We appreciate the opportunity to comment on these important provisions. If you have any questions or would like to discuss these recommendations in further detail, please contact Steve Sharpe, Senior Attorney at National Consumer Law Center, at [ssharpe@nclc.org](mailto:ssharpe@nclc.org).

Sincerely,

National Consumer Law Center (on behalf of its low-income clients)