Property preservation path

Property preservation is the action taken by a servicer to secure, preserve and maintain a property.

Once the servicer holds the title, the redemption or confirmation period has ended, and the property is vacant:
1. For private investor or lender-owned loans, the servicer is responsible for maintenance until the property can be sold or donated.
2. For FHA-insured loans, the servicer ensures the property is in sellable condition, then the title is transferred to HUD, which is responsible for maintaining and selling the property.
3. For VA or government-sponsored loans, the title is transferred to the government agency or entity, which is responsible for maintaining and selling the property.

Once vacated, the servicer secures and maintains the property. This process varies by property because the servicer must comply with unique property and investor/government requirements.

If homeowner completes a deed in lieu of foreclosure and vacates, maintenance becomes the servicer’s responsibility.

If homeowner completes a short sale and vacates, property maintenance becomes the new owner’s responsibility.

If homeowner remains in default, foreclosure sale will occur. Property is sold to a new owner or to the servicer or investor (beneficiary).

If state law requires confirmation of sale or a redemption period for the homeowner to reclaim property, servicer maintenance is limited during this time.

If occupants remain, the servicer cannot secure the property. Visual inspections continue until property is vacant.

Homeowner may consider liquidation options to avoid foreclosure.

Servicer pays taxes and insurance, if homeowner is not doing so.

Homeowner is responsible to pay mortgage, taxes, insurance, and maintain the property.

Property preservation activity begins at 45 days past due. Servicer hires local/regional inspectors to report on property condition and occupancy. Maintenance is still the homeowner’s responsibility.

Homeowner is late making mortgage payments.

More than 93% of Wells Fargo customers are current on their home loan.

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