

30-Day Planning Document

Office of Financial Services

What the Office currently does/how it operates:

The Office of Financial Services (OFS) provides the policy direction, review, and coordination required to furnish the financial services needed to support FHA's multi-billion dollar Single Family, Multifamily, and Title I insurance portfolios.

Primary Functions

- Furnishes the automated data processing systems and staff support needed to ensure ongoing operations for maintaining insurance-in-force records, billing and collecting mortgage insurance premiums, settling insurance claim benefit requests, providing financial services for HUD-held and acquired assets, and collecting Title I and other FHA debt.
- Supports FHA contracting programs, including contract monitoring and budget development.
- Provides the Office of Financial Analysis and Reporting with the financial data required to generate accounting entries for FHA's general ledger and financial statements.
- Supports FHA's asset sale programs.
- Provides policy guidance and oversight for FHA's debt management and due diligence activities.

The Office is composed of three HUD Headquarters Divisions (the Single Family Insurance Operations Division, the Single Family Post Insurance Division, and the Multifamily Financial Operations Division) and a Financial Operations Center located in Albany, New York

The Single Family Insurance Operations Division is responsible for providing financial management services to FHA-approved lenders who originate and/or service FHA-insured single family mortgages. The Division maintains the insurance records of active and terminated FHA-insured single family loans. The Division also collects mortgage insurance premiums and processes premium refunds to lenders and homeowners.

The Single Family Post Insurance Division is responsible for providing claim payment, asset acquisition, asset management, and asset disposition services for FHA-insured single family mortgages. The Division conducts all single family FHA insurance claim processing and related activities, such as providing oversight of the post-claim review

contract activities and technical advice to lenders filing FHA insurance claims. The Division also provides financial management support services for all post claim activities for single family acquired assets. Acquired assets are made up of single family properties and mortgages acquired as a result of the payment of FHA insurance claims.

The Multifamily Financial Operations Division provides support for FHA's multifamily mortgage insurance program, which insures loans on large structures ranging from apartment buildings to hospitals. The Division is responsible for collecting FHA multifamily mortgage insurance premiums, paying multifamily insurance claims, and performing financial servicing for Secretary-held mortgages. The Division is also responsible for keeping the insurance-in-force records for all FHA multifamily mortgage loans.

The Financial Operations Center provides servicing support for the FHA Title I Property Improvement and Manufactured Home Loan Programs and debt collection for FHA's Title I, single family and multifamily mortgage insurance programs. The Center's functions include registering Title I loans and managing lender portfolios, collecting Title I insurance premiums, evaluating lender applications for Title I insurance benefits, managing Single Family Indemnification Agreements, resolving delinquent Multifamily insurance premiums, providing policy guidance regarding debt collection, servicing defaulted Title I loans and other FHA debts, and referring eligible delinquent debt to the Department of the Treasury for offset and cross servicing. The Center performs these functions nationwide.

OFS personnel effectively interact with a wide variety of internal and external customers on various financial matters. The Office's personnel work with members of the Office of the Deputy Assistant Secretary for Single Family Housing and the Office of the Deputy Assistant Secretary for Multifamily Housing on a variety of program policy issues. OFS staff members also meet with representatives from the other offices in the Office of the Deputy Assistant Secretary for Finance and Budget to discuss and make decisions on financial management issues. In addition, OFS representatives regularly assist homeowners, FHA-approved lenders, FHA loan servicers, personnel from Congressional offices, and individuals from other private and public sector organizations on a variety of issues.

Strategic Vision for the Office:

Deliver exceptional financial services to internal and external customers. The Office will utilize available resources to optimize service delivery to its many customers. Timely and accurate service delivery will reflect favorably on FHA and the Department.

How this strategic vision supports the Office of Housing and HUD goals:

OFS' strategic vision for delivering exceptional financial services to internal and external customers supports several of the Department's Strategic Goals.

The Office supports the Department's goal of increasing homeownership opportunities by:

- Overseeing the management of the Minority Bank Investment Program, which helps to promote minority homeownership by investing funds with minority-owned banks to subsequently provide mortgages and other types of loans in the minority communities.
- Providing assistance to the Office of the Deputy Assistant Secretary for Single Family Housing on various issues related to the FHA Single Family and Title I programs.
- Managing the insurance premium collection, claim payment, asset servicing and other financial functions for the FHA Single Family and Title I programs to ensure the strength of the FHA insurance funds.

The Office supports the Department's goal of promoting decent affordable housing by:

- Providing assistance to the Office of the Deputy Assistant Secretary for Multifamily Housing on various issues related to the FHA Multifamily programs.
- Managing the insurance premium collection, claim payment, asset servicing and other financial functions for the FHA Multifamily programs to ensure the strength of the FHA insurance funds.

The Office supports the Department's goal of embracing high standards of ethics, management and accountability by:

- Allocating available resources to accomplish priority objectives and goals.
- Developing and monitoring workplans to correct all valid/accepted Notifications of Findings and Recommendations, audit findings and internal control weaknesses.
- Monitoring program participants to ensure program compliance.

The Office supports the Department's goal of ensuring cross-program partnerships, collaboration and support by:

- Participating in the development of the Office of Housing's FHA Subsidiary Ledger.
- Supporting crosscutting Department initiatives such as the Office of the Chief Financial Officer's Total Estimation and Allocation Mechanism project.
- Working with Office of Housing Field Office staff to ensure effective program delivery.
- Representing the Department at industry-sponsored conferences and meetings.
- Ensuring that all controlled correspondence is properly addressed in a timely manner.

How this strategic vision changes the business we do/the way we do business:

This strategic vision will lead the Office to continually explore ways to better serve the organization's customers and to implement practical changes utilizing available resources. As the mortgage industry evolves, the Office will help FHA effectively adapt to the changes.

The Office's personnel will regularly review the organization's service delivery processes to identify possible improvements. When appropriate, steps will be taken to delegate authority or restructure to reduce the number of layers that an action passes through before it reaches a decision point.

Technology is constantly evolving and the Office's personnel will routinely evaluate various applications to see if they may help support the organization's operations. Personal computer hardware and software upgrades, as well as other technology, may greatly assist the Office's service delivery efforts in the future.

What we have now – staff, FTEs, skill sets:

Currently, 154 HUD employees are assigned to the Office. Each of these individuals is a full-time employee. These individuals have a wide variety of managerial, analytical, communication, and clerical skills.

In addition, over 150 full-time contractor employees support the Office's various functions. These individuals provide a variety of support services to the organization's Divisions.

What the strategic vision means we will require - staff, FTEs, skill sets:

The Office of Financial Services will need a highly skilled group of managers and analysts to properly implement our strategic vision. The Office will also need a limited number of clerical staff to support the organization.

The managers will need to have the skills to effectively direct the workflow of the organization and identify ways to reduce costs and improve service delivery. The managers will also need to be able to effectively oversee the development of their employees.

The analysts will need the skills to oversee the organization's automatic data processing systems, manage the organization's contracts, analyze financial data, evaluate technology, and communicate with the Office's customers orally and in writing.

The clerical staff will need strong oral and written communication skills.

Gaps between what we have and what we will need - staff, FTEs, skill sets:

The number of employees assigned to the Office has been substantially reduced over the last several years resulting in a decrease in both the Office's in-house expertise and its

capability to provide backups to staff assigned to critical functions. A significant number of managers and analysts are already eligible for early or full retirement and many more will become eligible in the next few years. When managers and analysts leave, any unexpected delays in effectively replacing these individuals could undermine the Office's efforts to deliver exceptional service to our internal and external customers.

To help ensure effective service delivery, efforts need to be made to help retain experienced managers and recruit excellent candidates for management positions when they become vacant. Having an effective cadre of managers is critical to the future of the organization.

One way to support these retention and recruitment goals would be to ensure that every manager in the Office has the opportunity to work a compressed work schedule. This change would substantially improve morale among current managers and help entice non-managers to apply for vacant managerial positions in the future. The use of the compressed work schedule option would be well coordinated to ensure adequate oversight of the organization.

Another way to support retention and recruitment efforts would be to ensure that each manager was provided with a private office. Currently, several managers do not have a private office and this makes it difficult for them to handle a variety of personnel and other confidential matters.

Over the past few years, sufficient training funds have not been made available to enable the Office's employees to upgrade their technical and managerial skills. In order for the Office to improve its effectiveness, it is critical that appropriate training classes be made available to the Office's employees in the near future so that they can stay up-to-date on changing technology and managerial techniques.

Currently, the Office relies upon a variety of contractors to support our ongoing operations. If adequate contract support is not continued, the Office will be unable to maintain the current levels of service to our internal and external customers. The Office does not have the staff or the facilities to perform the functions handled by the contractors.