



PREFORECLOSURE SALES PROGRAM

The Preforeclosure Sale Program allows a Mortgagor in default to sell his or her home and use the sales proceeds to satisfy the mortgage debt, even if the proceeds are less than the amount owed. Ref: Mortgage Letters 2003-19 and 2008-43.

FACTS

- Outright sale of mortgaged property to a third party and must be an “arms length” transaction.
- Outstanding indebtedness includes: unpaid principal balance + delinquent interest + Partial Claim (if applicable).
- HUD will pay up to \$1,000 incentive to the Mortgagor if closed within 3 months from the date of application; thereafter, the incentive is reduced to \$750.
- HUD will pay an additional amount up to \$1,500 for the discharge of junior liens after the Mortgagor’s incentive has been applied.
- HUD allows all reasonable cost of the sale including up to 6% sales commission, local/state transfer tax stamp and other customary closing cost.
- HUD allows up to 1% of the buyer’s mortgage amount for closing costs to be included in the “Seller’s Costs” on the HUD-1 for all transactions that involve a new FHA-insured mortgage.
- Tiered Net Sales Proceeds requirement is applicable as follows:
 - For the first 30 days of marketing, Mortgagees may only approve offers that will result in minimum net sale proceeds of 88% of the “As-Is” appraised Fair Market Value.
 - During the next 30 days of marketing, Mortgagees may only approve offers that will result in minimum net sale proceeds of 86% of the “As-Is” appraised Fair Market Value.
 - For the duration of the Preforeclosure Sale marketing period, Mortgagees may only approve offers that will result in minimum net sale proceeds of 84% of the “As-Is” appraised Fair Market Value.
- Unacceptable Settlement Costs:
 - Repair reimbursements or allowances;
 - Home Warranty Fees;
 - Discount points or loan fees for non FHA-financing; and
 - Lender’s title Insurance fee.
- Property Condition:
 - Properties that have sustained damage may be eligible for the PFS option.
 - If the cause of the damage is fire, flood, earthquake, tornado, boiler explosion (for condominium’s only) or mortgagee neglect (i.e., surchargeable damages as defined in 24 CFR Part § 203.378) mortgagees must obtain prior approval from the NSC at the address above.
 - Prior to seeking this approval, the mortgagee must obtain the government’s estimate

of the cost to repair the surchargeable damage by contacting the HUD Management and Marketing (M&M) Contractor with jurisdiction for the geographic area where the property is located.

- A list of M&M Contractors can be found on the Internet at:
<http://www.hud.gov/offices/hsg/stfh/reo/mm/mminfo.cfm>.
- **Under no circumstance** should the Mortgagee be encouraged to default on their mortgage for the purpose of participating in the Preforeclosure Sale Program.

ELIGIBILITY

- The property must be owner-occupied, no “walk-a ways” or investment properties. Exceptions: when it is verifiable that the need to vacate was related to the cause of default (job loss, transfer, divorce, death), and the subject property was not purchased as rental investment, or used as a rental for more than 18months.
- The Mortgagee must be 31 days or more delinquent at the time of the Preforeclosure Sale closing.
- The Mortgagee must provide documentation substantiating a reduction in income or an increase in living expense, and documentation that verifies the Mortgagees need to vacate the property (if applicable).

PROCEDURES

(1) Mortgagees who express an interest in the Preforeclosure Sale Option or who have been identified by the Mortgagee as a qualified candidate for the Preforeclosure Sale Program must be mailed a copy of the revised *Information/Disclosure* Form HUD-90035.

(2) The Mortgagee must obtain a standard “As Is” FHA appraisal which has been completed in accordance with the requirements of HUD Handbook 4150.2 (Valuation Analysis for Single Family One-to-Four-Unit Dwellings). To this end, Mortgagees must:

- Obtain a standard electronically-formatted appraisal from an appraiser on FHA’s Appraiser Roster. The selected appraiser must not share any business interest with the Mortgagee or the Mortgagee’s agent. Appraisals obtained by the buyer, seller, real estate agent, or other interested parties may not be used to establish the Fair Market Value of the property for the Preforeclosure Sale Program. It is also important to note that:
 - The appraisal must contain an “As-Is” Fair Market Value for the subject property;
 - The appraisal will be valid for six (6) months; and
 - Distress sales may not be used by the appraiser to establish comparable values unless they represent the only comparables within reasonable proximity of the subject property.
- Provide a copy of the appraisal to the homeowner, sales agent, or HUD, upon request.
- Mortgagees are reminded that in accordance with HUD regulations at 24 CFR Part § 203.365 (c) they are responsible for the accuracy of all documentation used in the PFS decision, including accurate and complete appraisal information.

In an effort to ensure that the most current Fair Market Value is used for the Preforeclosure Sale, a Mortgagee may obtain a new FHA appraisal, even if the property was appraised by an FHA Roster Appraiser within the preceding six (6) months.

To be reimbursed through HUD's claim filing process, the cost of the appraisal must be reasonable and customary for the market area where the appraisal is performed. The appraisal must be retained in the claim/servicing file, even if the Preforeclosure Sale is not approved or completed.

(3) The Mortgagee must obtain a title search or preliminary report verifying that the title is not impaired with un-resolvable title problems or with junior liens that cannot be discharged as permitted by HUD.

(4) When an application is accepted an *Approval to Participate* form is used. The date of this form becomes the starting date of the PFS participation. The *Approval to Participate* form must include the date by which a signed contract for sale must be obtained and minimum acceptable net sales price.

- The Mortgagor agrees to show good faith in attempting to market and sell the property.
- The Mortgagor must perform all normal property maintenance and repairs until closing of the Preforeclosure Sale.
- The Mortgagor must list the property with a licensed real estate broker, unrelated to the Mortgagor. The listing agreement must include a specific cancellation clause in the event the terms of the sale are not acceptable to HUD.

(5) The Mortgagee delays foreclosure to allow pursuit of the Preforeclosure Sale.

(6) The Preforeclosure Sale period shall be four (4) months beginning upon Mortgagee approval (automatically extended two months for Mortgagees in Tier 1; or there is a signed Contract of Sale, but settlement can not occurred by the end of the fourth month).

(7) The Mortgagee should review marketing efforts with the Mortgagor and/or the Real Estate Broker/Agent on a monthly basis.

(8) The sale closing must occur within six months (6), eight (8) months if Mortgagee is in Tier 1, from the date the Mortgagee notified the Mortgagor in writing of approval to participate in the Preforeclosure Sale Program.

If you have any question you may contact NSC at:

National Servicing Center

www.hud.gov/offices/hsg/sfh/nsc/nsc/home.cfm

E-mail: hsg-lossmit@hud.gov

1-888-297-8685

Frequently Asked Questions:

<http://www.hud.gov/offices/hsg/sfh/nsc/faqnsc.cfm>

PFS Forms: <http://www.hud.gov/offices/hsg/sfh/nsc/immtrs.cfm>

SHORT PAYOFF REQUEST -- FHA

Name: _____
Mailing Address: _____

Notice Date: _____
Account No.: _____
FHA Case #: _____

Property Address: _____

Re: **FHA Pre-Foreclosure Sale
Request For Information**

IMPORTANT MESSAGE ABOUT YOUR LOAN

You have asked us about a proposed sale of your property (the "Property") that would yield proceeds that are less than the full amount of the debt owed by you under your home loan (the "Loan"). A sale such as this is commonly known as a "Short Payoff" or a "Pre-foreclosure Sale."

As you know, your Loan is an FHA insured Loan. The eligibility requirements for a Pre-foreclosure Sale on an FHA Loan include the following:

- The Property must be owner occupied or, if rented, you must provide supporting documentation showing that the renting of your Property was unavoidable and not done voluntarily.
- You can only have one FHA insured Loan.
- Your Loan must be past due for 2 or more payments. The reason for your default must be documented as unavoidable and/or involuntary. If you have the ability to make your mortgage payments, you are ineligible for the Pre-foreclosure Sale program.
- Prior to closing the Pre-foreclosure Sale transaction, any additional liens against this property must be released. In addition, prior to closing, the lienholder(s) must be willing to submit a written statement to Bank of America regarding the purpose of their lien and their intent to release their lien, and they must provide proof of recording the release of their lien.
- In the enclosed materials, you are advised of your rights to apply for a repayment or forbearance plan with Bank of America. The Pre-foreclosure Sale program is only available to you when these alternative workout arrangements have been offered to you, considered, and rejected by you.

Even if any of the requirements noted above have not been met, you still may apply for the Pre-foreclosure Sale program. A determination may need to be sought by Bank of America and approved by the Department of Housing and Urban Development ("HUD") in order for Bank of America to process your request.

In order for Bank of America to process your request for a Pre-foreclosure Sale, Bank of America first must obtain the items set forth in the attached checklist. The materials should be sent to Bank of America as follows:

Send Via Fax:
Attention:

Send Via Email to:

WHAT THIS MEANS

Please note that our evaluation of this matter is based on the information you provide. Therefore, your request will not be considered unless all of the documentation and information that we have requested has been received. All responsible parties on the Loan must provide all of the information and documentation that we have requested, even those parties who do not live at the property or do not make the monthly payments. If you cannot provide us with any particular item, please note the reason that it is unavailable in the documentation that you send to us.

As you may know, your Loan was previously sold to an investor ("Investor"). Bank of America Home Loans, Inc. ("Bank of America") services your Loan on behalf of the Investor. In addition, your Loan is an FHA insured loan. As such, Bank of America may need to obtain HUD's approval prior to approving your request for assistance.

Please be advised that it takes substantial time to review and consider a request for a Pre-foreclosure Sale due to the need to evaluate the information submitted and to prepare the necessary paperwork. In order to process your Pre-foreclosure Sale request, Bank of America may require additional information from you about the proposed sale, the Property and/or the parties involved. THE PROCESS FOR REVIEWING A PRE-FORECLOSURE SALE WILL TAKE A MINIMUM OF TEN (10) TO FOURTEEN (14) BUSINESS DAYS FROM THE DATE ALL NECESSARY MATERIALS ARE RECEIVED, AND MAY TAKE LONGER IF HUD REVIEWS YOUR REQUEST. If Bank of America determines that you do not meet the program parameters, we may establish contact with the local HUD office to determine our next course of action, when required. This will result in additional delays. Bank of America appreciates your patience during this review period.

Please note that Bank of America in no way guarantees that your request for a Pre-foreclosure Sale will be approved. Please also note that if your Loan is delinquent currently, Bank of America will continue with any and all collection and/or foreclosure action concerning your Loan. Such action will not be suspended or canceled under any circumstances unless and until Bank of America specifically agrees in writing to suspend or cancel such action, or unless your Loan is fully reinstated or paid off. Therefore, if your Loan is in foreclosure, a scheduled foreclosure sale will be conducted by Bank of America unless Bank of America specifically agrees in writing to suspend or cancel the foreclosure sale, or unless your Loan is fully reinstated or paid off in accordance with your Loan documents and applicable law prior to the scheduled foreclosure sale. Bank of America will not consider entering into any such agreement until it first receives all the information it requires. Accordingly, please provide the requested information as quickly as possible.

Finally, if your Loan is delinquent, Bank of America will continue to report all delinquencies to the credit reporting agencies until your Loan is brought fully current under your Loan documents.

WHAT YOU NEED TO DO

Please provide the requested information as quickly as possible.

Should you have any questions, please do not hesitate to contact the Home Retention Department at 1-800-669-0102. When calling our office, please reference your Loan number.

Sincerely,

Home Retention Department

Account No: _____

PRE-FORECLOSURE SALE DOCUMENTATION REQUIRED

Your workout package cannot be reviewed until we receive **ALL** of the following items. Each item must be fully completed, signed (when necessary), with your Loan number printed clearly on each separate piece of documentation.

All parties responsible on the Loan must provide the following information and documentation:

1. A letter, signed and dated by all parties on the Loan, describing your financial situation and requesting a Pre-foreclosure Sale. Please indicate whether any of the information that we have requested below is unavailable, and explain why the information is unavailable. At the beginning of your letter please be sure that you include your **DAY & EVENING NUMBERS & SOCIAL SECURITY NUMBERS FOR ALL PARTIES ON THE LOAN**.
2. The signed ORIGINAL Authorization and Acknowledgment (enclosed form).
3. The completed, signed and dated ORIGINALS of Borrower Request for Hardship Assistance
4. The signed ORIGINAL of the Negotiation Agreement (enclosed form). Please read this document carefully before signing.
5. If you would like Bank of America to discuss your request for a Pre-foreclosure Sale of your property with a third party acting on your behalf, please sign and return the ORIGINAL Authorization Form (enclosed form).
6. Documentation supporting your financial difficulties. (Examples: divorce papers, military transfer papers, termination papers from former employer, copies of medical bills, etc.) **DO NOT SEND ORIGINALS.**
7. Copies of your most recent 2 months of income receipts (pay stubs). If self-employed, you must provide your last 2 quarters of profit & loss statements. **DO NOT SEND ORIGINALS.**
8. A Purchase contract, signed by the buyer and seller, which contains language that the sale is contingent upon the seller obtaining Bank of America's approval. Also please be advised that when participating in the FHA short sale program, the maximum seller concession that HUD will allow is 1% only if the buyer is getting an FHA loan. If there is more than one purchase contract, the seller may only submit **ONE** offer to Bank of America for review.
9. The current listing agreement. Your listing agreement with your Agent/Broker must contain the following language: *"Seller may cancel this agreement prior to the ending date of the listing period without advance notice to the broker, and without payment of a commission or any other consideration if the property is conveyed to the mortgage insurer or the mortgage holder."*
10. A statement of the seller's closing costs or a HUD-1 settlement statement. The figures in these statements must be accurate, as Bank of America's approval will be based, in part, on the figures submitted with the package. Please note that the maximum commission paid on a short sale is limited to 6%, with the exception of the State of Washington which may be less
11. All other lien holders must provide written notice of their willingness to release their liens prior to Bank of America issuing an approval letter for the pre-foreclosure sale. In most cases, no proceeds will be given to any other lien holders to release their lien.
12. Please provide us with your contact name & phone number for us to be able to gain access to the property to perform an FHA appraisal. Please be advised that HUD requires that all utilities be on in the property in order for the appraisal to be completed.

Please write your Loan number on EVERY single item that you return to Bank of America.

SEE THE REVERSE SIDE OF THIS DOCUMENT FOR IMPORTANT ITEMS THAT YOU SHOULD KNOW ABOUT A PRE-FORECLOSURE SALE

IMPORTANT ITEMS THAT THE CURRENT HOMEOWNER SHOULD KNOW

- Any documents that you submit to Bank of America in connection with your request will not be returned to you.
- You must actively market the property and maintain it in an acceptable and marketable condition.
- A monetary contribution from you may be required.
- During our review of your request for a Pre-foreclosure Sale of your Property, you are not released from any obligations under your Note and Security Instrument, including the obligation of making your mortgage payments.
- If your Loan is delinquent, Bank of America will continue to report all delinquencies to all respective credit reporting agencies until your Loan is brought fully current. In addition, while reviewing your request for a Pre-foreclosure Sale of your Property, Bank of America will commence or continue, as the case may be, foreclosure proceedings concerning your property, and may take such other action as is permitted by law, unless Bank of America agrees in writing to suspend or cancel such action, or unless your Loan is paid off or brought current.
- Upon the closing of a Pre-foreclosure Sale transaction, your account will be reported to the credit reporting agencies as "settled".
- Should a Pre-foreclosure Sale transaction close, an IRS form 1099 (c) will be filed pursuant to current FHA and IRS guidelines. Should you have any questions concerning the tax consequences that may arise out of a Pre-foreclosure Sale transaction, you should seek independent tax advice. Bank of America will not advise you regarding such tax consequences, if any.
- Should your request not meet the required parameters, you will be responsible for all fees incurred for processing your request and/or valuing the property, if any.
- Your listing agreement with your Agent/Broker must contain the following language: "Seller may cancel this agreement prior to the ending date of the listing period without advance notice to the broker, and without payment of a commission or any other consideration if the property is conveyed to the mortgage insurer or the mortgage holder."
- Please note that the *maximum commission paid on a short sale is limited to 6%, with the exception of the State of Washington which may be less.*

Mortgagor Financial Information

Account #: _____ Co-Borrower Name: _____
 Borrower Name: _____ Co-Borrower SS#: _____
 Borrower SS#: _____ Evening #: _____
 Daytime #: _____ Employer: _____
 Employer: _____

Income	Borrower	Co-Borrower	Total
Monthly Gross Salary			
Unemployment			
Commission/Bonus			
Child Support/Alimony			
MONTHLY NET INCOME			

Family Expenses	Monthly Amount	Balance	Months Delinquent
Mortgage			
Mortgage (Rent/2 nd)			
Automobile Loan			
Alimony/Child Support			
Auto Main/Gasoline			
Child/Elder Care			
Church			
Education			
Groceries/Food			
Medical/Dental			
Pet			
Spending Money			
Other (please specify)			
Other (please specify)			

Home	Monthly Amount	Balance	Months Delinquent
HOA dues			
Taxes			
Other (please specify)			

Insurance	Monthly Amount	Balance	Months Delinquent
Auto			
Health			
Life			
Other (please specify)			

Utilities	Monthly Amount	Balance	Months Delinquent
Cable TV			
Electricity			
Natural Gas			
Cell Phone			
Home Phone			
Internet			
Sewer/Trash			
Water			
Other (please specify)			

Work	Monthly Amount	Balance	Months Delinquent
Dry Cleaning			
Parking			
Union Dues			
Other (please specify)			

Number of people in household: _____

Voluntary Funds Available: _____

Submitted this _____ day of _____, 20____.

Borrower:

Co-Borrower:

Signature _____

Signature _____

Name (Please print) _____

Name (please print) _____

Account No.: _____
Borrower Name: _____
FHA Case #: _____
Property Address: _____

AUTHORIZATION AND ACKNOWLEDGMENT

I have described my financial condition in the enclosed Financial Statement and certify that all information presented therein as well as all attachments are true, accurate, and correct to the best of my knowledge. I understand that submission of this information in no way obligates Bank of America, the Investor or the Mortgage Insurers to provide assistance to me.

By sending this Financial Statement to Bank of America, I hereby authorize Bank of America, the Investor and the Mortgage Insurers to:

- Order a credit report from any credit agency;
- Order a title search from any title agency;
- Verify the accuracy of the information contained in this Financial Statement, including without limitation, any current or previous employment information.

I agree that I will notify Bank of America immediately of any material change in the financial information that I have provided herein. If I fail to do so, or if it is determined that the financial information provided herein has been misrepresented by me, and Bank of America, the Investor or the Mortgage Insurers make decisions which would not have been made had the true facts been known, then (1) I shall be liable for all costs incurred or damages suffered by Bank of America, the Investors or the Mortgage Insurers, and (2) Bank of America shall have the right, in its sole discretion, to terminate any arrangement or agreement that has been extended to me based, in whole or in part, on the inaccurate or incomplete information that I have provided.

Submitted this _____ day of _____, 20_____.

BORROWER:

CO-BORROWER:

Signature _____

Signature _____

Name (please print) _____

Name (please print) _____

Account No.: _____

AUTHORIZATION FORM

Account No.: _____

I hereby authorize BANK OF AMERICA ("BANK OF AMERICA") to discuss my request for a Short Payoff with the individual(s) that I have identified below as my designated agent(s) (hereinafter the "Designated Agent"). Further, BANK OF AMERICA is hereby authorized to negotiate the terms of a Short Payoff with my Designated Agent and to deliver documents to my Designated Agent which concern my request for a Short Payoff. I understand that I will be fully responsible for reviewing any information that is sent by BANK OF AMERICA to my Designated Agent. This Authorization will remain effective until I specifically notify BANK OF America's Workout Department in writing that this Authorization is of no further force and effect.

My Designated Agents are:

Attorney Adam Diamond
(insert name)

Becky Burns
(insert name)

(insert name)

Date: ____/____/____

Date: ____/____/____

Account No.: _____

Account No.: _____

Borrower Name: _____

FHA Case #: _____

Property Address: _____

NEGOTIATION AGREEMENT

We have received your request for workout assistance concerning your Loan with BANK OF AMERICA. When signed by both of us, this letter will constitute a binding agreement ("Agreement") between you and BANK OF AMERICA concerning BANK OF AMERICA'S workout discussions with you.

1. Written Agreement and Amendments. We each acknowledge and agree that neither of us shall be bound by any workout agreement concerning your Loan until such agreement has been put in writing, is signed by each of us and is returned to BANK OF AMERICA. Furthermore, in order to avoid any confusion or misunderstanding, each of us also agrees that any such written agreement may only be amended in a writing that is agreed to and signed by each of us. We each acknowledge and agree that BANK OF AMERICA will not consider entering into any workout agreement concerning your Loan until it first receives all the information that it requires in its sole judgment to evaluate such an agreement. Each of us also acknowledges and agrees that BANK OF AMERICA will be under no obligation to accept partial payments on your Loan unless a written agreement signed by each of us and returned to BANK OF AMERICA provides for the payment and receipt of such amounts. During our workout discussions, any amounts received by BANK OF AMERICA which are less than the full amount due and owing under your Loan shall be, at BANK OF America's option, either (a) returned to you, or (b) credited towards the past due amount under your Loan and shall not be refunded to you.

2. Discussions. BANK OF AMERICA is acting on behalf of the holder of your loan (the investor) and the mortgage and/or pool insurers. As such, any information that BANK OF AMERICA provides to you is on their behalf.

3. Enforceability of Loan Documents. Notwithstanding any other provision of this Agreement to the contrary, or any claims by you to the contrary, any and all loan documents (the "Loan Documents") relating to your Loan, including without limitation the Note and Security Instrument, are presently in full force and effect, and shall remain in full force and effect unless and until a written document is signed by the appropriate parties specifically superseding and replacing all or some of the Loan Documents. We each acknowledge and agree that if your Loan is delinquent currently, BANK OF AMERICA will continue to report all delinquencies to the credit reporting agencies. In addition, BANK OF AMERICA will continue with any and all collection and foreclosure action concerning your Loan, and such action will not be suspended or canceled under any circumstances unless and until BANK OF AMERICA specifically agrees in writing to suspend or cancel such action, or unless your loan is fully reinstated or paid off. Therefore, each of us acknowledges and agrees that if your Loan is in foreclosure, a scheduled foreclosure sale will be conducted by BANK OF AMERICA unless BANK OF AMERICA specifically agrees in writing to suspend or cancel the foreclosure sale, or unless your Loan is fully reinstated or paid off in accordance with the Loan Documents and applicable law prior to the scheduled foreclosure sale.

4. Obligation to Report Material Change in Circumstances. During the course of our workout discussions, you may be asked to provide certain information to BANK OF AMERICA concerning your personal finances, the property, your Loan, or otherwise. You hereby acknowledge and agree that you will advise BANK OF AMERICA immediately of any material change in the information that you provide to BANK OF AMERICA.

5. No Waivers. No negotiations or any other action undertaken by you and/or BANK OF AMERICA pursuant to this Agreement shall constitute a waiver of any party's rights under the Loan Documents, except to the extent specifically stated in a written agreement complying with the provisions of paragraph 1. In addition, any forbearance by BANK OF AMERICA in exercising any right or remedy under this Agreement or as otherwise afforded by applicable law shall not be a waiver or preclude the exercise of that or any other right or remedy.

6. Miscellaneous. This Agreement (i) constitutes our entire agreement relating to the ongoing or contemplated discussions identified herein and supersedes any prior or contemporaneous representations or agreements (whether oral or written) not contained herein concerning your Loan or the subject matter of this Agreement; (ii) shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors and assigns; (iii) shall be governed by California law, without giving affect to principles of conflicts of law; and (iv) may be executed in one or more counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument. In the event of any dispute hereunder, the prevailing party shall be entitled to recover all of such party's costs and attorneys' fees from the non-prevailing party. The Headings used in this Agreement are used for convenience only and shall not be used to interpret any term hereof. Each party executing this Agreement represents that such party has the full authority and legal power to do so.

If the foregoing accurately sets forth your understanding concerning your workout discussions with BANK OF AMERICA, please sign this Agreement in the space provided below and return one duplicate original to the undersigned. Under no circumstances will a workout arrangement be entered into with you until this Agreement is first signed and returned to BANK OF AMERICA.

Sincerely,
Home Retention Division

I ACKNOWLEDGE AND AGREE THAT I HAVE READ AND AM FAMILIAR WITH THE TERMS AND CONDITIONS CONTAINED IN THIS LETTER AGREEMENT. I AGREE TO ABIDE BY THEM.

BORROWER:

Signature _____ Date _____ 20__

Name (please print) _____

CO-BORROWER:

Signature _____ Date _____ 20__

Name (please print) _____

Application to Participate Pre-foreclosure Sale Procedure

U. S. Department of Housing
and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0464
(exp. 07/31/2009)

Public reporting burden for this collection of information is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This information is required to obtain benefits. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

Section 1064 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 authorizes the Secretary to pay an insurance claim that "bridges the gap" between the fair market value proceeds from the HUD-approved third party sale of a property. The respondents are lenders, counselors, and homeowners who are attempting to sell their properties prior to foreclosure. The Privacy Act of 1974 pledges assurances of confidentiality to respondents. HUD generally discloses this data only in response to a Freedom of Information request.

Privacy Act Statement. The Department of Housing & Urban Development (HUD) is authorized to collect the information on this form by the U.S. Housing Act of 1937, as amended. The Housing & Community Development Act of 1987, 42 U.S.C. 3543 authorizes HUD to collect Social Security Numbers (SSN). The information is being used as a basis to determine whether you meet the preliminary qualifications for the program. The SSN is used as a unique identifier. HUD may disclose this information to Federal, State, and local agencies when relevant to civil, criminal, or regulatory investigations and prosecutions. It will not be otherwise disclosed or released outside of HUD, except as required and permitted by law. Providing the SSN is mandatory. Failure to provide the information could result in rejection of your application.

Date of Application: _____ Control Number: _____ FHA Case Number: _____

Lender's Name & Address: _____ Phone Number: _____

Contact Person: _____

Homeowner's Name: _____ Social Security Number: _____

Homeowner's Name: _____ Social Security Number: _____

Phone: (include area code) _____ Property Address: _____ Mailing Address: (if different) _____
(daytime)

(evenings)

Does owner(s) occupy home? _____ Purchase price: _____ Date home was purchased: _____ Last full mortgage payment due date: _____
 Yes No \$

In the space below, please describe briefly the situation which led to your inability to meet your mortgage obligation (that is, the reason(s) for your default).

Use other side for continuation, if necessary.

Conditions of Participation. If you are approved to participate in the Pre-foreclosure Sale procedure, you will be required to: 1) allow your lender to arrange for a title search and an appraisal of your home. There will be no cost to you for these reports except if you restate or pay off your loan in full, in which case the cost of the appraisal and/or title search may be included as part of the pay off amount; 2) promptly list your property with a licensed Realtor who is unrelated to you; 3) assist in every possible way in the marketing of your property; 4) pay for all required repairs, maintenance, utilities, and other services during the pre-foreclosure sale period; and 5) based on your income, make monthly payments to offset your mortgage obligation in an amount agreed upon between you and your lender.

If there are any second liens or other encumbrances (such as home equity loans, mechanics liens, unpaid water or sewer assessments) on the property you would like to sell under the Pre-foreclosure Sale procedure, please identify them and the approximate amounts. Also, describe any title problems that may exist. (Use additional sheets if necessary.)

By signing this application form, you certify that the information provided in this application is true and correct as of the date set forth opposite your signature(s) and acknowledge that any intentional or negligent misrepresentation(s) of the information contained in this application may result in civil liability or criminal penalties. In addition, you are agreeing to abide by the conditions of participation enumerated above and are authorizing the Department of HUD or your lender to obtain credit information to determine whether you qualify for HUD's Pre-foreclosure Sale procedure. You are also agreeing that if your participation is approved, and you sell your home, or if a deed-in-lieu of foreclosure is accepted, you will assign to your mortgagee, all refunds you may be due from any source in connection with your mortgage. Homeowners are advised to consult a tax professional to determine what tax consequences, if any, they may incur as a result of a pre-foreclosure sale or deed-in-lieu of foreclosure.

Homeowner's Signature & Date: _____

Homeowner's Signature & Date: _____

Information/Disclosure

Pre-foreclosure Sale Procedure

U. S. Department of Housing and
Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0464
(exp. 07/31/2009)

Public reporting burden for this collection of information is estimated to average 3 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This information is required to obtain benefits. The Department of Housing and Urban Development (HUD) may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

Section 204 of the National Housing Act authorizes the Secretary to pay an insurance claim that bridges the gap between the fair market value proceeds from the HUD-approved third party sale of a property. The respondents may be lenders, counselors, and homeowners who are attempting to sell their properties prior to foreclosure. The Privacy Act of 1974 pledges assurances of confidentiality to respondents. HUD generally discloses this data only in response to a Freedom of Information request.

Homeowners who have defaulted on their mortgages often attempt to sell their properties in order to avoid foreclosure and to protect their credit standing. However, because of declining property values in certain areas, some homeowners cannot realize enough from the sale to pay off their mortgage balances.

Therefore, HUD has implemented the Preforeclosure Sale (PFS) procedure. With some restrictions, homeowners who are permitted to engage in a PFS attempt to sell their homes for a fair market sale price, which can be less than the amount they owe to the lender. HUD then reimburses the lender for the difference between the sale proceeds and the outstanding mortgage indebtedness.

There are certain criteria which must be met before you can be permitted to pursue a PFS: (1) you must be an owner-occupant; and (2) your mortgage must be in default as the result of a documentable involuntary loss of income or unavoidable increase in expenses.

Homeowners who sell their properties under this procedure will not only benefit by avoiding the effect of a foreclosure on their credit rating, but there are also provisions for cash consideration to those program participants who go to closing on the sale of their properties within a predetermined period of time.

You will be required to work with real estate sales professionals to improve your chances of accomplishing the sale. If, after a good faith effort, an acceptable purchase offer is not obtained within

the allotted time, the lender will usually accept a deed-in-lieu of foreclosure. A deed-in-lieu is less desirable than a pre-foreclosure sale, but is looked upon more favorably than a foreclosure.

Contact a HUD-approved housing counseling agency by calling 1-800-569-4287 for the housing counseling agency nearest you. These agencies are valuable resources and frequently have information on services and programs offered by government agencies as well as private and community organizations that could help you. The housing counseling agencies offer numerous services and are usually free of charge.

Please note, there may be tax consequences incurred by you as a result of a Pre-foreclosure Sale or a Deed-in-Lieu of Foreclosure. Homeowners considering these options should seek counseling from a tax professional of their choice. **Please note, that new legislation "the Mortgage Forgiveness Debt Relief Act of 2007" enacted on December 20, 2007 may have an impact on your tax liability.**

Any tax liability derived from a Pre-foreclosure Sale or a Deed-in-Lieu of Foreclosure is solely the responsibility of the homeowner.

By calling this number, _____, you will receive further details from your lender about the procedure and whether you can qualify. **Remember, you are under no obligation by making this call.**

El Peso al público para reunir la siguiente información es de aproximadamente 3 minutos ,incluyendo: la revisión de las instrucciones, búsqueda de la fuente de datos, reunir y mantener los datos necesarios, y completar y revisar la información. La colección de la siguiente información es un requisito para obtener beneficios. El Departamento de Vivienda y Desarrollo Urbano (HUD), no puede reunir esta información ni exigirle o mandarle que complete este formulario a menos que el formulario contenga un número de control válido por la **Oficina de Control y Presupuesto de los Estados Unidos (OMB)**.

La Sección 204 de la **Acta Nacional de Vivienda**, autoriza al Secretario del Departamento de Vivienda y Desarrollo Urbano (HUD), a pagar reclamos de seguros hipotecarios que paguen la diferencia entre el valor de la propiedad en el Mercado y terceros compradores aprobados por el Departamento. Las personas que llenen este formulario pueden ser prestamistas hipotecarios, consejeros de vivienda y dueños de casas quienes estén tratando de vender su propiedad antes de una ejecución hipotecaria.

El Acta de Confidencialidad del 1974 garantiza la privacidad a solicitantes. HUD generalmente divulga estos datos sólo cuando responde a peticiones por medio de la **Ley de Libertad de Información**.

Algunos dueños de casa, cuando no están pagando su préstamo hipotecario tratan de vender la propiedad para evitar que sea repositada y proteger su crédito. Dado al bajón del valor de casas en algunas áreas del país, hay propietarios que no pueden realizar ganancias al vender su propiedad y por lo tanto no pueden pagar el balance de su préstamo hipotecario.

Por esta razón, HUD ha implementado el proceso conocido como **“Pre-Foreclosure Sale”** (PFS) (Venta Pre-Incautación ó Reposición). Con algunas restricciones, a los dueños de casa que se le ha permitido participar en un PFS podrán vender su propiedad por la cantidad valorada en el Mercado. Esta cantidad puede ser menos que el balance del valor del préstamo hipotecario.

Hay ciertos requisitos para poder participar en un PFS: (1) ocupación de la propiedad por el dueño; (2) Los pagareses de su préstamo hipotecario tienen que estar atrasados debido a la pérdida involuntaria de ingreso o un aumento inevitable de gastos.

Los dueños de casa que vendan usando este programa no solamente se beneficiarán de que su crédito personal no sea afectado, sino que también

pueda que se benefician de ciertas provisiones monetarias que permiten recibir dinero en efectivo, si la venta es realizada durante un tiempo predeterminado.

Es un requisito que el vendedor trabaje con un representante de bienes raíces profesional para aumentar la oportunidad de vender. Si después de un verdadero esfuerzo para vender la propiedad, no recibe una oferta de compra aceptable dentro del tiempo predeterminado, el prestamista aceptará un traspaso de propiedad en vez de una incautación. Un traspaso de propiedad es menos favorable que una venta antes de pasar a la incautación, ya que se reflejará en su historia de crédito, pero es preferible a una incautación ó reposición.

Contacte una agencia de consejería de vivienda aprobada por HUD. Llamando al número 1-800-569-4287 para conseguir una agencia cerca de usted. Estas agencias son recursos valiosos y frecuentemente tienen información sobre servicios y programas ofrecidos por agencias gubernamentales o privadas que pueden ayudarle. Agencias de consejería de vivienda ofrecen servicios numerosos y usualmente son gratis.

Favor de recordar, que sus impuestos pueden ser afectados por el resultado de una "Pre ejecución hipotecaria" o por un "Traslado de Título de Propiedad" en lugar de una Ejecución hipotecaria.

Favor de recordar que la nueva legislación (Acta), "Condonación de Deuda Hipotecaria - Alivio de Deudas", aprobada el 20 de diciembre del 2007, puede impactar a sus impuestos. Cualquier desventaja de impuestos que sufra el propietario como resultado de una venta pre-ejecución hipotecaria o escritura de propiedad inmobiliaria en lugar de ejecución hipotecaria, es sólo y exclusivamente de la responsabilidad del propietario.

Llame a este número de teléfono _____ y su prestamista le dará información adicional sobre este procedimiento y para saber si usted califica. **Recuerde que hacer una llamada no le creará ninguna obligación ni compromiso.**

**Approval to Participate
Pre-foreclosure Sale Procedure
Property Sales Information
Property Occupancy & Maintenance**

**U. S. Department of Housing
and Urban Development**
Office of Housing
Federal Housing Commissioner

OMB Approval No.2502-0464
(exp. 10/31/2012)

Public reporting burden for this collection of information is estimated to average 9 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This information is required to obtain benefits. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

Section 204 of the National Housing Act authorizes the Secretary to pay an insurance claim that bridges the gap between the fair market value proceeds from the HUD-approved third party sale of a property. The respondent's may be lenders (mortgagee's), counselors and homeowners who are attempting to sell their properties prior to foreclosure. The Privacy Act of 1974 pledges assurances of confidentiality to respondents. HUD generally discloses this data only in response to a Freedom of Information request.

Mortgagee Contact Person and Phone Number:	Control Number:	FHA Case Number:	Date:
Homeowner Name(s):	Property Address:		
Homeowner Signature(s):			

Homeowner(s): Please Read This Information Carefully.

Approval to Participate

Your interest to participate in the HUD Pre-foreclosure Sale procedure has been approved. By signing this form and returning to the above referenced mortgagee within 7 days, you are agreeing to abide by the following conditions of the program.

Property Sales Information

The property must be listed for sale with a licensed Realtor unrelated to you within 7 days of your receipt of this letter for a list price at or near \$ _____, which is the "AS IS" value indicated on the appraisal of your property. The listing agreement must include the following specific cancellation clause in the event the terms of a sale are not acceptable to HUD: "Seller may cancel this agreement prior to the ending date of the listing period without advance notice to the broker, and without payment of a commission or any other consideration if the property is conveyed to the mortgage insurer or the mortgage holder." The sale completion is subject to approval (under HUD guidelines) by the mortgagee.

Your deadline to obtain a signed Contract of Sale from a qualified buyer is _____. If you have not been able to obtain an acceptable contract by that date, your mortgagee must recommence foreclosure or accept a deed-in-lieu of foreclosure.

Acceptable Terms of Sale

Program criteria require that "net" amount payable to HUD as a result of this sale, after allowable expenses will be at least \$ _____. You must submit your proposed Contract of Sale for approval to the Mortgagee Contract named above. The sale must be an "arm's length" transaction; the buyer cannot be a member of your family, business associate, or other favored party. No hidden terms or special understandings can exist between you, the buyer, appraiser, sales agent or mortgagee. If you negotiate with a buyer to pay for discount points, a home warranty, repairs not required for a new mortgage, transfer taxes or

other costs normally paid by the buyer, you must pay for these expenses. You must also pay prorated real estate taxes and assessments at closing. Your mortgagee can explain which sales costs may be deducted from HUD's sale proceeds.

Relocation Services

A relocation service affiliated with your employer may contribute a fixed sum towards the proceeds of the PFS, without altering the arm's length nature of the sale. This contribution simply reduces the shortfall between the proceeds and the amount owed on the mortgage note. As with any other PFS, such a transaction must result in the outright sale of the property and cancellation of the FHA mortgage insurance.

Occupancy and Property Maintenance

You are responsible for property maintenance and repair until closing. This includes but is not limited to cutting the grass, snow removal, regular interior and exterior cleaning, immediate repair of broken doors and windows, and paying utility bills as they become due. If the property is vacant or becomes vacant during marketing, you must inform your mortgagee immediately and ensure that the property is protected from freeze damage by "winterizing" plumbing pipes. You may arrange with your sales agent to provide property maintenance but you will continue to be responsible for the condition of the home until it is sold. Damage and repair expenses resulting from fire, flood or other natural causes must be reported immediately to the insurance company and to your mortgagee.

Borrower's Incentive Compensation

If you successfully close a sale of your home under this procedure, you will be paid compensation of \$750 at closing. Your compensation will increase to \$1,000 if the sale of your property closes on or before _____. You may elect to receive cash or apply some or all of the compensation to sales costs not paid by HUD, for example, discount points, or home warranty plans. You may also use it to pay off junior liens.

Questions concerning any of this information, or your responsibilities in the Pre-foreclosure Sale procedure, must be directed to the contact person at your mortgagee's office at the above telephone number.