

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

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

OMB Approval No. 2502-0589
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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.

Mortgagee Contact Person & Phone Number:	Control No:	FHA Case Number:	Date:
Homeowner Name:		Property Address:	
Homeowner Name:			

Homeowner: Please Read This Information Carefully.

Approval to Participate; Property Sales Information

Your application to participate in the HUD Pre-foreclosure Sale procedure has been approved. Your property must be listed for sale with a licensed Realtor unrelated to you within 7 days of your receipt of this letter at a list price at or near \$ _____, which is the "AS IS" value indicated on the attached appraisal of your property. The listing agreement must include a statement that your lender's approval (under HUD guidelines) is a precondition of the sale.

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 lender must recommence foreclosure or accept a deed-in-lieu of foreclosure. Your participation may be terminated earlier if you fail to abide by any of the conditions of participation, including timely payment of the required monthly amount indicated below. Until termination, your lender will postpone the foreclosure sale date; however, the status of your loan remains "pending foreclosure" while you attempt to sell your home.

Acceptable Terms of Sale

Program criteria require that "net" amount payable to HUD as a result of this sale, after allowable expenses be at least 82% of the appraised value, or \$ _____. You must submit your proposed Contract of Sale for approval to the Mortgage Contact 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 yourself, 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.

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 become due. If the property is vacant or becomes vacant during marketing, you must inform your lender 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 lender.

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 be \$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.