

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) (daytime)		Property Address:		Mailing Address: (if different)	
(evenings)					
Does owner(s) occupy home? <input type="checkbox"/> Yes <input type="checkbox"/> No	Purchase price: \$	Date home was purchased:		Last full mortgage payment due date:	

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 reinstate 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:
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**Homeownership
Counseling Certification
Pre-foreclosure Sale Procedure**

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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. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

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Do not send this form to the above address.

Every participant in the Pre-foreclosure Sale (PFS) procedure must sign a certification that he or she has received homeownership counseling before a proposed pre-foreclosure sale transaction can be approved. By signing this form, you certify that you have received information regarding options and alternatives that you may be entitled to, or which may be available to you -- other than the sale of your property to a third party -- to avoid foreclosure. **It is important that you, the homeowner, make an informed decision** about whether to pursue a pre-foreclosure sale. Finally, you must understand that the pre-foreclosure sale must be an "arm's length" transaction -- the buyer cannot be a family member, business associate or other "favored party," and the real estate broker cannot share a business interest with the mortgagee. No hidden terms or special understandings can exist between seller or buyer and the appraiser, sales agent or mortgagee.

Certification: This will certify that I/we, the undersigned homeowner(s) have received homeownership counseling from a housing counseling agency approved by the Department of Housing and Urban Development (HUD), from the mortgagee or from a HUD staff member. The counseling included a description of the available rights and options at the time the counseling was provided. The intent of the counseling has been to encourage the homeowner to decide on a particular objective -- in dealing with the mortgage default -- from among the available courses of action. The homeowner can then follow up on this decision by choosing certain steps intended either to avoid foreclosure and/or to retain possession of the property. If a pre-foreclosure sale results, I/we understand that it must be an "arm's length" transaction -- the buyer cannot be a family member, business associate or other "favored party." No hidden terms or special understandings can exist between seller or buyer and the sales agent, appraiser or mortgagee.

Homeowner's Signature & Date X	Homeowner's Signature & Date X
Name & Agency of Party Providing Homeownership Counseling	Signature of Official & Date X

Waiver of Right to Apply for Assignment of Mortgage

The Pre-foreclosure Sale procedure is an option for which you may qualify if you meet certain criteria. It is separate from other procedures that you might choose to follow in order to keep your home and avoid foreclosure of your mortgage.

One of these other procedures is known as the Mortgage Assignment Program. Every homeowner with an FHA-insured mortgage has the right to apply for assignment of their mortgage to HUD at a time when they have fallen at least three mortgage payments behind. To be accepted into the Assignment program, applicants must document that their mortgage default was caused by circumstances beyond their control, and also demonstrate that a reasonable prospect exists that they will be able to resume making their regular mortgage payments within 36 months of entering the program. HUD takes over the mortgage and becomes the new "lender" for people who are accepted.

Before a homeowner can be considered for the Pre-foreclosure Sale procedure, he or she must either waive the right to apply for mortgage

assignment, or have been turned down for assignment by HUD. If you are not sure whether you want to give up the right to apply for mortgage assignment, or if you have other questions about how the Assignment Program works, do not sign this waiver. Contact a HUD-approved Housing Counseling Agency or your local HUD Office before making a commitment to a particular method of dealing with your mortgage or financial problems. If you give up the right to apply for assignment, it will only be effective if you are permitted to participate in the Preforeclosure Sale procedure.

Waiver

This will certify that I/we the undersigned homeowner(s) agree(s) to waive (give up) the right to apply to the Department of HUD for assignment of the mortgage identified by the FHA Case Number above. This decision affects rights arising from the homeowner's present mortgage default only, **and is effective only if I am permitted to participate in the Pre-foreclosure Sale procedure.** It has been made freely and after consideration of the available courses of action that might help in avoiding foreclosure and/or retaining ownership of the mortgaged property.

Print Name	Print Name
Homeowner's Signature & Date X	Homeowner's Signature & Date X

**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

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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.

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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.