



FHA Pre-Foreclosure Short Sale Fact Sheet

ELIGIBILITY REQUIREMENTS:

- Property must be owner-occupied unless the reason the home was vacated is related to the default (like job loss, transfer, divorce, death).
- Homeowner must be 31 days or more delinquent at the time of Preforeclosure Sale Closing.
- Homeowner must have been reviewed for other retention/modification options and rejected.

HOMEOWNER INCENTIVES:

- Up to \$1000 if the file closes within 90 days
- \$750 after 90 days
- Homeowners are not eligible for other bank incentives

JUNIOR LIENS

- Maximum contribution towards a junior lien allowable is \$2500
- HUD will contribute up to \$1500 additional dollars to a junior lien if the homeowner gives up incentives.

STEPS FOR FHA PRE-FORECLOSURE SHORT SALE

1. Home owner must initiate the process with the lender
2. "Welcome package" will be sent to homeowner with all necessary forms and requirements. Documents must be filled out and sent to the bank.
3. An As-Is appraisal will be scheduled. This appraisal will set the market price.
4. Homeowner will be reviewed for alternatives such as modification. If accepted into the program, homeowner will receive "Approval to Participate" Letter and form.

5. Approval to Participate form must be completed and sent back WITHIN 7 DAYS.
6. Market the property. Must be marketed at Market Value as determined by the appraisal.
 - For the first 30 days, bank will accept 88% of Market Value
 - From 31-60 days, bank will accept 86% of Market Value
 - 61+ days, bank will accept 84% of Market Value
 - Maximum of 120 days allowed for sale to be completed.
7. Manage offers and close sale as in traditional short sale.

DURING MARKETING PERIOD:

- Property must be maintained (eg. Lawn care, repairs, etc.)
- Utilities must remain on