

If the borrower is agreeable to a preforeclosure sale and the property is listed with a real estate broker, the servicer must ask the borrower to provide the broker's name, address, and telephone number so the servicer can contact the broker to explain the requirements related to the preforeclosure sale. Closing of preforeclosure sales may not be conditioned upon a reduction of the total commission to be paid to real estate agents to a level below what was negotiated by the listing agent with the borrower, unless the fee exceeds 6% of the sales price of the property in aggregate. If the property has not been listed for sale, the servicer may recommend a specific real estate broker to handle the listing, as long as it makes sure that the borrower understands that he or she may select a different broker.

The servicer must request that the borrower submit a letter requesting consideration for a preforeclosure sale and providing information that will document his or her financial hardship (including the servicer's customized financial form or Fannie Mae's *Borrower's Financial Statement* ([Form 1020](#) or [1020\(S\)](#)), the borrower's most recent paystub or, if the borrower is self-employed, copies of his or her federal income tax returns for the past two years).

Section 604.03  
Determining Market  
Value of Property  
(01/31/03)

The servicer must obtain an appraisal for the property (with both an interior and an exterior inspection) to assist it in evaluating the merits of a preforeclosure sale. Occasionally, Fannie Mae may instruct the servicer to obtain more than one appraisal.

Section 604.04  
Discussing Sale With the  
Mortgage Insurer  
(01/31/03)

Once the servicer has obtained the appraisal, it must contact the mortgage insurer (if the mortgage loan is insured) to discuss the possibility of pursuing a preforeclosure sale. In discussing the possibility of a preforeclosure sale with a mortgage insurer, the servicer must keep in mind the conditions under which Fannie Mae will accept a preforeclosure sale. The servicer must not agree to a preforeclosure sale unless the mortgage insurer agrees in writing:

- to waive its property acquisition rights before the claim is filed, and
- to settle the claim by paying the lesser of the full percentage option under the terms of the master policy or the amount required to make Fannie Mae whole. (Fannie Mae's "make whole" amount is the sum of the outstanding principal balance, interest accrued at the note rate from