

**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. 07/31/2009)

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 maybe 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 \$ 66,000, 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 03/04/2010. 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 \$ 55,440. You must submit your proposed Contract of Sale for approval to the Mortgagee 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 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 12/04/2009. 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.

Date: 09/05/200,

ATTN: BRYANT TUTAS

RE:

**READ THIS DOCUMENT COMPLETELY
IT IS YOUR RESPONSIBILITY TO FOLLOW THE GUIDELINES OF PARTICIPATION
IN HUD'S PRE-FORECLOSURE PROGRAM**

We **MUST** receive the following within 7 days of your receipt of this letter:

- 1- The HUD Approval to Participate Form HUD-90045 signed by the mortgagor(s)
- 2- Current listing agreement or addendum to existing agreement with the following language:

“Seller may cancel this agreement prior to the ending date of the listing period without advanced notice to the broker, and without payment of a commission or any other consideration if the property is conveyed to the mortgagor insurer or the mortgage holder”.

IF YOU HAVE QUESTIONS, PLEASE CALL PRIOR TO WRITING A CONTRACT

HUD will only pay the following closing costs on a short sale:

- Sales commission, not to exceed **6% (no administrative fees)**
- Real estate taxes prorated to the date of closing
- Local/state transfer tax stamps and other closing costs customarily paid by the seller, including the cost for a title search and owner's title insurance
- Consideration to the seller \$750 or \$1,000 (if closing occurs within 90 days of participation)
(i.e., if such consideration is not used to discharge junior liens)
- Discharge of junior liens not to exceed \$1,500
- Outstanding partial claim amount, if any
- Up to 1% of the buyer's first mortgage amount if the sale includes FHA financing only

(The above costs come from the sales proceeds and are to be taken into consideration when calculating net proceeds)

Costs **NOT** allowed include:

- Repair reimbursements or allowances
- Home warranty fees
- Discount points or loan fees for non FHA - financing
- Lender's title insurance fee

(These fees can be paid from the sellers' HUD Incentive)

**PLEASE INCLUDE A PRELIMINARY HUD1 STATEMENT OR NET SHEET WITH ALL OFFERS
AND ALLOW A MINIMUM OF 48 HOURS FOR REVIEW**

Thank you,