

.11 PRESERVATION OF PROPERTY

The Servicer will take appropriate action, including expenditures for repairs, to protect the property during the acquisition process. The Servicer will retain responsibility for the property until the principal and interest due on the loan is paid in full, the property is liquidated or AHFC relieves the Servicer of its responsibility. It is AHFC's goal to preserve the value of the collateral and to minimize any potential for loss due to property deterioration. Guidelines for servicing abandoned non-REO properties are in [Section 13000.07](#). Additional guidelines for loans in foreclosure or repossession include:

A. Property Inspections

The Servicer must continue to inspect the mortgaged premises in 30-day intervals during the foreclosure, repossession or Deed-In-Lieu process.

B. Property Repairs

1. Emergency repairs to prevent further damage to the property do not require AHFC approval. However, the Servicer must make prudent mortgage banking decisions when authorizing property repairs. The Servicer must notify AHFC of emergency repairs within 3 business days.
2. Prior AHFC approval is required for cumulative expenses, excluding recurring or emergency expenses, in excess of \$2,000 incurred for the protection of the property before the foreclosure or repossession sale.

For repairs in excess of \$2,500, the Servicer is required to obtain 3 bids on the work to be completed. If in certain cases 3 bids are unobtainable, 2 bids are acceptable if the estimate is reasonable and supported for the repairs required. AHFC will consider alternate estimates of repair on a case-by-case basis if a hardship is unduly created.

C. Property Utilities

The Servicer should have procedures in place to ensure protection of the property in the event the utilities are in danger of being disconnected. Contact utility companies to ensure there is no interruption in service to the property and to place Landlord-Tenant Agreements. The Servicer should closely monitor properties served with heating fuel oil and to ensure that heating oil deliveries do not result in contamination to the property. Protect any generator from vandalism or theft and protect any fuel tank with a locking cap. The Servicer should not pay utilities on occupied properties without prior AHFC approval.

Note: Refer to [Section 15000 – Real Estate Owned](#) for further direction once the property is REO.