

SECTION 15000 - REAL ESTATE OWNED

.01 INTRODUCTION

The Servicer's responsibility does not end once the property becomes a Real Estate Owned (REO) property of AHFC. AHFC relies upon the Servicer to minimize the cost of carrying the REO portfolio whenever possible. The Servicer should have a program that ensures AHFC's properties are marketed effectively. The Servicer should fully cooperate with AHFC's marketing efforts. The objective of managing AHFC's REO portfolio is to return the property to the private sector in the shortest time possible.

The Servicer is responsible for managing acquired properties, including evicting the occupants and payment of taxes, assessments, utilities and homeowners dues 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. AHFC relies on the Servicer to meet the responsibilities outlined in this section to ensure that acquired properties are safe and secure. If a loss occurs because a Servicer fails to adequately perform these responsibilities, the Servicer will be required to reimburse AHFC for this loss. AHFC may also require the Servicer to purchase an acquired property that is not marketable because the Servicer failed to detect and correct a title deficiency.

When applicable, custody of the property should be turned over to the federal insurer/guarantor as soon as possible after the requirements for conveying properties have been met. In the event the insurer/guarantor does not accept the property, AHFC should be notified immediately. The Servicer should determine the reason(s) for the refusal and if the reason(s) can be easily resolved. The Servicer is to take any action required, subject to prior AHFC approval for any repairs, to correct the matter in order to convey the property to the insurer/guarantor in as short a time as possible.