

.07 INITIATION OF REPOSSESSION

After all collection efforts have been exhausted, the Servicer is to forward a recommendation of action to AHFC. The Servicer is not to suspend any portion of the collection effort once a repossession action is approved and is encouraged to continue efforts to cure the delinquency. The courses of action available to the Servicer are based on the Uniform Commercial Code as set forth in Alaska statutes.

A. Judicial Repossession Followed by a Commercially Reasonable Sale

This option involves repossessing the manufactured home and offering it to the highest bidder at a commercially reasonable sale. Any shortfall between the sales proceeds and the amount due under the Note and loan documents is a deficiency amount on which AHFC can pursue collection. This option is the preferred repossession method.

B. Non-Judicial Repossession (Without Preservation of Right to Pursue Deficiency)

This option involves repossessing the collateral in full satisfaction of any amounts due under the Note and Security Agreement. No right to pursue a deficiency balance is retained.

C. Suit on the Note Without Repossession

This option pursues collection under the Note and Security Agreement without regard to the value of the collateral and is preferred when the liability is higher than the value of the asset.

D. Voluntary Repossession

This option involves an orderly conveyance of the collateral from the borrower to AHFC. The borrower may be required to execute a Confession of Judgment before Action or pay a cash contribution.

Note: When both manufactured home and underlying land secure the loan, refer to [Section 13001.7.B](#).

To recommend a repossession action, the Servicer must submit to AHFC's Servicing Department a completed Notification of Recommended Action ([Form SER-71](#)). [Form SER-71](#) must be submitted no later than the 60th day of delinquency (or 80th day for a manufactured home financed with land).