

.14 BIDDING INSTRUCTIONS

The Servicer should have a system for monitoring foreclosure or repossession sales and ensuring the proper bidding instructions are forwarded to the trustee conducting the sale.

[Section 13001.06](#) states:

- At least 60 calendar days before the scheduled foreclosure sale, the Servicer must request from AHFC instructions on obtaining value for bidding at the foreclosure sale.
- At least 30 calendar days before the scheduled foreclosure sale, the Servicer must submit a valuation package and recommendation to AHFC for bidding instructions.
- These items are not required on FHA and HUD184 loans.

Upon receipt of the valuation package, AHFC will advise the Servicer of bidding instructions. Bidding instructions must be obtained from AHFC no later than 20 days before scheduled sale date.

Note: The Servicer must be aware of any outstanding HOF excess subsidy or AHFC advances/expenses and verify with AHFC the amounts that should be considered in a bid calculation.

A. Servicer Bids (Excluding Type II Manufactured Home Loans)

The Servicer must issue bidding instructions to the trustee.

- Any proceeds received from a hazard insurance loss settlement should be considered in the bid amount. However, in any instance in which a claim or claim settlement is pending, the Servicer should contact the hazard or flood insurance carrier to verify its proposed bid will not invalidate the claim.
- The Servicer must pay particular attention to any bidding requirements issued by the insurer/guarantor to make sure AHFC will not be prevented from recovering the full amount due under the guaranty or insurance contract.
- The bid amount should be the amount specified by the mortgage insurer or, lacking specific bidding instruction from the insurer, the bid amount should normally include the full amount of the loan indebtedness. If the master policy (or the mortgage insurer's specific instruction) requires the Servicer to bid less than the total loan indebtedness, the Servicer must do so.

B. Bidding Less Than the Full Indebtedness

Under certain circumstances, it may be in the Servicer's and AHFC's best interests to bid at a foreclosure or repossession sale an amount that is less than the total indebtedness to encourage third-party bidding for a property. For example, if a property is located in a market in which property values have been declining significantly or the property has been neglected, the time required to sell the property may be lengthy. Bidding the fair market value of the property may be more appropriate. When a Servicer believes entering a "short" offset bid may be appropriate (or when the provisions of the master mortgage insurance policy or the mortgage insurer's specific instructions require the Servicer to bid less than the total indebtedness), the Servicer should immediately notify AHFC.

C. Servicer Bids for Type II Manufactured Home Loans

The Servicer will issue bidding instructions (conforming to the applicable requirements of the insurer/guarantor) to its employee, agent or the attorney attending a repossession sale unless otherwise directed by AHFC.

The Servicer must take all steps necessary to obtain the tax certificate whenever it repossesses a manufactured home. If the Servicer is required to prepay personal property taxes, the amount will be added to the borrower's total delinquency and should be addressed in any reinstatement quote or sale amount.

A Broker's Price Opinion (BPO) is to be obtained to determine the manufactured home's fair market value as it exists ("as is") without making repairs. Upon receipt of the BPO, AHFC will advise the Servicer of bidding instructions.

For VA loans, the Servicer will conform to all VA requirements.

D. Servicer Bids for Type II Manufactured Home Loans on Land

The Servicer will issue bidding instructions (conforming to the applicable requirements of the insurer/guarantor) to its employee, agent or the attorney attending a repossession and foreclosure sale, unless otherwise directed by AHFC. These instructions are to be sufficient to satisfy AHFC's objection to acquiring one parcel but not the other. By postponing the sale of the manufactured home until the number of bidders at the foreclosure sale can be determined, the Servicer may prevent AHFC's acquisition of a manufactured home when a third party acquires the land.

The total amount of the offset bids for the repossession and foreclosure sale should not exceed the amount of total indebtedness. Therefore, the Servicer must coordinate the bid amounts with its employee, agent or attorney.

E. Third Party Bids

The Servicer is not to accept a third-party bid for less than the offset bid amount without prior approval of AHFC. The Servicer may postpone the sale to discuss a reasonable bid with AHFC. Postponing the sale for less than an hour is customary; however, the sale may not be postponed for more than 3 days.

Sales proceeds on property disposed of through a third-party bid at the foreclosure or repossession sale must be remitted to AHFC within 3 business days of recording of the sale transaction.

F. Remitting Third Party Sale Proceeds to AHFC

The amount that should be remitted via check to AHFC is the sum of the unpaid principal balance of the loan and interest from the due date of the last paid installment to the liquidation or settlement date, less the AHFC servicing fee.

Should the sale's proceeds be less than this amount, the entire amount of the sale's proceeds is to be remitted via check or wire transfer to AHFC's Servicing Department.

1. The submission package must include the following and must be received within 3 business days of recording of the sale transaction:
 - a. Sale proceeds funds.
 - b. Completed Proceeds Remittal ([Form SER-92](#)).
2. Within 60 calendar days of closing, the Servicer is to submit copies of the following documents to its designated AHFC Servicing Specialist:
 - a. Claim for Reimbursement ([Form SER-70](#)), if any.
 - b. Copy of the submitted insurer/guarantor claim for loss.

Note: Claims for reimbursement and/or negative escrow funds should be submitted on the Claim for Reimbursement ([Form SER-70](#)).