

A. Property Management

The Servicer must pay all property-related expenses expediently. AHFC will not reimburse the Servicer for penalties related to untimely payments. Late charges are not reimbursable items.

1. Hazard Insurance

a. Conventional Loan REO Properties Without Mortgage Insurance:
AHFC will maintain coverage from the date of acquisition through the date of disposal.

b. Conventional Loan REO Properties With Mortgage Insurance:
The Servicer is to maintain coverage during the period the property expenses are covered by the mortgage insurance company. This is defined as:

i. Properties Disposed Prior to Claim Settlement: The Servicer is to maintain coverage from the point of acquisition to the date of disposal.

ii. Properties Disposed After Claim Settlement:
The Servicer is to maintain coverage from the point of acquisition through the MI claim settlement date.

1. Servicer should send notification to AHFC **at least 15 business days** in advance of the cancellation of the hazard insurance after MI settlement. The notification should include the effective date of the cancellation.

2. AHFC will maintain coverage on properties from the point the mortgage company has settled the claim **through the date of property disposal**.

c. USDA-RHS Loan REO Properties:

i. Properties Disposed Prior to the End of the Marketing Period: The Servicer is to maintain coverage from the point of acquisition through the date of property disposal.

- ii. Properties Unsold at the End of the Marketing Period:
The Servicer is to maintain coverage from the point of acquisition until the end of the marketing period.
 - 1. Servicer should send notification to AHFC **at least 15 business days** in advance of the cancelation of the hazard insurance. The notification should include the effective date of the cancelation.
 - 2. AHFC will maintain coverage on properties from the end of the marketing period **through the date of property disposal**.

- d. VA/FHA/HUD-184 Loan REO Properties: The Servicer is to maintain coverage from the point of acquisition until the property is conveyed.

Refer to [Section 13000.07](#) for the Servicer's insurance responsibilities prior to acquisition.

2. Property Transfer Checklist

The Servicer must submit a Property Transfer Checklist ([Form SER-90A](#)) and documentation to AHFC's Servicing Department within 10 calendar days of acquiring the property through legal action. If the required documentation is not available, submit the property transfer file with a listing of the incomplete items and an estimated time for completion.

3. Property Inspection Guidelines

The Servicer is to complete a monthly Property Inspection Report for each inspection. Monthly inspection must include an interior inspection if the property is vacant. An exterior photo must be attached to each inspection report. If the property is in an area that has a high rate of vandalism or neglect, is in an isolated location or is subject to damage due to weather conditions, the Servicer is expected to inspect it more often if deemed necessary.

The Servicer will maintain a file of original inspection reports for each property. Copies of the inspection reports will be provided to AHFC upon request.