

## .11 PRESALES

A presale occurs when the property securing a loan is sold and the proceeds are not sufficient to pay off the loan debt. The presale of a property is a method of avoiding foreclosure. The Servicer is encouraged to actively work with the borrower, insurers or guarantors and AHFC to enact a sale. All of the interested parties – insurer, guarantor, AHFC, the Servicer and/or the borrower – may contribute financially to the sale.

### A. Notification to AHFC

1. Prior notification to AHFC is not required on the sale of any property should the proceeds and funds received at time of sale allow the Servicer to remit the principal balance and accrued interest to AHFC.
2. Prior notification to AHFC is required on a presale with no loss to AHFC if the sale's proceeds and funds received at time of sale are less than the full payoff and the remaining funds to make AHFC whole are to be received at a later date.
3. AHFC approval is required if AHFC will be incurring a loss on the transaction.

### B. Request for AHFC Approval

Prior written approval from AHFC is required prior to the closing of the transaction if AHFC is being asked to incur a loss as a result of the presale transaction. When a request for presale approval is submitted to AHFC, it should be simultaneously submitted to the insurer or guarantor.

The complete Presale package is to be remitted to AHFC and the Mortgage Insurer or Guarantor within 5 business days of receipt by the Servicer.

1. Documents required for AHFC approval:
  - a. Notification of Recommended Action ([Form SER-71](#)).
  - b. Notification/Recommendation Action Pre- Foreclosure Sale Addendum ([Form SER-71ADD3](#)).
  - c. An appraisal or 2 Broker Price Opinions (BPOs). In areas where only one broker is available, the Servicer may request a waiver of a second BPO.
  - d. Letter from the borrower explaining need for presale.
  - e. Financial Analysis ([Form SER-71B](#)).

- f. Earnest Money Agreement.
- g. A copy of the Seller's Net Sheet, to include repair estimates, if applicable.

**Note:** AHFC does not reimburse late charges.

- h. Servicer's Loss Computation Worksheet with breakdown of costs. Include a separate computation reflecting the cost impact of foreclosure compared to the cost impact of the presale transaction.
  - i. Borrower's contribution.
  - j. Credit package/financials (current credit and origination credit package).
  - k. TSG, if available.
  - l. Detailed payoff.
  - m. Documented marketing efforts.
  - n. Status of Homeowner Association dues (if applicable).
  - o. MI/Guarantor approval must be submitted to AHFC upon receipt by the Servicer. Approval may be issued subject to receipt of MI/Guarantor approval.
- 2. Upon approval by AHFC, the Servicer will be provided with a written AHFC approval and Pre-Authorization Loss ([Form SER-88](#)) for the borrower to sign.
  - 3. If there is a change in the loss amount to AHFC, the Servicer may not close the Pre-Foreclosure Sale without AHFC's written approval.

C. Call in

The Servicer is to call the AHFC Servicing Department on the day the presale transaction closes. The Servicer will be provided with a confirmation number for the transaction.

D. Presale Funds

The Servicer will submit the following documentation to AHFC's Servicing Department within 3 business days of the recording date on an AHFC presale:

1. Copy of the signed HUD-1 Settlement Statement.
2. Proceeds Remittal ([Form SER-92](#)).
3. Borrower's contribution.
4. Confession of Judgment Before Action, if applicable.
5. Preauthorization Loss ([Form SER-88](#)) executed by the borrower.
6. Check in the amount of the sales proceeds.
7. Separate HOF Subsidy check, if applicable.