

.06 FORECLOSURE PROCEDURAL TIME LINE REQUIREMENTS

The procedural time lines defined by AHFC for processing foreclosure actions are outlined below. The Servicer's foreclosure program will be subject to periodic review by AHFC's Servicing Department. The Servicer's file must adequately support any deviations to these guidelines. If there appears to have been a delay in completing the foreclosure process and the Servicer is unable to provide a reasonable explanation for the delay, AHFC may assess the Servicer a penalty fee. The penalty fee will be based on the outstanding principal balance of the loan, the applicable pass-through rate, the length of the delay and any additional foreclosure costs that are directly attributed to the delay.

In all cases, the Servicer must submit a Notification of Recommended Action ([Form SER-71](#)) and any applicable addendums to the AHFC Servicing Department no later than the 110th day of delinquency. The Servicer is to advise when the appropriate insurer or guarantor notices will expire and when the Servicer can start foreclosure. AHFC will preapprove foreclosures on loans insured or guaranteed based upon this information if the delay is less than 30 calendar days.

The Servicer must be able to adequately support deviations from these time lines.

- A. Deed-in-Lieu of Foreclosure (DIL)
1. If the documents are to be completed by an attorney, the Servicer is to provide the attorney with the information immediately upon receipt of AHFC approval.
 2. The transaction should be closed and the documents should be recorded no later than the date set by the insurer/guarantor or 30 calendar days or less from the date of AHFC's response, whichever occurs first.
 3. The Servicer must complete a property inspection, including obtaining exterior and interior photos, within 24 hours before recording the DIL. The property must be in marketable condition.

Note: Under no circumstances should a Deed-in-Lieu be recorded without clear title, or if there is any evidence of hazardous waste.

- B. Judicial Foreclosure and Suits on the Note
1. Service of complaint on the borrower must be completed within 70 calendar days of AHFC approval.
 2. Upon completion of the Discovery Exchange (or sooner if possible), the Motion for Summary Judgment and Order of Sale may be filed within

30 calendar days if the borrower does not respond to the Complaint.

3. Depending upon the period for the Discovery Exchange, a judgment may be given by the 8th month after loan default occurred.
4. Within 45 calendar days from the date of judgment, the judicial sale should be held.
5. Within 75 calendar days from the date of judgment, the filing of the motion of confirmation of sale must be complete.

C. Non-Judicial or Summary Foreclosure

1. Within 7 calendar days of recording of the Notice of Default (NOD), the Servicer should:
 - a. Notify AHFC of the summary foreclosure sale date and provide a copy of the NOD.
 - b. Notify AHFC of all liens and encumbrances noted on the Trustee's Sale Guarantee (TSG) via a TSG Certification. If applicable, include an explanation and/or recommendation. AHFC may request a copy of the TSG.
2. At least 60 days before the scheduled foreclosure sale, the Servicer must:
 - a. Notify AHFC of the occupancy status of the property.
 - b. Request from AHFC instructions on obtaining the value for bidding at the sale.
3. At least 30 calendar days before the scheduled foreclosure sale, submit a valuation package and the Servicer's recommendation to AHFC to obtain foreclosure bidding instructions from AHFC. A bidding package is not required on FHA and HUD 184 loans.
4. The foreclosure action should be completed within 8 months from the date of default. The Servicer must be able to adequately support any deviations to this timeframe.

D. AHFC Notification

1. On the day of sale or on the day of recording a Deed-in-Lieu, the Servicer must notify AHFC's Servicing Department by email or phone

call before 3:00 p.m. with the results of the sale or Deed-in-Lieu recording.

2. The Servicer must submit a Property Transfer Checklist ([Form SER-90A](#)) to AHFC's Servicing Department within 10 calendar days of completing the action.