

11. PRESERVATION OF PROPERTY

The Servicer will take appropriate action, including expenditures for repairs, to protect the property during the acquisition process. The Servicer will retain responsibility for the property until the principal and interest due on the loan is paid in full, the property is liquidated or AHFC relieves the Servicer of its responsibility. It is AHFC's goal to preserve the value of the collateral and to minimize any potential for loss due to property deterioration. Guidelines for servicing abandoned non-REO properties are in [Section 13000.07](#). Additional guidelines for loans in foreclosure or repossession include:

A. Property Repairs

1. The Servicer is NOT required to obtain AHFC approval for emergency repairs required to prevent further damage to the property. However, the Servicer must make prudent mortgage banking decisions when authorizing property repairs.
2. Prior AHFC approval is required for cumulative expenses, excluding recurring or emergency expenses, in excess of \$2,000 incurred for the protection of the property before the foreclosure or repossession sale.

For repairs in excess of \$2,500, the Servicer is required to obtain 3 bids on the work to be completed. If, in certain cases, 3 bids are unobtainable, 2 bids are acceptable if the estimate is reasonable and supported for the repairs required. AHFC will consider alternate estimates of repair on a case-by-case basis if a hardship is unduly created.