Dear (Mortgagor's Name):

Pursuant to Section 221(g)(4) of the National Housing Act, as amended, we are planning to exercise an option to transfer (assign) your mortgage to the Department of Housing and Urban Development (HUD) as of its twentieth year. The transfer is not a reflection on your payment history or credit, in fact, your mortgage must be current to be eligible.

THIS LETTER SERVES AS YOUR 60 DAYS' NOTICE. YOU ARE NOT REQUIRED TO DO ANYTHING AT THIS TIME. WE WILL SEND YOU A SECOND NOTICE APPROXIMATELY 15 DAYS PRIOR TO THE FIRST PAYMENT THAT WILL BE DUE TO HUD OR 15 DAYS PRIOR TO THE TRANSFER OF YOUR MORTGAGE. THE SECOND NOTICE WILL GIVE SPECIFIC INSTRUCTIONS ON WHAT YOU WILL NEED TO DO.

When your mortgage is transferred, HUD will require that you continue paying the principal and interest and service charge to them and have adequate hazard insurance coverage (and flood insurance if it is presently required) to protect their interest in the mortgage. In addition, you will be responsible for the payment of your tax bills and insurance premiums which are associated with the hazard, flood and other insurance coverage. HUD will not escrow for any item. You will also be required to verify your payment of taxes and hazard (and flood) insurance within 30 days of the due date by sending copies of the paid receipts to HUD. HUD reserves the right to escrow for taxes or advance funds to pay taxes if you fail to do so. The monies in your escrow account and (if applicable) any advanced monthly payments will be refunded to you after the transfer of your mortgage occurs.

If you prefer to pay your mortgage off rather than have it transferred to HUD, you may request a payoff statement from us and remit payment in full before the transfer occurs. Please contact our Payoff Department at XXX-XXX-XXXX. If you have any questions concerning your account on this matter, please call XXX-XXX-XXXX.