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**CHAPTER 8: PRE-FORECLOSURE SALES**

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8-1 GENERAL. These instructions are to be used only for claims involving a successful pre-foreclosure sale where the mortgagor's participation was approved during the Pre-foreclosure Sale ("PFS") Program demonstration (Section 204 of the National Housing Act, 12 USC 1710). (Revised instructions will be issued by Mortgagee Letter when Pre-foreclosure Sales are implemented nationwide).

NOTE: Intake under the demonstration ceased in September 1994.

In a successful pre-foreclosure sale, neither foreclosure nor conveyance of the property to the Department occurs. The defaulting mortgagor sells the property at fair market value (with certain adjustments, as approved by the Secretary), which is less than the outstanding indebtedness at the time of sale. HUD will pay a claim to the lender equal to the difference between the fair market sale price and the outstanding indebtedness, approved costs and expenses and debenture interest.

Information is also provided for cases which are accepted for participation in the pre-foreclosure sales program but are foreclosed or a deed-in-lieu of foreclosure is accepted because the sale was not successful.

8-2 PROGRAM COORDINATOR. The essential decisions relating to the pre-foreclosure sale are made by a Program Coordinator (the Loan Management Branch of the local HUD office or a contractor). The Program Coordinator will make the following determinations and provide appropriate information and directions to the mortgagee and the closing agent.

A. The eligibility of the mortgagor for participation in the program (See Appendix 19).

B. Instructions to the mortgagee to delay or postpone the foreclosure sale date (See Appendix 19).

C. Identification of liens to be paid by the mortgagee to facilitate the sale or acceptance of a deed-in-lieu of foreclosure (See Appendix 20).

D. Approval or rejection of the sales contract (See Appendix 21).

E. Incentives to be paid to the mortgagor at closing (See Appendix 22).

F.Termination of the mortgagor's participation in the program (See Appendix 23).

G.Recommends that the mortgagee accept a deed-in-lieu of foreclosure (See Appendix 24).

8-3RESPONSIBILITIES OF MORTGAGEE IN THE PRE-FORECLOSURE SALES PROGRAM. Mortgagees are responsible for:

A.Correct notification procedures (in particular, sending appropriate notices and contacting mortgagors in only those five local HUD Office jurisdictions covered by the demonstration);

B.Overall responsiveness and timeliness of the servicing staff to mortgagors who appear to be entered in, or qualified for, the pre-foreclosure sale program;

C.Overall mortgagee cooperation with all aspects of the program.

D.Pay the amount or amounts approved by the Program Coordinator for the discharge of liens or encumbrances and determine that such liens or encumbrances are discharged or released of record; and,

E.Cancel and surrender the credit instrument to the mortgagor and satisfy the mortgage of record on receipt of the sales proceeds available for mortgage satisfaction and a copy of Form HUD-1 approved by the Program Coordinator.

8-4MARKETING THE PROPERTY. A mortgagor who has been accepted as a participant in the pre-foreclosure sales program is responsible for selling the property, either through his/her own efforts or through a real estate agent. The purchase price must be sufficient to provide at least 90% of the appraised value of the property after expenses of the transaction unless waived by the local HUD office and the sales contract must be approved by the Program Coordinator.

The mortgagee will be requested to delay the foreclosure sale during the period of marketing.

8-5SALES PROCEEDS. Following a successful pre-foreclosure sale, the closing agent will distribute the sale proceeds as provided in the sales contract and the approved closing worksheet. The closing agent will forward to the mortgagee a copy of Settlement Statement, HUD-1, and the portion of sales proceeds available for satisfaction of the mortgage. Upon receipt of the portion of sales proceeds available for mortgage satisfaction and a copy of HUD-1 approved by the Program Coordinator the mortgagee will satisfy the mortgage. The amount received will be

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entered in Item 108 of Part B, Form HUD-27011.

8-6DEED-IN-LIEU OF FORECLOSURE. The Program Coordinator may recommend to the mortgagee that a deed-in-lieu of foreclosure be accepted if the mortgagor is unable to find a qualified buyer for the property (Exhibit 24). If such recommendation is made, the mortgagee continues to be responsible for compliance with the requirements of Handbook 4330.1, REV-2, paragraph 9-4, and must transfer good marketable title to HUD within 30 days after the mortgagee acquired good marketable title to and possession of the property. The deed may be in the form of a direct conveyance.

The following additional allowances and expenditures are authorized:

A. \$500 payment to the mortgagor as consideration for execution of the deed-in-lieu. This amount should be entered in Item 305 rather than Item 307 to assure 100% reimbursement.

B. The amount approved by the Program Coordinator and paid by the mortgagee for the discharge of junior liens. The amount paid should be entered in Item 309 of Part D.

C. \$250 payment to the mortgagee as compensation for administrative costs relating to the pre-foreclosure sales claim. This amount should be entered in Item 408, Part E and carried over to Item 129, Part B.

A copy of the Request for Deed-In-Lieu of Foreclosure (Exhibit 24) and Discharge of Liens (Exhibit 19), if applicable, should be maintained in the claim review file to support the above payments.

8-7CLAIM TYPE. Within 30 days after the date of the pre-foreclosure sale closing the mortgagee must file its claim for insurance benefits on Form HUD-27011, as provided in this Chapter.

Do not file Form HUD-27050A "Mortgage Insurance Termination" following the sale.

If the pre-foreclosure sale is not completed and a deed-in-lieu of foreclosure is accepted or the mortgage is foreclosed, the mortgagee must file its claim as a conveyance claim (Chapter 2). In such cases, however, the conveyance claim may include compensation to the mortgagee for administrative costs (paragraph 8-11), incentive payments to the mortgagor, payments for lien satisfaction if a deed-in-lieu is accepted and title search costs.

8-8TIME REQUIREMENTS. The claim for insurance benefits (Parts A and B of Form HUD-27011) must be submitted to HUD within 30 days after the date of the pre-foreclosure sale closing. If the sale proceeds have not been received from the Closing Agent, an extension of time must be requested. Failure to comply will result in curtailment of debenture interest to the date the claim should have been submitted or to the date extended by HUD.

If the pre-foreclosure sale is unsuccessful or if the Program Coordinator terminates the mortgagor's participation in the Pre-foreclosure Sale Program, the mortgagee must initiate foreclosure no later than 60 days after the date of the termination (Appendix 23) and must meet the conveyance time requirements (paragraph 2-2).

8-9EXTENSION OF TIME REQUIREMENTS. If the mortgagee cannot comply with the above requirements for a particular action because of circumstances beyond its control, it should submit a request for an extension of time to the local HUD office using form HUD-50012. The request should be made as soon as possible and must be made before the time limit for that action expires.

If the pre-foreclosure sale is unsuccessful and the mortgagee cannot initiate foreclosure or acquire a deed-in-lieu within the time frames specified because of the delay requested by the Program Coordinator, the mortgagee must file an Extension Request, Form HUD-50012, with the Loan Management Branch of the local HUD office. A copy of the Instructions to Mortgagee (Exhibit 19) and the Termination of Participation (Appendix 23) must be attached to the Form HUD-50012. The normal time frames for institution of foreclosure will apply should the case result in a conveyance to HUD. However, acceptance into the Pre-foreclosure Sale Program might constitute grounds for approving an extension request depending on the individual circumstances of the case. Any legal cost incurred for the foreclosure related actions, will be reimbursed at the regular two-thirds rate.

If foreclosure was initiated within the conveyance time requirements but further action was delayed at the request of the Program Coordinator, a brief note of the cause of delay should be entered in the Mortgagee's Comments on Part A and supporting documents should be retained in the claim review file.

8-10TITLE REQUIREMENT. Since the property is not conveyed to the Secretary, title evidence procedures are not applicable.

The Program Coordinator may request the mortgagee to obtain a title search to determine the existence of liens or encumbrances on the property. If such request is made the mortgagee shall obtain a title search showing the name and address of the holder, and the amount of the lien or encumbrance. The cost of the search will be

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reimbursed by entry in Item 305.

8-11 INCENTIVE PAYMENTS AND COMPENSATION.

A. Certain payments may be made to the mortgagor at the closing as incentive for selling the property:

1. \$1,500 or 50% of the amount by which the selling price exceeds the appraised value, whichever is greater, plus

2. \$500 if the closing occurs within three months of the date the mortgagor's application to participate in the Pre-foreclosure Sales Program has been accepted or \$200 if the closing occurs within four months of such date.

These payments are made at the sales closing by the closing agent and will reduce the net proceeds of the sale. No entry should be made in the insurance claim for these payments.

B. If the property is not sold, the mortgagee is authorized to pay the mortgagor \$500 for execution of a deed-in-lieu of foreclosure which conveys good marketable title to the mortgagee or to HUD. Such allowance should be entered in Item 305.

C. The mortgagee is authorized to pay an amount approved by the Program Coordinator for the discharge of liens or encumbrances which restrict the sale of the property or the acceptance of a deed-in-lieu under the Pre-foreclosure Sales Program. Such allowances should be entered in Item 309.

D. The mortgagee is entitled to receive as a part of the insurance settlement \$250 as compensation for administrative costs relating to each Pre-foreclosure Sale claim, each claim involving a deed-in-lieu of foreclosure under the Pre-foreclosure Sales Program and each conveyance claim made because of the termination of a mortgagor from the PFS program. Such allowance should be entered in Item 408 of Part E and carried over to Item 129 of Part B.

8-12 DISCHARGE OF LIENS. The Program Coordinator may request the mortgagee to pay outstanding liens in order to facilitate the sale of the property or to perfect the title so that a deed-in-lieu of foreclosure will be acceptable under the Pre-foreclosure Sales Program. The request must be in writing (Appendix 20) and must identify the lien(s).

It may be possible for the mortgagee or the mortgagor to negotiate a satisfaction or release of a junior lien for less than the full amount of the lien. The lien holder may be willing to compromise the amount of the lien to avoid discharge by a foreclosure action. Satisfaction or release of the lien may permit a pre-foreclosure sale or deed-in-lieu which would otherwise be unacceptable.

The amount paid by the mortgagee for satisfaction or release of the lien should be entered in Item 309 of Part D.

8-13PROTECTION AND PRESERVATION OF PROPERTIES. (Applicable only if property is vacant) The mortgagee is responsible for inspection, protection and preservation of the property when the mortgage is in default and a payment is not received within 45 days of the due date. The responsibility continues until the Program Coordinator instructs the mortgagee to delay or postpone the foreclosure sale (Appendix 19). Funds expended for this purpose will be reimbursed on filing Part C with the application for insurance benefits.

The mortgagee will not be responsible for, and will not be reimbursed for inspection, protection and preservation of the property after receiving instructions from the Program Coordinator to delay or postpone the foreclosure sale, unless specifically requested by the Program Coordinator.

If the Program Coordinator notifies the mortgagee that the mortgagor's participation in the program has been terminated (Appendix 23) or recommends that the mortgagee accept a deed-in-lieu of foreclosure (Appendix 24), or if the postponement of foreclosure period expires (Appendix 19), the mortgagee again becomes responsible, and will be reimbursed for inspection, protection and preservation of the property. The mortgagee will also be responsible for any damage suffered by the property after such notice, recommendation or expiration because of the mortgagee's failure to take action.

8-14REIMBURSABLE COSTS AND EXPENSES. It is anticipated that claims for the reimbursement of expenses on pre-foreclosure sale claims will be minimal and that most expenses which are normally incurred when conveying a property to HUD will not be necessary. However, expenses which are appropriately advanced by the mortgagee on behalf of the mortgaged property may be claimed for reimbursement.

A.Disbursements for taxes, assessments, hazard insurance and other allowable items payable before the date of the pre-foreclosure sale closing.

B.Costs of foreclosure initiation (subject to the two-thirds limitation) if foreclosure was initiated and further action was postponed pending completion of a pre-foreclosure sale.

C.The cost of inspections, protection and preservation actions, subject to regional limitations, performed prior to acceptance into the Pre-foreclosure Sales Program if established criteria required such actions.

D.An amount paid for the release or discharge of liens or encumbrances with the approval of the Program Coordinator.

E.\$250 to be paid to the mortgagee as compensation for administrative costs. No debenture interest should be computed on this amount.

F.If the pre-foreclosure sale is successful and the property is sold, HUD will not pay for any of the following costs incurred by the mortgagee:

1.Costs to maintain, protect, and preserve the property after the pre-foreclosure sale closing,

2.Eviction costs, or

3.Any other costs related to the property which were incurred after the closing date.

8-15HAZARD INSURANCE. There will be no reimbursement from HUD for any hazard insurance premiums allocated to the period after the pre-foreclosure sale closing. Otherwise appropriate advances by the mortgagee for hazard insurance premiums are reimbursable.

8-16SPECIAL FORBEARANCE. If a claim for insurance benefits is filed pursuant to a default under a special forbearance agreement entered into between the mortgagee and the mortgagor, the debenture or cash payment will include all unpaid mortgage interest computed to the earlier of 90 days following the date the mortgagor failed to meet the requirements of the forbearance agreement or the date the Program Coordinator accepts the mortgagor as a participant in the pre-foreclosure sales program.

8-17DEFICIENCY JUDGMENTS. Mortgagors determined to be eligible for, and who participate in the pre-foreclosure sales program, are not to be pursued for deficiency judgments.

8-18DEBENTURE INTEREST ALLOWANCE. The issue date of debentures, or the beginning date for computation of the debenture interest allowance if settlement of the claim is made in cash, will be the date of default as such term is defined in 24 CFR 203.331, provided the insurance settlement does not include unpaid mortgage interest resulting from a default under a special forbearance agreement.

When a default under a special forbearance agreement is involved, the debentures will be dated, or the debenture interest allowance will be computed from the last date of the mortgage interest calculation.

When the claim is settled in cash, the cash payment will include an amount equivalent to the interest the debentures would earn, if they were issued, at the debenture rate.

Debenture interest will be paid on the unpaid principal balance from the date of default to the date of the closing of the pre-foreclosure sale.

Debenture interest continues on the difference between the unpaid principal balance and the net pre-foreclosure sale proceeds, to the date of final settlement of the claim.

Further debenture interest is paid on allowable costs and advances from the date of expenditure to the date of final settlement of the claim.

If the mortgagee fails to take the actions set forth under "Time Requirements" within the time specified, or at such further time as may be approved by HUD in writing, the interest allowance shall be computed only to the date the particular action should have been taken or to which it was extended (24 CFR 203.402(k)(2)(ii)).

#### 8-19 CLAIM PAYMENT.

Upon receipt of Parts A and B, Form HUD-27011, and the required attachments in Headquarters, HUD will pay to the mortgagee the unpaid principal balance of the mortgage and an amount determined by:

A. Adding the following items:

1. Allowable costs and advances.
2. Debenture interest on the unpaid principal balance from the date of default to the date of closing of the pre-foreclosure sale.
3. Debenture interest on allowable costs and advances from the date of expenditure to the date of closing of the pre-foreclosure sale.
4. Debenture interest on the difference between the unpaid principal balance plus allowable costs and advances, less the net proceeds of the sale, from the date of closing of the pre-foreclosure sale to the date of claim settlement.

5.\$250 to compensate the mortgagee for administrative costs under the pre-foreclosure sales program.

6.Allowable mortgage interest if the mortgagor failed to meet the requirements of a special forbearance agreement.

7.Amounts paid to satisfy or release junior liens with the approval of the Program Coordinator.

B.Deducting the following items:

1.All amounts received by the mortgagee on account of the mortgage after closing of the pre-foreclosure sale.

2.All amounts received by the mortgagee from any source relating to the property on account of rent or other income after deducting handling expenses.

3.All cash retained by the mortgagee for the account of the mortgagor that have not been applied to reduction of principal.

4.All amounts received by the mortgagee relating to the sale of the property.

8-20DOCUMENTS TO BE SUBMITTED. It is very important that all required documentation be forwarded to the appropriate location in a timely manner. Failure to meet any of the documentation requirements could jeopardize all or part of the claim reimbursement. The various documentation requirements imposed on the mortgagee are designed to provide critical control and notification functions which enable HUD to expedite the payment of claim.

All documents must be sent to HUD Headquarters or the local HUD Office within 30 days of the sale closing date.

A.To HUD Headquarters.

1.The original of Parts A and B.

2.Copies of Parts C, D and E.

3.The original Mortgage Insurance Certificate.

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4.A copy of Form HUD-1.

5.A copy of the "special" forbearance agreement, if any.

6.A worksheet showing reallocation of mortgage payments if capitalization method of accounting is used.

B.To the Local HUD Office:

- 1.Copies of Parts A and B.
- 2.The original of Parts C, D and E.
- 3.A copy of Form HUD-1.

8-21 CLAIM PREPARATION - PRE-FORECLOSURE SALES.

The claim must be completed as described below using HUD Form-27011, Single Family Application for Insurance Benefits. In order to avoid delay in payment, the claim must be complete and accurate and contain all information requested.

In many instances, the instructions for conveyance claims apply equally in pre-foreclosure sales cases. When this occurs the words "Same as Conveyance" appear after the Item title and the conveyance instructions for that item are repeated verbatim for convenience.

If the property is acquired by the mortgagee and conveyed to HUD (although pre-foreclosure procedures were followed but the sale was unsuccessful), the claim must be prepared using the conveyance instructions (Chapter 2). If the property is sold pursuant to the requirements of the pre-foreclosure sales program, the following instruction must be used.

Whether the property was sold or acquired by the mortgagee and conveyed to HUD, if the pre-foreclosure sales procedures were followed, write in bold letters, preferably colored, across the top of each part of the form "Pre-foreclosure Sales Program". The purpose of this addition is to assure special handling for the claim and appropriate recognition of incentive payments.

Because this program is new, some of the item titles do not adequately describe the information to be entered. Pending revision of the claim form, enter information as instructed in this chapter notwithstanding inaccurate item titles.

A.Instructions for the Completion of HUD Form 27011, Part A, Initial Application. The following item by item instructions are to be used when completing HUD Form 27011, Part A, for claims involving an authorized pre-foreclosure sale.

PART A

INITIAL APPLICATION

Item 1 Claim Type. Enter 07 in the space next to

Items 2  
and 3

FHA Case Number and Section of Act Code (Same as Conveyance). Enter the FHA Case Number and the appropriate Section of the National Housing Act ADP code. All mortgages endorsed since 1962 use the first style shown below, with three numerals, then a hyphen, then six numerals (or seven including the check digit). Be sure to include the hyphen on the claim, whether the claim is submitted on paper or through electronic data interchange (EDI), even though CHUMS may omit it. The three other acceptable FHA case number formats, for pre-1962 mortgages, are also illustrated below. All models include the Section of the Act (SOA) ADP codes. The formatted case number appears on the MIC or the advanced notice of S/F Annual MIP unless the case is included in CHUMS, as in "5" below.

- |     |  |                       |
|-----|--|-----------------------|
| (1) | X X X - X X X X X X<br>FHA Case No.                    | X X X<br>SOA ADP Code |
| (2) | X X - X X X X X X<br>FHA Case No.                      | X X X<br>SOA ADP Code |
| (3) | X X X X X X - X X<br>FHA Case No.                      | X X X<br>SOA ADP Code |
| (4) | X X X - X X X X X<br>FHA Case No.                      | X X X<br>SOA ADP Code |
| (5) | X X X X X X X X X X<br>FHA Case No.<br>(used in CHUMS) | X X X<br>SOA ADP Code |

Item 4 Default Reason Code (Same As Conveyance). Enter the applicable code number from the default

listed below. If code 15 is used, explain the reason on the reverse of Part A under "Mortgagee's

CODE

REASON

01 =Death of a principal mortgagor

- 02 =Illness of a principal mortgagor
- 03 =Illness of mortgagor's family member
- 04 =Death of mortgagor's family member
- 05 =Marital difficulties
- 06 =Curtailement of income (Reduction of income of borrower)
- 07 =Excessive obligations, same income, including habitual nonpayment of debts
- 08 =Abandonment of property
- 09 =Distant employment transfer
- 10 =Neighborhood problem
- 11 =Property problem
- 12 =Inability to sell property
- 13 =Inability to rent property
- 14 =Military service
- 15 =Other reasons (Explain.)

Item 5 Endorsement Date (Same as Conveyance). Enter the endorsement date that appears on the Mortgage Insurance Certificate. If the mortgage was insured before MIC's were issued, enter the endorsement date that appears on the note.

Item 6 Date Form Prepared. Enter the date this form is completed and submitted to HUD. To avoid debenture interest curtailment, Part A must be submitted within 30 days after the date of the pre-foreclosure sale closing.

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Item 7 Due Date of First Payment to Principal and Interest (Same as Conveyance). Enter the date the first payment to Principal and Interest is due. Obtain this date from the mortgage note.

Item 8 Due Date of Last Complete Installment Paid (Same as Conveyance). Enter the date the last complete installment paid was due, not the date it was paid. This item should be taken from the payment ledger. If no payments have been made, enter the date in Item 7 (Due Date of the First Payment to Principal and Interest). Note that the date in

this item will always be the first of the month.

Item 9 Date of Possession and Acquisition of Marketable Title. Enter the date the Program Coordinator accepts the applicant into the PFS Program.

Item 10 Date Deed or Assignment Filed for Record or Date of Closing or Appraisal. Enter the date of the pre-foreclosure sale closing.

Item 11 Date Foreclosure Proceedings (a) Instituted or (b) Date of Deed In Lieu. If foreclosure proceedings were instituted enter the date. If a deed-in-lieu is accepted or if foreclosure was completed the claim must be filed as conveyance.

Item 12 Holding Mortgagee Number (Payee) (Same as Conveyance). Enter the complete 10-digit mortgagee number of the holding mortgagee.

Note: This number determines the payee's name and the address to which the insurance benefits check and claim payment data are mailed.

Item 13 Servicing Mortgagee Number (Same as Conveyance). Enter the complete 10-digit mortgagee number of the servicing mortgagee.

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Note: This number determines the name and address to which all computer generated letters and claim payment data is mailed. Information will be mailed only to the holding mortgagee if this item is not completed.

Item 14 Mortgagee Reference Number (Same as Conveyance). Enter the loan number (maximum 15 digits) used by the mortgagee for identifying the case if any. This number will be printed on the benefits check. If the mortgagee is FNMA or GNMA, the FNMA or GNMA loan number must be entered.

Item 15 Original Mortgage Amount (Same as Conveyance). Enter the original mortgage amount. This figure should be taken from the mortgage note. If there has been a recast of the mortgage, make a notation of the recasting on the reverse side of Part A under "Mortgagee's Comments" and make reference to 24 CFR 203.342.

Item 16 Holding Mortgagee EIN. Not applicable.

Item 17 Unpaid Loan Balance as of Date in Item 8 (Item 11 if coinsurance) (Same as Conveyance). Enter the unpaid mortgage balance after crediting the last complete monthly installment paid. This figure is taken from the mortgagee's payment ledger. Partial payments insufficient to complete a full monthly installment are to be reported in Part B, Item 109 as escrow funds.

Item 18 Date of Firm Commitment (Same as Conveyance). Enter the date of the firm commitment. This date should be taken from the firm commitment document, if available. The debenture interest rate is determined by the firm commitment date or the date of endorsement, whichever yields the higher rate. If the case was insured under the Direct Endorsement Program or the commitment date is not available, this item must be left blank. Direct endorsement mortgages may be identified by

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the suffix code 700 through 799. Do not enter a date here if this is a Direct Endorsement or a converted coinsurance loan.

Item 19 Expiration Date of Extension to Foreclose/ Assign. Not applicable.

Item 20 Date of Notice/Extension to Convey. Enter date of approved extension to submit claim.

Item 21 Date of Release of Bankruptcy, If Applicable (Same as Conveyance). Enter the date the bankruptcy stay or the local law prohibition was released. Note: When there is more than one bankruptcy, and the mortgagee is entitled to a 60 day extension to begin foreclosure, enter the release date which applies to the extension.

\* Item 22 Is Property Vacant? Yes or No - Indicate the occupancy status as of the date in Item 9.

Item 23 If Item 22 is "No," Date of Local HUD Office Approval - Not applicable.

Item 24 Is Property Conveyed Damaged? Yes or No - Not applicable.

Item 25 If Item 24 is "Yes," Date of (a) Local HUD Office Approval (Pursuant to 203.379(a)) or (b) Certification (pursuant to 203.379(b)) - Not applicable.

Item 26 Type of Damage. Not applicable.

Item 27 Recovery or Estimate of Damage. Not applicable.

Item 28 Is Mortgagee Successful Bidder? Yes or No - Not applicable.

Item 29 Deficiency Judgment Code. Not applicable.

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Item 30 Authorized Bid Amount. Enter the selling price of the property from HUD-1.

Item 31 Mortgagee Reported Curtailment Date (Same as Conveyance). Not applicable.

Item 32 Schedule of Tax Information. Not applicable.

Item 33 Mortgagor's Name and Property Address (Same as Conveyance). - Enter the name of the mortgagor in default as it appears on the ledger record. Enter the property address as it appears on the security instrument or the mortgage insurance certificate.

Enter the social security numbers of all mortgagors, if known. At least one social security number is required.

Item 34 Brief Legal Description of Property. Enter a brief description of the property. This information is found on the mortgage.

Item 35 Name and Address of Mortgagee (Same as Conveyance). Enter the name and address of the mortgagee, including the ZIP code.

Item 36 Name and Address of Mortgagee's Servicer (Same as Conveyance). Enter the name and address of the mortgagee's servicer, including the ZIP code, if applicable. Include the name and telephone number of a contact person who can answer questions about the claim.

Items 37

and 38 Mortgagee Official Signature, Date and Title. and Servicer Signature, Date and Title (Same as Conveyance). The claim must be signed and dated by an official of the holding mortgagee if the holding mortgagee is filing the claim. If a servicer is filing the claim on behalf of the mortgagee, an official of the servicer must sign and date the form. The application must be complete when signed and the actual date signed must

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be entered by the signing official. The application will be returned if it is not signed or if it contains a stamped or duplicated signature.

\* Note to signing official: Please be sure you have read and understand the certifications on the HUD Form-27011 before signing and dating. If your system prints the date in items 37 and 38, check to ensure this is the date you are signing the form. Also check the submission date in item 6 to ensure it does not reflect an earlier date. The date in item 6 should be the same date as item 37 or item 38.\*

Item 39 Amount of Monthly Payment to: (a) FHA insurance, (b) Taxes, (c) Hazard Insurance and (d) Interest and Principal. Not applicable.

Item 40 If Bankruptcy Filed, Enter Date. Enter the date of the last bankruptcy action. This is required if Item 21 is completed.

Item 41 If Conveyed/Assigned Damaged, Date Damage Occurred. Not applicable.

Item 42 Date HIP Cancelled or Refused, if Applicable. Not applicable.

Item 43 Number of Living Units. Not applicable.

Item 44 Status of Living Units. Not applicable.

Mortgagee's Comments, if Any. Use this area to justify unusual circumstances as well as other information required by the instructions. Enter the name and phone number of the Program Coordinator

HUD's Comments, if any. HUD USE ONLY.

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B. Instructions for the Completion of HUD Form 27011, Part B, Fiscal Data. The following item-by-item instructions are to be used when completing HUD Form 27011, Part B, for pre-foreclosure sales cases. Prepare this Part after Parts C, D and E have been completed. The information entered in this part is transferred from those parts.

PART B

FISCAL DATA

Item 100           Mortgagor's Name and Property Address (Same as Conveyance). Enter the mortgagor's name and property address as they appear in Item 33 of Part A.

Items 101  
and 102   FHA Case Number and Section of Act Code (Same as Conveyance). Enter the FHA Case Number and Section of the Act Code as they appear in Items 2 and 3 of Part A.

Item 103           Mortgagee's Reference Number (Same as Conveyance). Enter the mortgagee's Reference Number as it appears in Item 14 of Part A.

Item 104           Date Form Prepared. Enter the date Parts A and B are prepared and submitted to HUD.

Item 105           Expiration Date to Submit Title Evidence, if Applicable. Not applicable.

Item 106           Check if Supplemental. Not applicable.

Item 107           Adjustment to Loan Balance (if different from block 17 on Part A). Not applicable.

Item 108           Sale/Bid Price or Appraisal Value (for Coinsurance or Nonconveyances). Enter the amount of proceeds received from the Closing Agent.

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Item 109 Escrow Balance (as of Date in Block 10, Part A).  
 Enter amount remaining in escrow account as of the date of the pre-foreclosure sale closing. Also include any funds received on account of the mortgage which have not been applied to reduce the indebtedness, e.g., partial payments, hazard insurance refunds, buydown monies, funds held in escrow for on-site repairs (pursuant to Form HUD-92300, Assurance of Completion Agreement). DO NOT SEND ESCROW FUNDS TO HUD. (CONFIRM IF THE ESCROW BALANCE WAS INCLUDED IN THE FUNDS RETAINED TO SATISFY THE MORTGAGE)

oSee Item 123 for unapplied Section 235 assistance payments.

oPayment of expenses for which funds are escrowed shall be charged to the escrow account in full or in part until the escrow account balance equals zero. Expenses paid from available escrow funds are not to be recorded on Part D.

oDO NOT ENTER A NEGATIVE BALANCE. Advances by the mortgagee for expense payments normally charged to the escrow account shall be recorded under Part D, Items 305 or 311, as appropriate. When the first occurrence of an expense results in a negative balance to escrow, enter the negative amount in Item 305 or 311, whichever is appropriate. Interest on advances shall be computed from the date of disbursement to the date the claim is mailed. If there were any advances from escrow prior to the date of default, interest is calculated from the date of default.

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oIllustration of Mortgagee Advances:

Date Paid	Date Interest	Principal	Escrow	Balance	Escrow Due
Balance	Forward	. . . . .	. . . . .	. . . . .	\$151.60
1/01/83	2/03/83	\$73.32	\$21.07	\$70.69	222.29
	8/03/83			198.98-	23.31
	12/11/83			51.19-	(27.88)/1

Item 110 Total Disbursements for Protection and Preservation from Line 264, Part C. Enter the total amount appearing in Part C, Item 264.

Item 111 Total Disbursements from line 305, Part D. Enter the total amount appearing in Part D, Item 305.

Item 112 Attorney/Trustee Fees Paid From Line 306, Part D. Enter the total amount appearing in Part D, Item 306.

Item 113 Foreclosure, Acquisition, Conveyance and Other Costs from Line 307, Part D. Enter the total amount appearing in Part D, Item 307.

Item 114 Bankruptcy Fee (if applicable) from Line 310, Part D. Enter the amount of bankruptcy fees appearing in Part D, Item 310.

Item 115 Rental Income. Enter any income from the rent of the property between the date of default and the date of pre-foreclosure sales closing.

Item 116 Rental Expense (Same as Conveyance). Enter rental expenses incurred, if any. If there is no entry in Item 115, make no entry in this item.

Item 117 Total Taxes on Deed from Line 308, Part D. Not applicable.

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/1First amount to be entered on Part D, Item 305 or 311, as applicable. Interest should only be calculated on \$27.88, not the \$51.19.

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Item 118 Recovery or Damage (if not reported on Part A). Use Line 119 if Reported on Part A. Not applicable.

Item 119 Estimate or Recovery from Part A. Not applicable.

Item 120 Special Assessments (DO NOT USE FOR COINSURANCE) from Line 309, Part D (Same as Conveyance). Enter the total amount paid and debenture interest which appear in Item 309, Part D.

Item 121 Mortgage Note Interest. Mortgage note interest will be included in the insurance benefits if a

mortgagor fails to meet the requirements of a special forbearance agreement and the failure continues for at least 60 calendar days.

From. Enter the date of the last completely paid installment after all funds received under the agreement are applied according to the terms of the mortgage (Item 8, Part A). If no mortgage payments were made, enter a date 30 days prior to the due date of the first scheduled payment (Item 7, Part A).

To. Enter the earliest of the following dates:

- 1.the date of sales closing,
- 2.90 calendar days following the date the mortgagor fails to meet the requirements of the forbearance agreement, or
- 3.the date the Program Coordinator accepts the mortgagor as a participant in the Pre-foreclosure Sales program.

Rate. Enter the mortgage interest rate as it appears on the mortgage note. Show fractions in decimals to three places.

Computation method. To obtain the amount of accrued mortgage interest due, multiply the Daily Interest Rate

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Factor by the amount of the unpaid principal balance. The Daily Interest Rate Factor is provided in Appendix 8. This result is then multiplied by the number of days from the due date of the last completely paid installment to the date selected as the "ending date". To assist in determining the number of days refer to the Julian Date Calendars provided in Appendix 9.

Item 122 Mortgage Insurance Premiums (Same as Conveyance).  
Enter total from Item 311, Part D.

Item 123 Unapplied Section 235 Assistance Payments (Same as Conveyance). Enter unapplied assistance payments in Column A, if applicable.

Item 124 Overpaid Section 235 Assistance Payments (Same as

Conveyance). Enter the amount of any funds advanced by the mortgagee to repay to HUD assistance to which the mortgagor was not entitled and which was not recovered from the mortgagor, unless the overpayment was the result of error on the part of the mortgagee. Amount is to be entered in Column B. Do not calculate debenture interest for Column C.

Items 125 Overhead Costs. Not applicable.

Item 126 Uncollected Interest (Approved Forbearance Agreements Only). Not applicable.

Item 127 Amount Due from Buyer at Closing or at Appraisal Notice Date (From Line 406, Part E). Not applicable.

Item 128 Amount Owed to Buyer at Closing or at Appraisal Notice Date (From Line 407, Part E). Not applicable.

Item 129 Additional Closing Costs at Settlement. Enter the "Total" from Line 408, Part E.

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NOTE: Do not calculate debenture interest on the administrative fee. Mortgagees are not entitled to debenture interest on this item.

Items 130  
and 131 Not Applicable.

Item 133 Contact: Holding Mortgagee, Name and Telephone Number; or Contact: Servicing Mortgagee, Name and Telephone Number (Same as Conveyance). Enter the name and telephone number of a person in the holding or servicing mortgagee's office who can answer questions concerning the information reported on this claim form. Include the Holding Mortgagee number which you entered in Item 12 of Part A.

Items 134  
to 136 Enter the totals of Columns A - Deductions; B - Additions; and C - Interest.

Item 137 Net Claim Amount (Columns B - A + C). The net claim amount calculated by the mortgagee will differ from the actual amount HUD will pay due to

possible interest curtailment, disallowed expenses, and additional debenture interest calculated to the date of claim settlement.

Items 138

and 139 Mortgagee's Official Signature, Date and Title (signature not necessary if signed by a servicer) and Servicer Signature, Date, and Title. Enter a signature in at least one of these blocks.

C. Instructions for the Completion of HUD Form 27011, Part C, Support Document.

There should be no entry in Part C unless inspections, preservation or protection costs were incurred before the mortgagee was instructed to delay or postpone the foreclosure sale.

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Any debenture interest calculated on such expenses should run from the date of expenditure or default, if later, to the date of the pre-foreclosure sale closing.

D. Instructions for the Completion of HUD Form 27011, Part D, Support Documentation (Continuation 1).

The following item-by-item instructions are to be used when completing Form HUD-27011, Part D, for pre-foreclosure claims. The general instructions for the preparation of Part D in conveyance claims are applicable in pre-foreclosure cases except that the property is not conveyed to the Secretary.

Expenditures may be entered on Part D as they occur, however, debenture interest calculations should not be made until the date of claim submission because interest allowance will be computed from the date of expenditure or default if later, to the date of the pre-foreclosure sale closing.

oDate Paid. A separate entry must be made for each payment. Enter the date the check was disbursed. If an expenditure or advance was made prior to the date of default, enter the date of default and enter the actual date paid in parentheses following the description.

oDescription of Service Performed. Enter a description of the items or types of services performed. Additional space is provided on the reverse of the form.

oAmount Paid. Actual payment amounts are to be entered. This information will be transferred to Part B, Fiscal Data.

oDebenture Interest. To obtain the amount of interest due on an expenditure, multiply the daily interest rate factor by the amount paid. Multiply this result by the number of days from the date paid for each line item to the date of closing of the pre-foreclosure sale (Item 10, Part A). Daily Interest Rate Factor tables are provided in Appendix 8 to assist in converting the debenture interest rates. In addition, Julian date calendars are provided in Appendix 9 to assist in determining the number of days from the date the expenditure was paid to the date of the pre-foreclosure sale closing or the curtailment date.

oTotal the "Amount Paid" and "Debenture Interest" columns.

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PART D

SUPPORT DOCUMENT (Continuation 1)

Items 300

and 301 FHA Case Number and Section of Act Code (Same as Conveyance). Enter the FHA case number and Section of the Act Code as they appear in Items 2 and 3 of Part A.

Item 302

Mortgagee's Reference Number (Same as Conveyance). Enter the mortgagee's reference number as it appears in Item 14 of Part A.

Item 303

Debenture Interest Rate (Same as Conveyance). Using the Debenture Interest Rate Table provided in the Appendix 4, determine the rate at the date of firm commitment and the rate at the date of endorsement, then enter the higher rate. In Direct Endorsement cases, enter the rate in effect on the date of endorsement.

Item 304

Date (Same as Conveyance). Enter the date entered in Part B, Item 104 if all actions taken by the mortgagee are within the time requirements or the automatic extensions specified in Paragraph 2-13 or within the extended time requirements (See Paragraph 1-3). If the mortgagee failed to comply with a time requirement (including actions reported in Part A) or its approved extension, enter the date the action should have been taken. Debenture interest will be computed to this date. If there was more than one failure, enter the earliest date on which a required action should

have been taken (See paragraph 2-5c).

Item 305 Disbursements for HIP, Taxes, Ground Rents and Water Rates (which were liens prior to mortgage), Eviction Costs and Other Disbursements Not Shown Elsewhere. (Do not include any penalties for late payment). Itemize

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all disbursements in these categories including for each item the date paid, the period covered, the description, and the amount paid. Enter the costs of title search and other fees related to the pre-foreclosure sale. Do not include disbursements which were paid from available escrow funds or sale proceeds. No expense should be incurred after the date of sale closing, unless the local HUD office instructs you to take an action. See explanation for escrow account, Part B, Item 109.

Item 306 Attorney/Trustee Fee. Itemize the fees paid to attorneys in connection with the initiation of foreclosure action, if any. Do not enter fees for bankruptcy or eviction. HUD WILL CALCULATE THE TWO-THIRDS ALLOWANCE (24 CFR 203.402).

Item 307 Foreclosure and/or Acquisition, Conveyance and Other Costs. Enter all disbursements required to vest title to the property in the name of the purchaser. If additional space is needed, attach a separate sheet to Part D. HUD WILL CALCULATE THE TWO-THIRDS ALLOWANCE FOR EXPENSES AND INTEREST (24 CFR 203.402).

Item 308 Taxes on Deed. Not applicable.

Item 309 Special Assessments (Do not use for Coinsurance, see Part E). For each item in this category, enter the date the lien was attached or would be attached. Do not include any special assessments which became liens before the mortgage was endorsed for insurance, if not noted in the application for insurance. Enter disbursements made with the approval of the Program Coordinator for the release or satisfaction of junior liens.

Item 310 Bankruptcy (Same as Conveyance). Itemize the bankruptcy fees paid. There must be an entry in Item 40. HUD WILL CALCULATE THE TWO-THIRDS

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Item 311 Mortgage Insurance Premiums. Itemize all MIP disbursements, including the period covered. Only include the "advanced" MIP disbursements paid after the due date of the last completely paid installment to the date of closing.

E. Instructions for the Completion of HUD Form 27011, Part E Support Document (Continuation 2). Part E is to be completed for a pre-foreclosure sale to claim the \$250 administrative fee only. No other items on this Part should be completed.

PART E

SUPPORT DOCUMENT (Continuation 2)

Items 400 and 401 FHA Case Number and Section of Act Code (Same as Conveyance). Enter the FHA case number and Section of the Act Code as they appear in Items 2 and 3 of Part A.

Item 402 Mortgagee's Reference Number (Same as Conveyance). Enter the mortgagee's reference number as it appears in Item 14 of Part A.

Item 403 Debenture Interest Rate. Not applicable.

Item 404 Date. Enter the date entered in Part B in Item 104 if all actions taken by the mortgagee are within the time requirements or the automatic extensions specified in Paragraph 2-13 or within the extended time requirements (See Paragraph 1-3). If the mortgagee failed to comply with a time requirement (including actions reported in Part A) or its approved extension, enter the date the action should have been taken. Debenture interest will be computed to this date. If there was more than one failure, enter the earliest date on which a required action should have been taken (See paragraph 2-5c).

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Items 405  
thru 407 Overhead Costs; Amounts Due from Buyer at Closing;  
Amounts Owed to Buyer at Closing. Not applicable.

Item 408 Additional Closing Costs. Enter the \$250  
administrative fee (Carry over to Part B, Item  
129).

Item 409 Appraisal Fee. Not applicable.

Item 410 Deficiency Judgement Costs/Fees. Not applicable.

Items 411  
and 412 Reserved.