

**Homeownership
Counseling Certification
Pre-foreclosure Sale Procedure**

**U. S. Department of Housing and
Urban Development**
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0464
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Public reporting burden for this collection of information is estimated to average 3 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This information is required to obtain benefits. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

Section 1064 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 authorizes the Secretary to pay an insurance claim that "bridges the gap" between the fair market value proceeds from the HUD-approved third party sale of a property. The respondents are lenders, counselors, and homeowners who are attempting to sell their properties prior to foreclosure. The Privacy Act of 1974 pledges assurances of confidentiality to respondents. HUD generally discloses this data only in response to a Freedom of Information request.

Do not send this form to the above address.

Every participant in the Pre-foreclosure Sale (PFS) procedure must sign a certification that he or she has received homeownership counseling before a proposed pre-foreclosure sale transaction can be approved. By signing this form, you certify that you have received information regarding options and alternatives that you may be entitled to, or which may be available to you -- other than the sale of your property to a third party -- to avoid foreclosure. **It is important that you, the homeowner, make an informed decision** about whether to pursue a pre-foreclosure sale. Finally, you must understand that the pre-foreclosure sale must be an "arm's length" transaction -- the buyer cannot be a family member, business associate or other "favored party," and the real estate broker cannot share a business interest with the mortgagee. No hidden terms or special understandings can exist between seller or buyer and the appraiser, sales agent or mortgagee.

Certification: This will certify that I/we, the undersigned homeowner(s) have received homeownership counseling from a housing counseling agency approved by the Department of Housing and Urban Development (HUD), from the mortgagee or from a HUD staff member. The counseling included a description of the available rights and options at the time the counseling was provided. The intent of the counseling has been to encourage the homeowner to decide on a particular objective -- in dealing with the mortgage default -- from among the available courses of action. The homeowner can then follow up on this decision by choosing certain steps intended either to avoid foreclosure and/or to retain possession of the property. If a pre-foreclosure sale results, I/we understand that it must be an "arm's length" transaction -- the buyer cannot be a family member, business associate or other "favored party." No hidden terms or special understandings can exist between seller or buyer and the sales agent, appraiser or mortgagee.

Homeowner's Signature & Date X	Homeowner's Signature & Date X
Name & Agency of Party Providing Homeownership Counseling	Signature of Official & Date X

Waiver of Right to Apply for Assignment of Mortgage

The Pre-foreclosure Sale procedure is an option for which you may qualify if you meet certain criteria. It is separate from other procedures that you might choose to follow in order to keep your home and avoid foreclosure of your mortgage.

One of these other procedures is known as the Mortgage Assignment Program. Every homeowner with an FHA-insured mortgage has the right to apply for assignment of their mortgage to HUD at a time when they have fallen at least three mortgage payments behind. To be accepted into the Assignment program, applicants must document that their mortgage default was caused by circumstances beyond their control, and also demonstrate that a reasonable prospect exists that they will be able to resume making their regular mortgage payments within 36 months of entering the program. HUD takes over the mortgage and becomes the new "lender" for people who are accepted.

Before a homeowner can be considered for the Pre-foreclosure Sale procedure, he or she must either waive the right to apply for mortgage

assignment, or have been turned down for assignment by HUD. If you are not sure whether you want to give up the right to apply for mortgage assignment, or if you have other questions about how the Assignment Program works, do not sign this waiver. Contact a HUD-approved Housing Counseling Agency or your local HUD Office before making a commitment to a particular method of dealing with your mortgage or financial problems. If you give up the right to apply for assignment, it will only be effective if you are permitted to participate in the Preforeclosure Sale procedure.

Waiver

This will certify that I/we the undersigned homeowner(s) agree(s) to waive (give up) the right to apply to the Department of HUD for assignment of the mortgage identified by the FHA Case Number above. This decision affects rights arising from the homeowner's present mortgage default only, **and is effective only if I am permitted to participate in the Pre-foreclosure Sale procedure.** It has been made freely and after consideration of the available courses of action that might help in avoiding foreclosure and/or retaining ownership of the mortgaged property.

Print Name	Print Name
Homeowner's Signature & Date X	Homeowner's Signature & Date X