

FHA Preforeclosure Sales Initiated Before an Offer

Agent FAQs

1. How do I start the FHA short sale process with Bank of America?

Coordinate with the homeowner to contact their Customer Relationship Manager (CRM) to initiate an FHA Preforeclosure Sale ("short sale"). If the homeowner does not have an assigned CRM, the homeowner should call 1.800.669.6650 to initiate the FHA short sale process. Agents cannot initiate FHA short sales in Equator. (Note: Per the Mortgagee Letter, if the homeowner has not yet been reviewed for a modification, they will need to complete the modification review process before being considered for a short sale.)

2. Why is approval required for my client to participate in an FHA sale?

The Department of Housing and Urban Development (HUD) requires that the homeowner be determined eligible to participate in the short sale program by validating that the homeowner has a legitimate hardship, that his/her financial situation reflects the stated hardship, and that the short sale program is the most beneficial program for all stakeholders.

3. Can I go right into an FHA short sale if my client has an FHA loan?

HUD requires that the homeowner be reviewed for all home retention options prior to pursuing a short sale in order to ensure that the homeowner has considered all the options available and that a short sale is the appropriate choice.

4. Why is FHA not in Equator?

FHA short sales are currently managed outside of Equator. Planning is underway to move FHA to Equator at a future date.

5. Does the homeowner need to actively participate in the FHA short sale process? If so, why?

Yes, HUD requires that the homeowner actively participate in the short sale program (return documents within the required time frames and maintain contact with the mortgage servicer) in order to be continually reviewed for eligibility.

6. Why are all Homeowners' Association (HOA) delinquent dues not paid?

HUD will only pay actual unpaid dues. Late fees, interest, penalties, collection fees, etc. are not allowed. A detailed statement/invoice is required to verify that non-allowable fees are not charged.

7. What are the required steps for HUD?

Please review the required steps outlined in the [Mortgagee Letter](#).

8. Why do I have to provide an Occupancy Certificate?

HUD requires verification of occupancy since the occupancy status can affect stipulations of the short sale program and mandate additional approvals.

9. If my client is declined for an FHA short sale, what are the next steps?

Contact the CRM to review available options.

10. Why does the Sales Contract Review Approval Form (SCR-A) not stipulate a close date?

HUD does not specify a closing date on the SCR-A since the time frame for closing is outlined in the Approval to Participate (120 days from the issuance date, and a 60-day extension in certain circumstances). As long as the sale is closed within those time frames, HUD allows the closing date to be dictated by the terms of the purchase contract.

11. Can I contact the CRM for information and updates during the short sale process?

No. The CRM acts as a point of contact for the homeowner, and routes the homeowner to the appropriate area to ensure he/she receives the most up-to-date information and expertise as it relates to an individual's situation.

12. Why did I receive a Mortgagee Letter?

HUD's Mortgagee Letter highlights specific requirements and obligations that are pertinent to both Bank of America and the homeowner so that they are able to complete the short sale in the most effective manner possible.

13. My file was reassigned to another specialist. Can I work with the specialist previously assigned?

Files are assigned to short sale specialists based on work load. Bank of America is committed to minimizing file movement as much as possible; however, files may be reassigned to balance the workload or due to employee turnover, vacation and leaves.

14. What should I do if the property locks have been rekeyed and I cannot access the property?

Contact the Property Preservation Resolution Center at 1.866.515.9759, or by email at fs.escalation@bankofamerica.com.