

HUD SHORT SALE GUIDELINES



Do you own a HUD-FHA financed home, and need to do a Short Sale? Here is a summary of the requirements to perform an **FHA-insured HUD Short Sale or "Pre-Foreclosure" Sale**:

1. **You must be delinquent 31 days** or more delinquent at the time of sale.
2. **You must list the property** with an un-related **Licensed Real Estate Broker**
3. **You must actively market the property** for four months (up to six).

For the first 30 days of marketing, the short sale lender (mortgagee) may only approve offers that will result in a minimum net sale proceeds of 88% of the "as-is" appraised Fair Market Value (FMV). During the next 30 days of marketing, the lender may only approve offers that will result in minimum net sale proceeds of 86% of the "as-is" appraised FMV. For the rest of the marketing time (60 days), the lender may only approve offers that will result in minimum net sale proceeds of 84% of the "as-is" appraised FMV.

4. **The property must be an owner-occupied**, except for cases of job transfer, death, divorce, job loss
5. **There should be written proof** of your decrease in income showing inability to pay the mortgage, job loss, etc.
6. **HUD will pay up to 1% of buyer's mortgage** as part of closing costs if the new mortgage is also FHA, plus reasonable "seller" costs
7. **HUD allows 6% Realtor commission**
8. **HUD will not pay** for Home Warranties, points or lender's title insurance
9. **You must get approval to participate** in the HUD Pre-Foreclosure Sale Program in advance
10. Upon acceptance into the program, you will be given Approval To Participate Form which will outline program restrictions

Here are details of the HUD Short Sale (Pre-Foreclosure) Sale Program. Remember, these guidelines apply to FHA-insured loans only, and there may be some latitude in those requirements. These guidelines are subject to change.

HUD Frequently Asked Short Sale Questions

For more information contact the HUD National Servicing Center, your lender, and an experienced Short Sale Specialist.