



HOME FTHB 3B RIDER: FANNIE MAE REO's

The HOME FTHB program has forms that the seller needs to sign in order to certify the eligibility of the property. The forms also have language that is required by HUD. When a seller refuses to sign them, we are essentially unable to verify that the property and transaction satisfy the program requirements.

It is preferable for the seller to sign the program forms, but we have made an exception for FNMA only and with conditions. In the instance of FNMA REO's only, the submitting loan officer is responsible for providing due diligence as an alternative to the seller signed program forms. Please clearly explain this to the seller as it's possible for this process to add additional time to the transaction. Here is guidance as to what is required as alternative due diligence.

1. FNMA to add the following verbiage to Section 38 of their addendum, which they've been willing to add previously:

"Fannie Mae has established a due diligence process that attempts to identify any bona fide tenant ("Bona Fide Tenant"), as that term is defined under the Protecting Tenants at Foreclosure Act of 2009 ("the Act"), that occupies a property acquired by Fannie Mae through foreclosure on or after the date of the Act. Upon information and belief, any Bona Fide Tenant protected by the Act, occupying the Property after the date of the Act, received all notices required pursuant to the Act.

Upon information and belief, Seller states that the Property was vacant at the time Buyer offered on the property."

2. Incontrovertible documentation for one of the following to be provided:

- a) The property was owner occupied at time of foreclosure, no lease agreement was signed between owner and foreclosing lender and the property has been vacant since the owners moved out. Utility shut off notices, signed affidavits from neighbors or other methods that would fulfill this requirement beyond any doubt can be used. 2 or more methods will be required, and approval of those methods is up to the discretion of HWS. This needs to be in the file upon submission to the County and the file will not be processed without it.
- b) If the property was tenant occupied, a copy of the lease agreement is required along with written documentation that 90 day's written notice to vacate was provided to the tenant at least 90 days prior to the initial offer to purchase date (cash for keys offer does not constitute 90 day's written notice to vacate). This needs to be in the file upon submission to the County and the file will not be processed without it. If the tenant was a Section 8 renter and the lease was broken by the foreclosing lender, the property is not eligible.

If any of the above conditions cannot be met, the property does not qualify for HOME FTHB assistance.

Files that do not meet all of the above criteria should not be submitted to HWS