



COLORADO
HOUSING ASSISTANCE
CORPORATION

SHORT SALE POLICY / PROCEDURES

CHAC will consider accepting a short sale on a case by case basis.

Borrower:

- must demonstrate an adverse and unavoidable financial situation.
- have negative equity as determined by an “as-is” appraisal.
- occupy the property unless it can be demonstrated that the property was vacated because of default, job loss, transfer, divorce, death, etc. and the property is not a rental.
- be current or bring current the second mortgage with CHAC.

Submit to CHAC:

- a copy of the HUD-90045 Approval to Participate form and all information provided along with it that was submitted to the first mortgage lender.
- a copy of the appraisal provided to the homeowner by the mortgage company stating the Fair Market Value of the property and the listing showing the property was listed for that amount.
- a copy of the form HUD-90045 Approval to Participate.
- a copy of the form HUD-90051 Sales Contract Review.
- a copy of the form HUD-90052 Closing Worksheet and preliminary HUD-1 Settlement Statement.

Procedures:

Send a cover letter providing the borrowers name, property address, intent to request a preforeclosure sale arrangement with the first mortgage lender, and details of any other junior liens outstanding on the property, and contact information for the Realtor who will be listing the property. Include a signed release from the borrower providing approval for CHAC to discuss the account with the Realtor.

CHAC will review within 5 business days and provide a preliminary letter letting you know if we will process an application for a short sale. You can provide this letter to the first mortgage letter to show you are working on clearing the second mortgage lien. The Realtor will be contacted to discuss details of the particular account.

Provide the HUD forms listed above or equivalents once the first mortgage lender has signed the Approval to Participate.

Once the property is under contract CHAC will review and if approved will provide a letter for the Lender and Title Company within five days of receiving all of the information required.

CHAC should receive the \$2,500 allowed to secondary lien holders from the sale. In addition the borrowers account at CHAC needs to be current at the time of sale.

Please send all information by fax 303-573-9214 or by e-mail attachment to Linda@coloradohousingassistance.org

Please be sure to provide your contact information (phone, fax, e-mail address)

