

## **NOTICE TO HOMEOWNER: RELEASE OF PERSONAL LIABILITY FOR ASSUMPTIONS OF MORTGAGES CLOSED ON OR AFTER DECEMBER 15, 1989**

### **NOTICE TO HOMEOWNER: Assumption of FHA-Insured Mortgages; Release of Personal Liability**

You are legally obligated to make the monthly payments required by your mortgage (deed of trust) and promissory note.

The U.S. Department of Housing and Urban Development (HUD) has acted to keep investors and non-creditworthy borrowers from acquiring one-to four-family residential properties covered by certain FHA-insured mortgages. There are minor exceptions to the restriction on investors: loans to public agencies and some nonprofit organizations, Indian Tribes or servicepersons; and loans under special mortgage insurance programs for property sold by HUD, rehabilitation loans or refinancing of insured mortgages. Your mortgagee can advise you if you are included in one of these exceptions.

HUD will therefore direct the mortgagee to accelerate this FHA-insured mortgage if all or part of the property is sold or transferred to a borrower or recipient who:

- will not occupy the property as his or her principal residence or HUD-approved secondary residence; or
- does occupy the property but whose credit has not been approved in accordance with HUD requirements.

This policy will apply except for certain sales or transfers where acceleration is prohibited by law.

When a mortgage is accelerated, the entire balance is declared “immediately due and payable.” Because HUD will not approve the sale of the property covered by this mortgage to an investor or to a person whose credit has not been approved, you, the original homeowner, would remain liable for the mortgage debt even though the title to the property might have been transferred to the new borrower.

Even if you sell your home by letting an approved borrower (that is, a creditworthy owner-occupant) assume your mortgage, you are still liable for the mortgage debt unless you obtain a release from liability from your mortgagee. FHA-approved mortgagees have been instructed by HUD to prepare such a release when an original homeowner sells his or her property to a creditworthy borrower who executes an agreement to assume and pay the mortgage debt and thereby agrees to become the substitute borrower. The release is contained in form [HUD-92210.1](#), *Approval of Purchaser and Release of Seller*. You should ask for it if the mortgagee does not provide it to you automatically when you sell your home to a creditworthy owner-occupant borrower who executes an agreement to assume personal liability for the debt. When this form is executed, you are no longer liable for the mortgage debt.

**NOTICE TO HOMEOWNER: RELEASE OF PERSONAL LIABILITY FOR ASSUMPTION OF MORTGAGES CLOSED ON OR AFTER DECEMBER 1, 1986, BUT BEFORE DECEMBER 15, 1989**

**NOTICE TO HOMEOWNER: Assumption of FHA-Insured Mortgages; Release of Personal Liability**

You are legally obligated to make the monthly payments required by your mortgage (deed of trust) and promissory note.

If you sell your home by letting a purchaser assume your mortgage, you are still liable for the mortgage debt unless you obtain a release from liability from your mortgagee. You may obtain a release from liability by (1) making your request for the release in writing; (2) having the credit of your purchaser approved by HUD/FHA or your mortgagee; (3) requesting that the purchaser of your property execute an agreement to assume and pay the mortgage debt thereby agreeing to become the substitute borrower; and (4) having your mortgagee complete form [HUD 92210.1, Approval of Purchaser and Release of Seller](#).

If your mortgage was closed on or after December 1, 1986, but before December 15, 1989, and you sell your property but do not obtain a release from liability, and if the purchaser assumes responsibility for the debt rather than merely taking title subject to the mortgage, then both you and the purchaser of your property will be liable, both individually and jointly, for any default for a period of five years following the date of assumption. After five years, only the purchaser will remain liable unless the mortgage is in default at the time the five-year period expires. If the purchaser takes title subject to the mortgage without assuming personal liability for the debt, you will remain liable for the full term of the loan.

If you wish to pursue being released from liability, you should get in touch with your mortgagee.

Questions concerning your release from liability should be directed to your mortgagee or you should get in touch with the Housing Management Staff of your local HUD Office. Your mortgagee can provide you with the address of the HUD Office that has jurisdiction over your property.