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Good Neighbor Next Door Mortgages

The National Servicing Center (NSC) monitors the servicing of Good Neighbor Next Door (GNND) loans after closing. The Good Neighbor Sales program allows eligible full-time law enforcement officers, teachers, and firefighters/emergency responders to participate. This page describes GNND participant responsibilities according to program regulations.

If you have any questions about your GNND mortgage, please [click here](#) for information about how to contact HUD's Loan Servicing Contractor.

Annual Certifications

When participants purchase properties under the GNND program they agree to own and live in the property for a three-year period as their sole residence. Participants are required to certify every year that they are living in the property.

The annual certification is mailed to participants, ready for signature, around the anniversary of the purchase. Participants should sign, date, and return the form to the address specified in the letter. If they fail to return the first letter, a follow-up letter is sent one month later. At times, their return letter and our follow-up letter cross in the mail. If this happens, participants can either contact our servicer to determine if the first certification was received and logged in or they can sign and return the second certification.

If participants fail to return at least one annual certification per year, NSC refers the case for investigation. An investigator will then make an on-site visit to verify the occupancy of the property. Further, the investigator will ask the participant to sign the annual certification in their presence. In the event that investigation fails to verify occupancy, the participant will be turned over to the Office of Inspector General for further investigation and possible prosecution. To avoid noncompliance, complete and return the annual certification forms promptly and honestly. Falsifying information on this certification is a felony. HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 USC 1001, 1010, 1012 3559, 3571; 31 USC 3729, 3802).

Military Duty

Participants who are called to active military duty are provided clemency in regards to the owner occupancy requirements of the program for the timeframe that they are on active duty. Participants on active military duty are not required to occupy the property and are allowed to rent the property (only while on active duty) if necessary to minimize potential vandalism. However, the NSC needs to be aware of those participants who are on active military duty and are not occupying their property. Participants must notify the NSC according to the [Military Duty Instructions](#). Print out the information and instructions and comply with the instructions so that you will not be referred for investigation during your military duty.

Subordinations

When participants close on their home, they sign a note and a mortgage. The mortgage is filed right after the first (primary) mortgage, making it a second mortgage. When participants pay off their first mortgage (usually done by refinancing), HUD's mortgage moves into first position. If a participant is attempting to refinance their first mortgage, the lender will want its new loan to be in first position. In order to accomplish this, HUD must be willing to subordinate its position to the new first mortgage.

HUD has certain rules and procedures regarding subordinating. The rules are that HUD will consent to refinancing (1) for the purpose of obtaining an FHA 203(k) rehabilitation loan or (2) for the purpose of obtaining a lower mortgage interest rate or change in the term of the loan and (3) to prevent the participant from defaulting on the first mortgage. The 203(k) loan is a rehabilitation loan in which necessary property improvements are financed into a new loan.

The closing (or title) agent handling the closing of the new loan should handle the paperwork and details to obtain the HUD subordination. Participants can refer the closing company to this page or they can print the [Subordination Information](#) sheet and take it to the closing company. Read the linked information then mail or fax the subordination request to [HUD's Loan Servicing Contractor](#).

Pay Offs

If a participant needs to dispose of the property before expiration of the three-year occupancy period (for

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job relocation, family composition changes, or refinance), **HUD's Loan Servicing**

Contractor processes those payoffs. Fax the request for the payoff with the following information: participant's name, full property address, estimated closing date, company requesting the payoff, company address, company telephone number, return fax number, and signed permission of the participant to collect the data. All of this information may be mailed or faxed to **HUD's Loan Servicing Contractor**. Payoff requests are usually processed and faxed out within 2 business days of receipt.

Releases

At the end of the required three-year occupancy period, HUD's second mortgage will be released provided (1) the participant has completed and returned the required annual certifications, (2) is not currently under investigation by the Office of Inspector General, and (3) is in compliance with all GNNND regulations. A mortgage satisfaction will be filed with the participant's local county recorder's office. After the release is filed, a copy will be mailed to the property address. Thereafter, HUD's second mortgage will not show up on the title to your property. After release, there is no further obligation to or restrictions imposed by the Department of Housing and Urban Development. Releases are mailed to the county recorder for filing no later than thirty days after the end of the required occupancy period. However, some counties have a filing backlog, over which HUD has no control.

Releases are prepared and filed by **HUD's Loan Servicing Contractor**.

Comments and Questions