



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

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**Special Attention of:**

All Homeownership Center Directors  
All Real Estate Owned (REO) Directors  
All Management and Marketing Contractors

**Notice:** H 07-07

Issued: November 30, 2007

Expires: November 30, 2008

Cross References: 12 U.S.C. 1701 et seq.; 42 U.S.C.  
1441, 1441a, 1551a, and 3535(d)  
24 CFR Part 291, Subpart F

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**Subject: Good Neighbor Next Door Sales Program—Adoption of Contents for Subordinate Note and Mortgage; Referral of Customers for Servicing Information**

HUD established new regulations establishing the Good Neighbor Next Door Sales program (GNND) at 71 Fed. Reg. 64422–64428 (November 1, 2006), effective on December 1, 2006, replacing the former Officer Next Door Sales program, 24 CFR Part 291, Subpart F, and the Teacher Next Door Sales program, Housing Notice 99-30.

This Notice provides the contents for a subordinate note and mortgage, mandatory for use in sales transactions associated with the GNND program. This Notice also provides requirements and information related to 24 CFR 291.550 as follows:

- The occupancy period of 36 months must begin on the start date referenced at 24 CFR 291.540(b).
- The amount of the second mortgage is reduced by 1/36th (on the last day of each month) of occupancy following the occupancy start date. At the end of the 36th month of occupancy, the amount of the second mortgage will be zero.
- If the GNND program participant sells his home or stops living in the home as his sole residence prior to the expiration of the owner-occupancy term, the amount due on the second mortgage as of the date the property is either sold or vacated will be due and payable.
- Program participants needing pay off amounts, mortgage releases or other servicing information should be referred to:

C&L Service Corp./Morris-Griffin Corp.  
Attn: HUD GNND Department  
2488 E. 81<sup>st</sup> Street, Suite 700  
Tulsa, OK 74137  
(918) 551-5300 or  
(866) 377-8667 (toll free)  
Fax: (866) 249-0626 (toll free)

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[www.hud.gov](http://www.hud.gov)

[espanol.hud.gov](http://espanol.hud.gov)

Attachment A provides the required content for the subject Note.

Attachment B provides the required content for the subject Mortgage.

Closing agents should immediately begin using the contents of the note and mortgage, provided in this Housing Notice for all sales transactions associated with the GNND program.

The above addressees should take immediate steps to inform all parties of interest of this Housing Notice and to insure that GNND closings occur in accordance with this directive.

For additional information, please contact James Everett 202-708-1672.

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Brian D. Montgomery  
Assistant Secretary for Housing-  
Federal Housing Commissioner

Attachments: Attachment A, Department Of Housing And Urban Development, FHA Good Neighbor Next Door Program Note

Attachment B, Department Of Housing And Urban Development, FHA Good Neighbor Next Door Sales Program Second Mortgage