§ 2700.430 Collection.

(a) If a homeowner defaults on an emergency mortgage loan, the servicer shall elect:

(1) To wait while the Department of Justice proceeds against the mortgage securing the emergency mortgage relief loan or attempts to collect on the note, and then to make an accounting and payment to HUD, as provided in § 2700.435, or

(2) To make an accounting and payment, as provided in § 2700.435, without waiting while the Department of Justice proceeds against the mortgage or note.

(b) If pursuant to paragraph (a) of this section, the servicer elects to make an accounting without waiting while the Department of Justice proceeds against the mortgage or note, the servicer at the time of that accounting will have the option of purchasing the emergency loan and underlying mortgage for a price equal to 0.5 times the unpaid principal balance.