



Industry Update

Approximately 1.2 million homes, or 3% of all homes with a mortgage, were in the national foreclosure inventory as of November of 2012 compared to 1.5 million, or 3.5% in November 2011.

The five states with the highest number of completed foreclosures for the 12 months ending in November 2012 were California 102,000, Florida 94,000, Michigan 75,000, Texas 58,000 and Georgia with 52,000. At 10.4% Florida also remains the state with the highest foreclosure inventory as a percentage of all mortgaged homes. It is followed by New Jersey, New York Nevada and Illinois. These numbers are based on a sample of approximately 44 million mortgage loans serviced by mortgage companies, commercial banks, thrifts, credit unions and others.

The national mortgage loan delinquency rate (the ratio of borrowers 60 or more days past due) is projected to decline to 5.06% by the end of 2013 from an estimated 5.32% at the conclusion of 2012 says TransUnion.

At the end of October, homes that went through a foreclosure sale were delinquent an average of 728 days, mortgage tracker Lender Processing Services says. That was up from 497 days two years earlier.

More than 80% of the nation's currently delinquent home loans were originated before 2008.

I am agreeing with economists which expect pent-up demand, estimates at 6.2 million potential buyers, to leak out gradually over the next two to three years, while an improving economy creates new demand for the next three to four years. Those are big pluses.

With this predictions calls a "healing" housing market, one that could boost the nation's Gross Domestic Product by a half percentage point in 2013.

PUTTING THE 'SERVICE' BACK IN MORTGAGE SERVICING No Surprises, No Runarounds!



www.consumerfinance.gov

New Servicer Rules

The Consumer Finance Protection Bureau has issued a final rule that will require all banks and independent servicers to follow the same servicing standards when it comes to assisting troubled homeowners.

“Our rules will provide a fairer and more effective process for troubled borrowers who face the potential loss of their homes,” CFPB director Richard Cordray.

The new comprehensive servicing rule will cover the basic mechanics of servicing when it comes to expectations for error resolution, providing informative billing statements and stop abusive fore-placed insurance practices. Most of the rules focus on those delinquencies. First and perhaps foremost, servicers may not move forward with a foreclosure which simultaneously working with a Homeowner to avoid foreclosure. This “duel tracking” led to thousands of s losing their homes when alternatives were well within reach. The rules also require servicers to look at all foreclosure alternatives, alert Homeowners to those alternatives in writing as well as provide "easy, ongoing access to employees responsible for helping" Homeowners. Servicers may not steer Homeowners to options that are most favorable financially to the servicer.

The rules do not go into effect until January of 2014. "These are mandatory rules, it's now law. People will be obligated to follow them," warned Richard Cordray, CFPB Director.

Time Sensitive Performance

Servicers are required to make early intervention attempts with delinquent Homeowners, establishing live contact by the 36th day of their delinquency. Homeowners will be promptly informed that loss mitigation options may be available and provided written notification of these options by the 45th day of delinquency.

Servicers are required to provide continuous contact with delinquent Homeowners, giving them access to personnel to assist them with loss mitigation options where applicable. Personnel will be assigned to a delinquent Homeowner by the time of the first written early intervention notice but in any case by the 45th day of delinquency.

Servicers are required to follow specified loss mitigation procedures for a mortgage loan secured by a Homeowner's principal residence. If a Homeowner submits an application for loss mitigation the servicer is required to acknowledge receipt in writing within 5 days and inform the Homeowner of any additional information required to complete the application.

For a complete loss mitigation application received more than 37 days before a foreclosure sale, the servicer is required to evaluate the Homeowner, within 30 days, for all loss mitigation, both home retention and non-retention, options for which he may be eligible.

The servicer must provide the Homeowner with a written decision, including an explanation of the reasons for denying the Homeowner a loan modification option and any inputs used to make a net present value calculation if such inputs were the basis for the denial. A Homeowner may appeal a denial of a loan modification program so long as the Homeowner's complete loss mitigation application is received 90 days or more before a scheduled foreclosure sale.

The rule restricts "dual tracking," specifically prohibiting a servicer from making the first notice or filing required for a foreclosure process until a mortgage loan account is more than 120 days delinquent. Even if a Homeowner is more than 120 days delinquent and submits a complete application for a loss mitigation option before the first notice or filing required for a foreclosure process is made a servicer may not start the foreclosure process unless:

- The servicer informs the Homeowner that the Homeowner is not eligible for any loss mitigation option (and any appeal has been exhausted)
- A Homeowner rejects all loss mitigation offers
- Or a Homeowner fails to comply with the terms of a loss mitigation option such as a trial modification

If a Homeowner submits a complete application for a loss mitigation option after the foreclosure process has commenced but more than 37 days before a scheduled foreclosure sale, a servicer may not move for a foreclosure judgment or order of sale, or conduct a foreclosure sale, until one of the three conditions above has been satisfied.

While this section includes an exemption for small servicers (less than 5,000 service loans) they are required to comply with two requirements:

- A small servicer may not make the first notice or filing required for a foreclosure process unless a Homeowner is more than 120 days delinquent and
- A small servicer may not proceed to foreclosure judgment or order of sale, or conduct a foreclosure sale, if a Homeowner is performing pursuant to the terms of a loss mitigation agreement

Short Sales

Real estate professionals must become experts in the short sale arena, short sales are not easy, quick or consistent and they create anxiety for all parties involved. To create the easiest transaction possible, you need to create a way to keep you up-to-date in what is happening during the transaction, direct your client to websites that they can obtain answers to their frequent questions, constantly update your database of short sale guidelines, and along the way obtain certificates through education which will help build your client's confidence in you.

Loss Mitigation

Loss mitigation specialist is responsible for review delinquent mortgage loans and identifying potential solutions for avoiding foreclosure. Loss mitigation specialist gathers information and recommends solutions for completing the appropriate loss mitigation program for each case.

Loss mitigation specialist match information provided with program and compliance requirements for finding appropriate alternatives to foreclosure. Analyzing each case typically involves using software for comparing potential savings produced by loss mitigation alternatives against potential foreclosure costs. (NPV Test) Loss mitigation specialist prepares case recommendations for approval based on their analysis.

Negotiations

After identifying an appropriate solution for preventing a foreclosure, loss mitigation specialist negotiate with s, mortgage insurers and real estate pros as necessary for increasing potential savings to their employers and can negotiate complex or unusual settlement options.



www.fhfa.gov

202-649-3800, FHFAinfo@FHFA.gov

For Consumer Complaints and Questions:
202-649-3811

E-mail: ConsumerHelp@FHFA.gov

The FHFA issued new guidelines aligned to expedite assistance to Homeowners and consolidate existing short sales programs and other foreclosure alternatives (deeds-in-lieu) into one standard short sale program enabling lenders and servicers to quickly and easily qualify eligible Homeowners.

- Servicers must consider Homeowners simultaneously for HAMP, other non-HAMP modifications, HAFA and non-HAFA short sales and deeds-in-lieu of foreclosure as part of a new uniform application process
- Short sales are streamlined if the Homeowner is 90+ days late on their mortgage (no hardship requirements needed)
- A homeowner can qualify for a short sale if they are current on their mortgage payment provided imminent default is likely due to the death, long term illness/disability, divorce, employment relocation/transfer of the Homeowner or co-Homeowner
- Servicers are to respond to submitted short sale package with 30 days of receipt and final decision rendered in 60 days.

Help for America's Homeowners


MAKING HOME AFFORDABLE

Making Home Affordable Supplemental Directive 12-07 – Effective February 1, 2013 – December 31, 2013, the HAFA short sale or DIL must have a transaction closing date on or before September 30, 2014, remains effective.

Making Home Affordable Supplemental Directive and Fannie Mae Announcements have made over 50 changes to the HAFA program since its inception.

In November 2012, the Making Home Affordable Program released policy updates for the Home Affordable Foreclosure Alternatives® (HAFA) Program. While Supplemental Directive 12-07 includes guidelines going into effect in February 2013, policy enhancements designed to better align HAFA guidance with short sale guidance issued by Fannie Mae.

- Use of certain HAFA documents will now be optional rather than mandatory
- Homeowners who request HAFA consideration and are ninety (90) days or more delinquent and have a FICO score that is less than 620, will be deemed to have a “pre-determined” hardship.
- Treasury will now require both the seller (borrower) and purchaser in a HAFA short sale transaction to execute a new HAFA affidavit prior to closing that certifies, among other attestations, that the sale represents an arms-length transaction and that no money is being given or received that is not reflected on the HUD 1 Settlement Statement.
- The time frame for servicers to make a decision on a borrower’s request for HAFA has been shortened to 30 calendar days with written updates every 15 calendar days thereafter
- Treasury is increasing the incentive it will provide for permitting gross proceeds to be used to pay subordinate mortgage liens
- The current prohibition against resale of a property for 90 calendar days following a HAFA closing is being changed to prohibit any resale within 30 calendar days and prohibiting a resale for more 120% of the HAFA short sale price between 31 and 90 calendar days of the HAFA closing
- HAFA documents are posted on HMPadmin.com
- The servicer must notify the homeowner of the servicer’s approval of the sale within 10 business days of receipt of the Offer Documents
- A notice that upon successful closing, the servicer will record a lien release in full satisfaction of the debt



www.fanniemae.com



www.freddiemac.com

New Fannie Mae & Freddie Mac Guidelines for Short Sale/HAFA II

The new program is called HAFA II and is only for GSE portfolio loans and separate from The Department of Treasury program. HAFA II creates some uniform time frames and guidelines which will make the short sale process much smoother

HAFA II – Fannie Mae, Freddie Mac

- HAFA II can allow a homeowner to short sale their home and avoid the long process of foreclosure, if they are not ineligible for other foreclosure alternatives, i.e. refinancing or loan modifications
- HAFA II releases them from deficiency judgments and any future liability for the loss the lender incurs by accepting less than the mortgage amount owed
- Fannie Mae and Freddie Mac will waive the right to pursue deficiency judgments in exchange for a financial contribution when a Homeowner has sufficient income or assets to make cash contributions or sign promissory notes
- Fannie Mae and Freddie Mac will permit a homeowner to sell their home in a short sale even if they are current on their mortgage if they have an eligible hardship
- HAFA II will offer special treatment for military personnel with Permanent Change of Station (PCS) orders
- Servicers will be able to expedite processing a short sale for Homeowners with hardships such as death of a Homeowner or co-Homeowner, divorce, disability, or relocation for a job without any additional approval from Fannie Mae or Freddie Mac

- The new standard short sale program will also provide relief to those underwater Homeowners who need to relocate more than 50 miles for a job or new employment opportunity
- HAFA II may provide Relocation assistance up to \$3000 for eligible Homeowners
- HAFA II may offer 2nd lien-holders up to \$6000 for eligible Homeowners
- Fannie Mae and Freddie Mac gave nine private mortgage insurers the ability to approve short sales and deeds in lieu of foreclosure for distressed home owners without requiring a separate review
- Servicing Streamlined Documentation – No documents or contribution if the Homeowner more than 90 days delinquent and FICO a score <620
- Imminent Default - Occupy the mortgage premises as a primary residence and have a total monthly debt-to-income ratio greater than 55% (Military PCS, Exempt)
- Short Sale Affidavit, Subordinate Lien Releases - All parties to the transaction are required to sign a Short Sale Affidavit and subordinate lien holders must release Homeowners if receiving \$'s from closing
- Foreclosure initiation and suspension requirements when the Servicer is evaluating a Homeowner Response Package with or without a purchase offer

Homeowner Cash Contribution Test and Formula

The servicer must evaluate a Homeowner who is either delinquent or in imminent default for a cash contribution if the Homeowner's cash reserves, including assets such as cash, savings, money market funds, marketable stocks or bonds (excluding retirement accounts), as stated on Form 710 are:

- In excess of the greater of \$10,000; or
- Six times the contractual monthly mortgage loan payment including principal, interest, tax and insurance escrows (PITI). (If the servicer does not escrow for taxes and insurance, it must estimate the Homeowner's monthly tax and insurance premium amounts).
- If a Homeowner has cash reserves of more than \$50,000, the servicer must request written approval from Fannie Mae for the contribution amount

If the servicer determines that the Homeowner has the capacity to make cash contribution, the servicer must initially request a contribution of 20% of the Homeowner's cash reserves, not to exceed the deficiency.

If a Homeowner who is greater than 30 days delinquent is either unwilling or unable to contribute 20% of their cash reserves, the servicer may negotiate a lower cash contribution

Promissory Note Test and Formula

The servicer must evaluate a Homeowner for a promissory note if the Homeowner's future debt-to-income ratio ("back-end ratio") is less than 55%. The servicer must calculate the Homeowner's debt-to-income ratio based on the Homeowner's future housing expense.

NOTE: The Homeowner's future housing expense, if not known, will be estimated at 75% of the Homeowner's current contractual monthly mortgage loan payment including principal, interest, and tax and insurance escrows. If the servicer does not escrow for taxes and insurance, the servicer must estimate the Homeowner's monthly tax and insurance escrow payment.

Terms

If an evaluation has been triggered and the servicer determines that the Homeowner has capacity to make a promissory note contribution, the servicer must initially request a five- or ten-year term promissory note with a monthly payment of no more than one-half of the difference between the Homeowner’s future total monthly debt-to-income ratio and 55%.

The resulting promissory note payment should be affordable and result in a future total monthly debt ratio under 55%. The monthly promissory note payment must be rounded to the nearest dollar.

$$\text{Initial Monthly Promissory Note Payment} = (55\% - \text{future total monthly debt ratio})/2 \times \text{Gross Monthly Income}$$

- The promissory note balance is the final negotiated monthly promissory note payment multiplied by the negotiated term (60 months or 120 months), not to exceed the deficiency amount
- The promissory note must have a note rate of 0%
- A promissory note is not required if the promissory note balance would be less than \$5,000

$$\text{Promissory Note Balance} = \text{Monthly Promissory Note Payment} \times \text{Promissory Note Term}$$

Promissory Note Example

Initial Monthly Promissory Note Payment	(55% - 49%)/2 X \$4,000 = \$120
Promissory Note Balance	\$120 X 60 months = \$7,200

If a Homeowner is either unwilling or unable to agree to a monthly promissory note payment based on the calculation above, the servicer may negotiate a lower amount, but must provide an explanation in the mortgage loan servicing file of the specific circumstance that limited the Homeowner’s ability to make a contribution.

To Apply for the New HAFA II Program

- The homeowner must contact their servicer and tell them they wish to participate in the HAFA II program
- Within 10 days, the servicer must acknowledge receipt of the request
- A property value assessment will be ordered by the servicer
- The servicer must notify the of an approval, disapproval or counter offer within 30 days of receiving the request for approval and the paperwork required to secure an approval

Servicers are required to review and respond to short sales within 30 days of receipt of a short sale offer; they must provide weekly status updates to the Homeowner if the offer is still under review after 30 days, and they must make and communicate final decisions to the Homeowner within 60 days of receipt of the offer and complete Homeowner response package. These Homeowners will not be eligible for a new mortgage backed by Fannie Mae or Freddie Mac for at least two years after a short sale.

Acceptable Short Sale Transaction Costs

The servicer must specify in the list price guidance communication the types of transaction costs that may be deducted from the contract sales price.

Allowable transaction costs typically include:

- Real estate sales commission customary for the market, which must not exceed 6% of the sales price of the property
- Real estate taxes and other assessments prorated to the date of closing
- Typical and customary local and state transfer taxes and stamps
- Title and settlement charges typically paid by the seller
- Seller's attorney fees for settlement services typically provided by a title or escrow company
- Wood-destroying pest inspections and treatment, when required by local law or custom
- HOA fees that are past due, if applicable

Any buyer closing costs typically paid by the seller must be usual and customary for the local market.

NOTE: Closing of short sales may not be conditioned upon a reduction of the total commission to be paid to real estate agents to a level below what was negotiated by the listing agent with the Homeowner, unless the fee exceeds 6% of the sales price of the property in aggregate

Unacceptable Short Sale Transaction Costs

- Fees paid to a third party to negotiate a short sale with the servicer (commonly referred to as “short sale negotiation fees” or “short sale processing fees”) must not be deducted from the sales proceeds or charged to the Homeowner. Additionally, the servicer, its agents, or any outsourcing firm it employs must not charge (either directly or indirectly) any outsourcing fee, short sale negotiation fee, or similar fee in connection with any Fannie Mae loan
- Real estate sales commission paid to the Homeowner or the purchaser
- Buyer's discount points or mortgage loan origination costs

Title Transfer Requirement Change

The buyer is prohibited from selling the property for any sales price for a period of 30 days from the date of the deed. After a 30 day period, and until 90 days from the date of the deed, the buyer is further prohibited from selling the property for a sales price greater than 120% of the short sale price.

NOTE: The above restrictions will run with the land and are not personal to the grantee.

Below is an example on how to calculate the 120%:

- Purchase Price is \$100,000.00
- 120% of the purchase price would be
- $\$100,000.00 \times 1.2 = \$120,000.00$

Relocation Assistance

The Homeowner may be entitled to an incentive payment of \$3,000 from Fannie Mae / Freddie Mac to assist with relocation expenses following successful completion of a short sale unless:

- The Homeowner is required to contribute funds or execute a promissory note
- The Homeowner has Permanent Change of Station (PCS) orders and receives a Dislocation Allowance (DLA) or other government relocation assistance

- The servicer has knowledge that the Homeowner is receiving relocation assistance from another source other than the servicer

Note: If the Homeowner receives relocation assistance from a source other than Fannie Mae / Freddie Mac or the Servicer, the difference in the relocation assistance amount up to the \$3,000 incentive maximum may be provided. If the Homeowner will receive relocation assistance from a source other than Fannie Mae / Freddie Mac or the Servicer and the amount is equal to or greater than \$3,000, no relocation incentive will be provided.

Postponement of Foreclosure Proceedings

Requires that if a servicer makes an offer for a foreclosure prevention alternative when a mortgage loan that is equal to or less than 12 months delinquent to the Homeowner in:

- Judicial Jurisdictions — the servicer must continue to delay the Motion for Judgment (or equivalent action although defined differently in various jurisdictions) for up to 14 days for the Homeowner to respond.
- Non-judicial Jurisdictions — the servicer must delay the next legal action for up to 14 days for the Homeowner to respond.

The servicer should continue to delay the foreclosure process for 14 days for the Homeowner to respond if a retention offer is extended to the Homeowner. The Homeowner Response Package must be complete before any legal action may be postponed, except if an offer for a short sale has been made based upon Streamlined Documentation. If the servicer approves a short sale purchase offer with a complete Homeowner Response Package (or other acceptable documentation under the Streamlined Documentation Requirements), it must suspend the foreclosure sale to allow the short sale to close as permitted under state or local law.

Making Home Affordable – Contact Your Mortgage Company

- <http://www.makinghomeaffordable.gov/get-assistance/contact-mortgage/Pages/default.aspx>

Payment Reduction Estimator

- <http://www.makinghomeaffordable.gov/get-assistance/payment-reduction/Pages/default.aspx>

Loan Lookup and Other Resources

Determine type of first lien - Fannie Mae or Freddie Mac and servicer to check their participation in short sale programs. You will need the last four digits of the Homeowner's social security number (and Homeowner's permission) to search loans. Use the following links:

- **Fannie Mae Loan Lookup:** www.fanniemae.com/loanlookup or call 800-732-6643
- **Freddie Mac Loan Lookup:** www.freddiemac.com/mymortgage or call 800-373-3343
- **Servicer Lookup:** www.makinghomeaffordable.gov/contact_servicer.html
- **Service Members** can call 877-614-4566 or 800-373-3343
- Freddie Mac Standard Short Sale Fact Sheet for Realtors - http://www.freddiemac.com/singlefamily/pdf/ss_realtor.pdf
- Fannie Servicing Guide Announcement Links - <http://www.efanniemae.com/sf/guides/ssg/annltrs/pdf/2012/svc1219.pdf>

- Fannie Mae Response Time Line Announcement - <https://www.efanniemae.com/sf/guides/ssg/annltrs/pdf/2012/svc1207.pdf>
- Request the minimum net proceeds from Freddie Mac by sending an email to: shortsales@freddiemac.com with the following information: the Freddie Mac loan number, Servicer name, Servicer loan number and contact information



www.equator.com

The Equator Short Sale Processing System – Create an Account

- <https://www.equator.com/home/index.cfm/solutions/real-estate-agents>
- Create an account - <https://www.equator.com/index.cfm?event=agentReg.regAgentEmail>

The Equator Short Sale Processing System – The Equator system gives you:

- The ability to initiate a short sale early in the process, even before there's an offer on the property.
- 24/7 access to check file status
- Two-way secure messaging with your short sale specialist or your closing officer.
- Communication Log of all messaging
- Document upload – upload PDF files and JPG images
- Ability to escalate issues to your short sale specialist's manager
- Automated processing – Equator keeps you updated on tasks awaiting completion, and the due date and status of all offers submitted
- FHA and VA files cannot be processed in Equator at this time. To initiate an FHA short sale, they must work with their assigned customer relationship manager (CRM). If no CRM is assigned, they can initiate by calling the Help Line 800-669-6650.
- To initiate a VA short sale, contact Short Sale Customer/Agent Care at 866-880-1232

Equator

- Equator technical support: 310-469-9167
- Email: agenthelp@equator.com
Call for status: 866-903-1053 – Monday through Saturday



<http://reo.wellsfargo.com/agent-info/short-sale.aspx>
Short Sale Team 866-903-1053

- Log into Equator www.equator.com or you can choose the “Initiate Short Sale” link to begin the process or faxes the complete short sale package to 1-866-969-0103, Attn. Setup
- Short sale approval is good for 30-45 days depending on the investor
- Commission varies. Dual agency relationships; read the instructions

- Must be an arm's length transaction
- Buyer must agree not to sell within 90 calendar days from the date of purchase
- The PMI may require an unsecured note for some or all of the difference between the net proceeds from the sale and the total amount due
- Please note foreclosures run in conjunction with short sales and short sale approval does not automatically or guarantee the postponement of a foreclosure sale.



- http://homeloanhelp.bankofamerica.com/en/short-sale.html?cm_mmc=Cre-GeneralServicing_-Google-PS_-Short%20Sale_-Site%20Link
- 866-880-1232
- Mastering the Equator Short Sale Processing - https://agentresources.bankofamerica.com/content/document/ss_understandthedashboard.pdf
- Preapproved Price Short Sale HAFA
- Preapproved Price Short Sale FHA
- Preapproved Price Short Sale Cooperative Short Sale Program - your loan is secured by a participating investor (a third party that has ownership of the loan)
- Homeowners who participate in one of these preapproved price short sale programs, may be eligible to receive \$2,500 - \$30,000 in relocation assistance. An FHA short sale you may be eligible for up to \$1,000 in relocation assistance
- Short Sale Professional locator – Agents who have worked with Bank of American short sales - <http://agentlocator.bankofamerica.com>
- There is no real application per say, but go to your local branch and speak to the loan rep and let them know who you are and if they have s that are denied loan mods, they you could be of service... give some face time and you may get some referrals.
- Equator - https://agentresources.bankofamerica.com/content/document/ss_understandthedashboard.pdf

Bank of America has refined the process for settling valuation disputes during a short sale.

The value of a property is established by independent third-party vendors shortly after a short sale is initiated. Occasionally, however, a listing agent may wish to contest that value.

Process Steps

- Tell your short sale specialist that you would like a reconsideration of the value
- You will receive an investor-specific, easy-to-complete form from your short sale specialist that specifies all requirements for a successful value dispute
- Fill out the form and attach specified evidence
- Stay in touch with your short sale specialist for results
- Expect a value dispute review within 10-12 business days once all required information has been received



In order for Chase to evaluate your Short Sale request, you must complete the packet, sign in all the required places and fax or mail it to Chase with the required documentation.

- https://www.chase.com/chf/mortgage/hrm_shortsale
- Short Sale Information Packet - https://www.chase.com/chf/mortgage/hrm_shortsaleinfo
- Short Sale Supplemental Information Packet
<https://www.chase.com/ccpmweb/chf/document/ChaseShortSaleSup.pdf>
- If you are current and want to refinance - <https://www.chase.com/online/Home-Lending/mortgage-options.htm>

Priority Partner

Chase has initiated the Real Estate Agent Referral Program through which the names of three qualified agents are provided to s considering the short sale of their property. To be considered for the Chase Real Estate Agent Referral Program you must:

- Be a Chase Priority Partner real estate agent
- Have a valid state real estate license for at least two years
- Have experience with closing at least three short sale listings in the past year
- Have errors and omissions/professional liability insurance coverage for at least \$500,000 per claim
- Have relevant short sale training from one of the following sources, i.e. CDPE (Certified Distressed Property Expert), National Association of Realtors' SFR (Short Sale & Foreclosure Resource), Equator's Short Sale Certification Program, Five Star Institute's Short Sale Certification Program
- Be able to access and use Equator's software platform
- Attend Chase short sale processing training

Contact your local Chase loan officer to begin the application process.

- <https://www.chase.com/online/Mortgage/loan-officer-search.htm>



Citigroup – 866-272-4749

<https://www.citimortgage.com/Mortgage/displayAssistance.do?page=foreclosure>

- Hafa Matrix
https://www.citimortgage.com/Mortgage/pdf/CitiMortgage_Home_Affordable_Foreclosure_Alternative_Matrix.pdf
- Complete the support forms online
- Documents needed: Other loan information such as payments and balances of 2nd mortgages, automobiles or student loans
- Copies of the two (2) most recent pay stubs indicating year-to-date earnings
- Most recent personal checking, savings, money market, mutual funds, stock and bond statements.
- Current property tax and insurance statements

- Homeowner's Insurance Policy Declaration page
- If you are self-employed or an independent contractor, your most recent Quarterly or Year-to-Date Profit/Loss statement
- Email: shortsaledocuments@citi.com

Non-bank Servicers

Banks are licking their wounds from the mortgage market...and are creating great opportunities for nonbanks to step in and pick up the pieces. Special servicers have always been out there, but they certainly got a new lease on life as a result of the subprime meltdown.

The nation's five largest banks service about half of all mortgages, but recently they have been selling those servicing rights to so-called "specialty services," like Ocwen, Nationstar and Walter Investment Management Corp. whose stocks have been soaring. These companies specialize in delinquent mortgages.

Amid expectations that mainstream lenders will continue to sell their servicing portfolios this year plus JPMorgan Chase Bank is set to acquire \$70.0 billion in agency MSR's from MetLife.

Let's review Ocwen Financial, Nationstar Mortgage and Walter Investment Management.



<http://www.ocwen.com>

Ocwen – servicing for Citi Mortgage, ResCap/Ally - Ocwen is currently the largest independent servicer with \$5.4 billion in assets. Revenue at Ocwen rose to \$211 million in the second quarter last year and about double the year earlier, as it bought servicing rights from JPMorgan Chase & Co. and sub-contracted with other institutions to handle their most troubled loans.

- Fax for Third Party Authorization 407-737-6300
- Fax for SS Package to Home Retention Department 407-737-5071 or ss@ocwen.com
- Contact the short sale department – 800-746-2936 option 4 , option 9
- Short Sale Direct Line 877-596-8580 other home retention department 877-596-8580
- Kathy Robinson, 561-682-8395, Kathleen.robinson@ocwen.com
- Closing cost cannot exceed 4% of the contract sales price



www.nationstarmtg.com

Nationstar Mortgage LLC is based in Dallas, TX and has signed an agreement to acquire \$215 billion in residential mortgage servicing rights from Bank of America.

Approximately 47% of the servicing portfolio, as measured by UPB, consists of loans that are owned, insured or guaranteed by Fannie Mae, Freddie Mac, and Ginnie Mae, with approximately 53% of the portfolio consisting of loans in private-label securitizations. Their current unpaid balance is over \$425 billion across the US.

1/7/13 Nationstar announces acquisition of \$215 billion in servicing assets from BofA. 2.5 million of customers, majority owned by Fortress Investment Group LLC, wins, has said it was aiming to be the largest non-bank residential loan servicer by the end of 2012. It added servicing on \$93.3 billion in loans in the second quarter, including acquisitions from Bank of America Corp. and Aurora Bank FSB, a unit of defunct Lehman Brothers Holdings Inc., which accounted for more than \$60 billion.

The company's servicing portfolio stood at \$193 billion at the end of June, Nationstar said in an Aug. 14, 2012 statement.

- <https://www.nationstarmtg.com>
- Uses Equator
- 877-343-6386
- Short Sale Department 888-811-5281, Fax; 972-966-4530
- Fannie Mae Loans 866-312-2432, Fax: 972-459-1611
- <https://www.nationstarmtg.com/CustomerCenter/BestOption.aspx>
- <https://www.nationstarmtg.com/Assistance/#overview>
- specialservicing@nationstarmail.com

Walter Investment Management – Green Tree Credit Solutions

Walter Investment Management Corp. is an asset manager, mortgage servicer and originator focused on finding solutions for consumers and credit owners. Based in Tampa, Fla., the Company has over 2,900 employees and services a diverse loan portfolio. Over their 50-plus-year history, they have pioneered a disciplined approach to underwriting, coupled with a high-touch servicing platform. They announced January 7, 2013 a definitive agreement to acquire the residential mortgage servicing platform, including certain servicing related technology assets, of MetLife Bank, N.A. located in Irving, Texas.

- <http://www.greentreecreditsolutions.com>
- <http://www.gt servicing.com>
- Send e-mail to firstname.initial.lastname@greentreecreditsolutions.com
- 877-816-9125 option 2, Short Sale Alternate 800-474-3918
- Recovery Department 800-643-0202
- Authorization Fax 866-870-9919
- Corporate compliance department – 800-839-9188 Fax: 866-210-6192

Mortgage Forgiveness Debt Relief Act 2007

The Mortgage Forgiveness Debt Relief Act is being extended through 2013. The maximum amount that can be treated as qualified principal mortgage debt under the act is \$2 million, or \$1 million if married filing separately. Second mortgages are eligible if they were used for home improvements.

Other real estate-related provisions in the bill:

- Deduction for mortgage insurance premiums for filers making less than \$110,000 is extended through 2013 and made retroactive to cover 2012

- Fifteen-year straight-line cost recovery for qualified leasehold improvements on commercial properties is extended through 2013 and made retroactive to cover 2012
- The 10 percent tax credit (up to \$500) for energy improvements to existing homes is extended through 2013 and made retroactive to cover 2012

Policies, Procedures and Issues to Be Aware Of In Your Short Sale Transaction

- Buyer prequalification loan application with local short sale lender may be required
- Appraisal expiration
- Bank statements, pay stub, tax return not updated in the system
- The lender may require data entry online submission at their website or require Equator
- The lender will now provide a value dispute procedure
- If the short sale is decline, you may receive a “debt settlement” offer in the mail
- Requirement for an unsecured note that will be sold to a debt collector or attorney for collection
- Servicers must provide alternative remedies to a foreclosure
- Your CMA may not be allowed only BPOs and appraisal from a third party
- Some servicers will not approve an appraisal provided by the buyer or seller
- The actual investor may counter offer your short sale offer after it has been approved by the servicer. Buyer now will have to pay for an appraisal.
- You may have to include Uniform Borrower Assistance Fannie Mae/Freddie Form 170
- When requesting a short sale decline review, include the Form 170 and 170a. Tips listed below
- Verify if the loan has LPMI (Lender Paid Mortgage Insurance)
- The first and/or second mortgage may require a payment during the short sale process if the loan reaches 180 days to remain in the approval process. When a loan gets to a certain delinquency it may go into a “charge off status” which can change everything.
- It is the agents responsibility to obtain and submit a payoff statement from the second lien company, tax liens, HOAs and second mortgage
- Utility Bills – Property’s that are no longer owner occupied, but that were owner occupied in the last 12 months, submit utility bills that reflect the property was owner occupied at some point in the last 12 months.

Tips - Uniform Homeowner Assistance Form (710, 710a)

You will receive instructions on how to submit all the forms from your servicer.

- On the top of page 3, you’ll find the date the hardship began. This is a very important date that must be filled out. Don’t rush through this form, be certain that all information is accurate and complete. Failure to do so may result in the lender sending back the entire document to be completed a second time.
- Other Household Income – If you enter a value for “Other Household Income” on page 2 of the 710 form, please include a letter of explanation (LOE) with detailed accounting.
- Other Household Expenses – If you enter a value for “Other Household Expenses” on page 2 of the 710 form, please include a letter of explanation (LOE) with detailed accounting.
- Other Household Expenses – If you enter a value for “Other Household Assets” on page 2 of the 710 form, please include a letter of explanation (LOE) with detailed accounting.

Tips – Tax Returns or Transcripts - If you are employed or unemployed:

- Most recent tax return signed and dated along with all schedules. Schedules are additional IRS forms that are required in addition to your tax return based on your unique circumstances. If schedules are not included then the lender may return the package as incomplete.

If you are Self-Employed

- Most recent (2) years personal & business tax returns signed & dated along with all schedules. If business taxes are not filed, then a signed and dated letter of explanation (LOE) is required.
- If tax return(s) is/are not available due to a file extension, then proof of the file extension is required.
- If taxes are not filed, then a signed letter of explanation (LOE) and proof of extension is required.

Tips on Providing Tax Returns and Schedules - Many of these shown below are for self-employed s:

- Tax returns and transcripts should always be signed and dated even if they were prepared by a third party.
- If you have itemized deductions then attach Schedule A.
- If you have interest and ordinary dividends that exceed \$1500 then attached Schedule B.
- If you are self-employed then attach a Schedule C.
- If you report Capital Gains & Losses then attach Schedule D.
- If you report Supplemental Income and Loss then attach Schedule E.
- If you report Estimated Tax for Individuals then attach Schedule ES.
- If you report Earned Income Credits attach Schedule EIC.
- If you report P&L from Farming then attach Schedule F.
- If you report Household Employment Taxes then attach Schedule H.
- If you report Income Averaging for Fisherman & Farmer then attach Schedule J.
- If you report Shareholder Income, Deductions & Credits then attach Schedule K1.
- If you report Standard Deductions in 2010 tax year then attach Schedule L.
- If you report 'Making Work Pay' in 2010 tax year then attach Schedule M.
- If you report Foreign Operations of US Corporations in 2011 tax year then attach Schedule N.
- If you report Self-Employment Tax then attach Schedule SE.
- Schedules can be found at <http://www.irs.gov> website.

Proof of Income

Must cover a minimum period of 30 consecutive days and show year-to-date (YTD) earnings.

If you are Employed

Provide a copy of consecutive pay stubs covering the last 30 day period showing YTD earnings

- Verify deposits appear in bank statements (circle or notate deposits)
- If paystubs do not have YTD earnings then a signed/dated letter of explanation (LOE) is needed from your employer stating YTD earnings as well as a W-2.
- If paystubs are handwritten, then attach paystubs covering a 60 day period (consecutive)

If you are Unemployed

- Evidence of the amount, frequency & duration of benefits (award letter).

If you are Self-employed

Current YTD Profit and Loss (P&L) statement signed and dated along with previous YTD P&L statement signed and dated. Please indicate business name, date range, gross income, expenses a net income. If business is no longer solvent, then provide signed and dated letter of explanation (LOE) noting cause for dissolution of business.

Bank Statements

(ALL PAGES) – must submit detailed bank statements, consecutive & all pages for each open account.

When printing reports from your bank’s website, be sure to determine whether you are printing an Activity Report or a Monthly Bank Statement. A Monthly Bank Statement is acceptable. Activity reports are a summary and will not be accepted.

Note: Include all pages of your bank statement. For example, if your bank statement has 4 pages and the last page is blank or contains no meaningful information, please include it anyway.

If you are Employed/Unemployed

- Provide last two months of bank statements

If you are Self-employed

Please provide the last 4 months business and personal. Homeowner must provide letter of explanation (LOE) if there isn’t a business bank account.

- Accounts (retirement, 401k, IRA, etc.) – (1) month statement is requested
- Letter of Explanation (LOE) is needed for random deposits or unique situations (ex. Large undefined deposits)

Complete the Dodd-Frank Certification Form

Current Utility Bill

Most current utility bills for sewer/water/or electricity from the last 30 days. Utility bill must include name and address for occupancy verification.

- Be sure the utility bill you are providing is the most recent.
- The utility bill must include the Homeowner’s name and property address on the mortgage.
- If the name on the utility bill is not the Homeowner’s name, even if it’s a spouse, then provide a letter of explanation

Current s Association Bill or Statement

Detailed Monthly Expense – Budget with Gross Income Signed and Dated

In the top section “Summary” the values reported on the right side of the form are ‘Gross’ values. For example, Gross Income is income before taxes are taken out. By contrast, ‘Net Income’ is the amount of income after income taxes have been taken out.

Contribution Income

Signed and dated letter of explanation (LOE) (including contributor name, relationship to the Homeowner, amount of contribution, if the contributor lives in the home.) as well as paystubs from contributor for the last 30 days. Notate within (2) most recent bank statements the deposits for the contribution income. (Circle or notate deposits)

Tips on Completing

The next section asks about Rental Income. Contribution income is income that the Homeowner receives that can be shown to reasonably continue in the future.

Rental Income - Please include the following:

- Copies of the most recent filed federal tax returns including all schedules, as well as Schedule E.
- A lease agreement along with the (2) most recent bank statements evidencing rental payment is required. Rental deposits must appear within each bank account.

Child Support and Divorce

Homeowner is not required to disclose Child Support, Alimony or Separation Maintenance income unless the Homeowner chooses to have such income considered by the servicer. The Homeowner is required to provide documentation evidencing the disclosed income in cases where such income exceeds 20% of the total reported household income.

- Copies of the divorce decree/separation agreement filed with a court; OR a court decree that provides for payment of alimony or child support and states the amount of the award and period over which it will be received, and
- Evidence of receipt of payment, such as copies of the two most recent consecutive bank statements or deposit advices showing deposit amount.
- If applicable, provide a quit claim deed.
- Include Court documentation

Benefit Income

Note: Homeowner is not required to disclose Child Support, Alimony or Separation Maintenance income unless the Homeowner chooses to have such income considered by the servicer. The Homeowner is required to provide documentation evidencing the disclosed income in cases where such income exceeds 20% of the total reported household income.

- Evidence of the amount and frequency of the benefits, such as letter, exhibits, a disability policy of benefits statement from the provider (e.g. social security, disability, death benefits, pension, public assistance, adoption assistance)
- Receipt of payment, such as copies of the two most recent bank statements or deposit advices showing deposit amounts.

Additional Resources

- www.makinghomeaffordable.gov/contact_servicer.html (List of Servicers Non-GSE)
- www.financialstability.gov (Servicer Performance Report)
- www.hmpadmin.com (For Servicers and Professionals)
- www.freddiemac.com/mymortgage (Freddie Mac)
- www.fanniemae.com/loanlookup (Fannie Mae)
- www.makinghomeaffordable.gov (For Consumers)
- www.CheckMyNPV.com (For Consumers)
- www.hud.gov (Monthly Scorecard) www.bls.gov (Dept. of Labor)
- www.makinghomeaffordable.gov/programs/unemployed-help/Pages/hhf.aspx (Hardest Hit Fund-Unemployed Loan Program)
- www.FreddieMac.com
- www.knowyouroptions.com (For Consumer Fannie Mae)
- www.myfico.com (credit)
- www.dsnews.com
- www.irs.gov (For Consumer)

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