Acknowledgement of Receipt (Realtor™ copy)

It is important that the Realtor™ with you today has taken the proper care to go through the accompanying DVD with you, answered any questions you have/had, and given you the DVD and this manual for you to refer to as needed.

Please acknowledge, by initialing the Chapter boxes below, then sign the acknowledgement that you have indeed viewed the DVD to your satisfaction, and been given the DVD and this Homeowner Manual to keep.

- ☐ Door 1: Keeping your home
- ☐ Door 2: Deed In Lieu of foreclosure
- ☐ Hope, priorities and embarrassment
- ☐ Door 2: Short Sale & DiL- Details
- ☐ Door 3: Foreclosure – Details
- ☐ Door 2: Short Sale Option
- ☐ Door 3: Foreclosure
- ☐ Door 1: Keeping your home - Details
- ☐ Door 2: HAFA
- ☐ Issues, Decisions and Choices

We have provided two copies of this page; one for you and one for the Realtor™ with you.

Date:______________________________________

Acknowledged by Borrower:____

Acknowledged by Co-Borrower:____

Printed Name (s): ____

Property Address: ____

Material provided by:

Realtor's Name: ____

Representing: ____ Printed Brokerage Name

State License Number: __________________________________, State: ________________

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Acknowledged by:____

Printed Name: ____

Property Address: ____

Material provided by:

Realtor's Name: ____

Representing: _______________________________________ Printed Company Name

State License Number: _______________________________

Table of Contents

Important Disclaimers

1. This informational DVD and Homeowner Manual provide general information its creators believe is helpful for borrowers experiencing trouble keeping up with their mortgage payment due to financial hardship. This information has not been prepared by a lawyer, tax accountant, or financial advisor. ***Therefore, nothing in this DVD or Homeowner manual should be viewed as financial, legal, or tax advice.***

2. This DVD and Homeowner Manual or the individuals presenting information in the DVD do not represent your specific lender and are not describing programs specifically offered by your loan servicer or lender. As a result, this DVD may not include all options actually available or offered to you by your loan servicer and/or lender. The options described are options generally available to distressed borrowers, which you should be aware of so you can ask the right questions and make the right decision for yourself and your family. ***For information on actual programs and/or options offered by your loan servicer or lender, please call them directly.***

3. The DVD and Homeowner Manual content is believed to be accurate as of October 2010. However, no guarantees are made about the accuracy of the materials. This is an educational DVD and Manual which should not be relied upon solely in making your decisions. ***We recommend you talk to your loan servicer and/or lender, conduct your own research, and consult with your legal, financial and tax advisors in making your decisions.***

4. Refinance programs potentially available for distressed and/or defaulted consumers are not explicitly addressed in this DVD or manual as a result of the limited success of such programs (i.e., very low number of transactions closed) as of the date of the creation of this DVD and manual. ***If you would like to understand any refinance options available to you, please contact your loan servicer and/or investor directly.***

Introduction

Distressed borrower definition

A **distressed borrower** is someone who is unable to fully repay their mortgage due to financial difficulties. These difficulties are created by personal circumstance; or what the mortgage companies refer to as financial hardship such as job loss, reduced income or an unforeseen large medical expense.

Distressed borrowers must typically provide documentation regarding their financial situation and hardship to qualify for the best foreclosure alternative program options.

Realtor™ providing you informational DVD and Homeowner Manual

The Realtor™ providing you this DVD and Manual is not an agent of the bank who owns or administers your mortgage. The Realtor™ purpose is to help you make the best decision for yourself and your family. The Realtor's wants and needs, the bank's wants and needs are not what are important at this moment. Only your wants and needs matter here.

This Realtor™ has taken the time to become educated on the decision making process borrowers in distress need to go through in order to move forward as well as understanding the government programs available to help them.

The Realtor™ will only get compensated if you decide a short sale is an option you would like to pursue and they successfully help you market, list, and sell your home as a short sale. You should not be asked for any out of pocket or upfront cash – this DVD and Manual should be free for you regardless of which option you decide to pursue.

Your Options

Door #1: Keep your Home

Keeping your home also means keeping your debt. Keeping your home and continuing your debt can be an option for borrowers who want to keep their home and who qualify for a home retention program. In other words, you can keep your home if you want to keep your home and your lender determines that you can afford to keep your home on terms acceptable to whoever owns your loan. The type of program available depends on whether the financial issues that resulted in you falling behind on your mortgage payments are short term – that is, likely to be resolved within 6 months or so – or long term. There are two broad alternatives to consider if you can afford to keep your home:

Forbearance or Repayment Plan:

In some cases if the nature of your financial problem is short term, a short term situation specific plan is offered to provide you financial relief while you are getting your feet back on the ground. A key to remember here is that that will not be a permanent change to the terms of your mortgage loan.

A forbearance plan temporarily puts your monthly payments on hold or reduces the payment for a specified period of time.

Once the short term financial issue is resolved, a **repayment plan** spreads the past due amount over several months to allow you to catch up.

Let's talk about a specific example to help you better understand. In this example, the lender offers a short term forbearance solution to be implemented allowing a homeowner to make half their usual loan payment for six months and offers a repayment plan allowing the homeowner to make up the short payments from the first six months in the following twelve months. The first six months of lower payments is forbearance and the following twelve months of higher payments is a repayment plan.

Loan modification:

A loan modification is a permanent change to your loan terms agreed to by your mortgage company, so that you can permanently afford your loan payments. This is typically achieved by one or more of the following:

- Reducing the interest rate on your loan
- By extending the term on your loan (for example, from thirty to forty years)
- By delaying payments on a portion of your loan (typically called principal forbearance)
- In some cases, actually forgiving a portion of your loan (called principal forgiveness).

The home retention program approval process

For home retention programs, there are typically at least two phases of evaluation of your home and current financial circumstances before a final decision can be made.

- **Eligibility**: First your lender will determine whether you are **eligible** for a home retention program.

- **Qualification**: If you are eligible, the lender typically requires detailed financial information to determine if you **qualify** for the program.

Both eligibility and qualification must be present for you to actually receive a home retention solution.

Home Retention Decision Considerations

In considering whether a loan modification is right for you and your family, we recommend you ask and answer the following questions at a minimum – in addition to any other factors you consider relevant – before choosing this option:

1. **Type of program**: Do you qualify for a government program such as the Home Affordable Modification Program, or a non-government program?

2. **Affordability**: If you qualify, can you afford the mortgage payment offered to you?

3. **Continuing debt obligations**: What is the total debt on your modified loan, and is there any principal forbearance or principal forgiveness involved? When is your debt due to be paid back? This is an especially important consideration for distressed borrowers whose homes are worth less than the loans on their home.

4. **Interest rate and terms**: What is the interest rate on your modified loan? How and when can it increase, and by how much?

5. **Loan amortization term**: What is the amortization term on your modified loan and was it extended?

Beware of scams.

Legitimate home retention program assistance is available free of cost for distressed borrowers through your loan servicer and/or through HUD approved consumer counseling agencies located throughout the nation. You should also not be asked to deed over your property to anyone other than the Bank, or send payments to anyone other than your Bank. There have been a number of scams and significant fraud related to this issue, so this is important information for you to know.

Door #2: Giving back your home voluntarily

If you can't afford your monthly payments, have a longer term financial hardship, and are willing to voluntarily leave your home, there are two alternatives that might be available for you: **short sale** or **deed-in-lieu of foreclosure**.

The potential benefits of choosing a foreclosure alternative such as short sale or deed-in-lieu of foreclosure are:

You avoid foreclosure and the emotional and family distress associated with going through that experience

You may be eligible to borrow to own a home again in as soon as 2 years based on current Fannie Mae and Freddie Mac lending guidelines

You decide when and how you leave your home, not the lender. You should typically still have at least 4 to 6 months after choosing a foreclosure alternative to leave your home

You may receive financial assistance to help you relocate to more affordable housing

SHORT SALE

The main foreclosure alternative available to most distressed borrowers is 'short selling' your home. A short sale is defined as the sale of your home to an interested buyer for less than the balance due to the mortgage company. Once the sale is complete, you must generally move out of the home.

In many but not all cases, the loan holders forgive the "short" amount of the debt – the difference between what you owed and what was paid back. This is a very important aspect to understand about short sales. If you decide to pursue a short sale, you are advised to understand the debt forgiveness terms offered to you and to *consult your tax professional for consequences related to your specific situation.*

Your mortgage holder and *anyone else with a lien against your property* must approve the transaction before it can proceed. In a short sale, the property is generally listed at 'market value' and marketed by a Realtor™ who is hired by the distressed borrower (who is also the property seller.) A list of long term financial hardships typically accepted by Banks when approving short sales is included for informational purposes in the Appendix to this manual.

You should also note that debt forgiveness for the difference between your debt and the actual proceeds from selling your home is mandatory under the government's Home Affordable Foreclosure Alternatives (the HAFA) program, which will be covered later.

Let's talk about a specific example to help you better understand a short sale.

$230,000	Paid for the property
$200,000	Owed to the lender
$150,000	Fair market value
$ 50,000	Short amount to be forgiven (must be negotiated unless mandated by law or regulation); may have tax implication upon forgiveness

You owe $200,000 on your loan but your home is only worth $150,000. You put it on the market and it sells for $150,000. That leaves the lender short $50,000 of the $200,000 they lent you. There may be other losses to them if you have not paid the interest, taxes and homeowner dues.

You can typically only sell your home through a short sale and receive debt forgiveness if you have one of the qualifying hardships or if debt forgiveness is mandated by law, regulation, or contractual obligation (e.g., related to the HAFA program).

The basic difference between a short sale and foreclosure is that in a short sale you make the decision on when and how to 'give back your home' whereas in foreclosure your lender pursues the legal process to evict you and take back ownership of the home. A key point for you to know here is that the lender does not typically want to take your home back and will do so as a last resort.

Another key difference is how mortgage lenders including the government sponsored entities Fannie Mae and Freddie Mac view former homeowners who "gave back their home" and want to borrow again in the future to buy another home.

Based on Fannie Mae and Freddie Mac lending guidelines as of October 2010, distressed borrowers leaving through a short sale or deed-in-lieu should be able to buy again significantly faster than those who go through foreclosure: some in as little as 2 years after giving back their home back voluntarily.

If you pick the short sale option, then you may decide to hire the Realtor™ who brought this DVD and Homeowner Manual. This is your decision, and would be the only situation in which this Realtor™ who is here to help you would get paid. However, you should not be asked to pay the Realtor™ any cash out of pocket.

DEED IN LIEU OF FORECLOSURE (DiL)

Sometimes, a bank may offer or a distressed borrower may request a deed-in-lieu of foreclosure. This means you effectively 'give back your home' to your lender. The lender takes ownership and possession of the property and sells it to settle the debt. A deed-in-lieu must be approved by all parties with a lien on your property.

A deed-in-lieu of foreclosure is a voluntary process whereby you transfer ownership of your property back to the loan owners without going through the legal foreclosure process.

As a rule of thumb, this foreclosure alternative is typically only offered by lenders to borrowers who have already unsuccessfully attempted to pursue a short sale.

Fannie Mae borrowers who would like to remain as renters in homes they current own are an exception to the above general rule of thumb. If you would like to learn more about Fannie Mae's "Deed for Lease" program, please call your lender now. The Realtor™ who delivered this information can help you find out if your loan is a Fannie Mae loan.

Home Affordable Foreclosure Alternatives or HAFA Program

The Federal Government recently launched a foreclosure alternative program called the Home Affordable Foreclosure Alternatives program or HAFA. For many distressed borrowers this seems like the right course of action because of the many benefits it offers. The best way to determine if you qualify for this program is to talk about the program specifics with your Realtor™ and loan servicer.

The Realtor™ who delivered this information can help you determine if your lender is signed up for the HAFA program (Note: A list of participating servicers is included in the Appendix), and also whether you should be eligible for the program based on federal guidelines.

The HAFA program is generally the best foreclosure alternative program available to distressed borrowers. Fannie Mae, Freddie Mac, and more than 120 non-GSE loan servicers are signed up to participate in the program. HAFA is unique because it includes:

- Mandated debt forgiveness by all loan investors with liens on the property. This allows qualifying families who successfully complete a HAFA transaction to walk away debt free and get a 'fresh start'
- $3000 in relocation support to help the family move
- Standard terms and conditions and approval timeframes

With the benefits available to the distressed borrower and mandatory guidelines for mortgage servicers and investors to adhere to, a HAFA short sale or deed-in-lieu, if available, may be your best solution.

It is important to know, that HAFA is a "full documentation" program so you may be asked to provide detailed financial documentation to your lender before they can tell you if you qualify. If you already recently provided financial documentation under the HAMP program, however, you may not need to provide this documentation again.

In the appendix, you will find a time-frame comparison which is current as of October 2010 for getting a home loan in the future based on the decisions you make today when comparing a foreclosure alternative such as short sale or deed-in-lieu of foreclosure to foreclosure.

Door #3: Foreclosure

This is likely result if you cannot afford your home and don't made a decision. Basically, unless you pursue a foreclosure prevention option, by choosing either Door #1 or Door #2, the Bank will choose this option.

A Foreclosure occurs when a distressed borrower does not make a decision to pursue another option. You are not alone in your confusion as to what to do after you begin to receive notices from your bank or mortgage company. We encourage you to be proactive and not wait until it is too late to make a better choice.

Foreclosure:

Foreclosure is the legal process whereby the lender takes back ownership of the property and evicts the homeowners. This legal process varies by state, but generally has the most negative effect on your financial flexibility and ability to purchase another home in the near future. Another consequence of a foreclosure is that it does not always result in a full discharge of the mortgage debt.

Strategic foreclosure

A strategic foreclosure occurs when a borrower who has the ability to pay their mortgage intentionally decides to stop making payments. This choice will negatively affect your financial future and ability to purchase another home for many years.

Some decision considerations for Door #3:

Distressed borrowers who choose foreclosure will typically need to wait at least 3 years to buy again, whereas strategic foreclosure defaulters would need to wait at least 7 years per Fannie Mae's lending policies as of October 2010.

Per Fannie Mae, "Defaulting borrowers who walk-away and had the capacity to pay or did not complete a workout alternative in good faith will be ineligible for a new Fannie Mae-backed mortgage loan for a period of seven years from the date of foreclosure".

Some families choose foreclosure because making change is hard and the foreclosure process buys them some time, when they can live "payment free" before they have to make a change.

If you are considering this option, please think carefully about the long term and total costs of the extra time you may be able to get. Try to make a decision you won't regret in the future.

Key Decision Making Considerations

[Please note that nothing here is intended to be legal or tax advice and is not from your lender or the government. The goal is to help you understand your options so you make an informed decision about your future.]

In making an informed decision regarding which of the three options to pick from:

1. Keeping your home
2. Leaving home while avoiding foreclosure
3. Leaving home through foreclosure

Here are some key issues for you to consider in addition to any other factors you consider important.

Issue 1: Your financial and job circumstances and prospects

Millions of families are unable to make their mortgage payments right now because they were laid off or are making significantly less than they used to.

Think carefully about your financial and job prospects and be realistic.

Consider choosing an option which offers your family the greatest stability and peace of mind and which reduces your uncertainty about your future.

Issue 2: Ongoing debt liability

Whether you decide to keep your home or leave your home, understand and choose your ongoing debt burden. Don't assume all your debt will go away under any scenario. Research your specific options and make an informed decision.

Issue 3: Any Tax Impact

In some but not all cases, when there is 'debt forgiveness', the IRS considers that debt forgiveness to be income to you and there may be a tax payment due.

Given the unprecedented nature of the current housing crisis, the federal government and many state governments have taken action to alleviate tax issues in the case of debt forgiveness so many distressed borrowers who experience debt forgiveness on their primary residence are able to walk away with no tax obligations.

The answer on your specific tax obligation is just a phone call away. Be sure to explore this issue before making a final decision – no matter which option you choose. Remember, foreclosure is not necessarily a way to avoid any tax liability.

Your Realtor™ is not a tax or legal professional – they are a real estate professional only. PLEASE DO NOT ASK OR RELY ON YOUR REAL ESTATE PROFESSIONAL FOR LEGAL OR TAX ADVICE.

Issue 4: Credit

Defaulting on one or more of your debts will have a negative effect on your credit, but the decisions you make can reduce how much your situation affects your life and options going forward.

Your FICO score

The most commonly used credit score is called the *FICO score*. This score is reported by the three main traditional credit reporting agencies: Experian, Equifax and TransUnion. They report your FICO score to Banks who use it to make credit decisions.

There is a website called www.myfico.com, which provides useful information on how the decisions of distressed borrowers impact their FICO scores. The website states that more than 90 percent of the largest banks use your FICO score to make credit decisions.

Here are answers from www.myfico.com to two commonly asked questions:

How long will a foreclosure affect my FICO score?

> "A foreclosure remains on your credit report for 7 years, but its impact to your FICO® score will lessen over time. If you keep all of your other credit obligations in good standing, your FICO score can begin to rebound in as little as 2 years."

Are the alternatives to foreclosure any better as far as my FICO score is concerned?

> "The common alternatives to foreclosure, such as short sales, and deeds-in-lieu of foreclosure are all "not paid as agreed" accounts, and considered the same by your FICO® score. This is not to say that these may not be better options for you from a financial perspective, just that they will be considered no better or worse for your FICO score."

The important thing to remember about your FICO score is that it's not **how** you decide to exit your home that will affect your credit score – what's more important is how many different debts you defaulted on, and how long you didn't make the full payments.

Your ability to borrow money to own a home again

There is an important difference between how those choosing a foreclosure alternative such as short sale or deed-in-lieu are treated vs. those who choose foreclosure.

According to Fannie Mae as of October 2010, distressed borrowers choosing a short sale or deed-in-lieu should be eligible to borrow again in as little as 2 years, whereas borrowers choosing foreclosure need to wait a minimum of 7 years. In some cases, borrowers may be eligible to borrow again 3 years after foreclosure.

Closing Thoughts

Hope.

Many homeowners get frustrated and lose hope as they struggle with their mortgage. When people lose hope, they often make no decision or bad decisions.

Don't give up hope for your family; don't give up hope for a better future. Don't let things go from bad to worse. Hope is what helps us wake up in the morning.

You and your family deserve hope.

Priorities.

Set your own priorities and make sure that these priorities, along with the reality of your finances and the programs available to you, determine your future.

A word of advice: prioritize wisely. *CHOOSE the path to long term STABILITY.* Because only when you're standing on stable ground can you get stronger and grow again.

Embarrassment.

There's no embarrassment in sacrificing something today for a better tomorrow and it's important that you realize, along with millions of other distressed borrowers that are also experiencing challenges, that it is not your fault that you are caught in the economic problems that afflict our country today.

Choose your path with dignity and strength. You and your family deserve it.

Acknowledgment of Receipt

We ask that today you acknowledge that the DVD and Homeowner's Manual is being provided to you by this real estate professional who is leaving it with you to keep and refer to later if you need to review it again. In addition, the real estate professional sitting with you can help you develop and lay out a your family's plan to achieve financial stability.

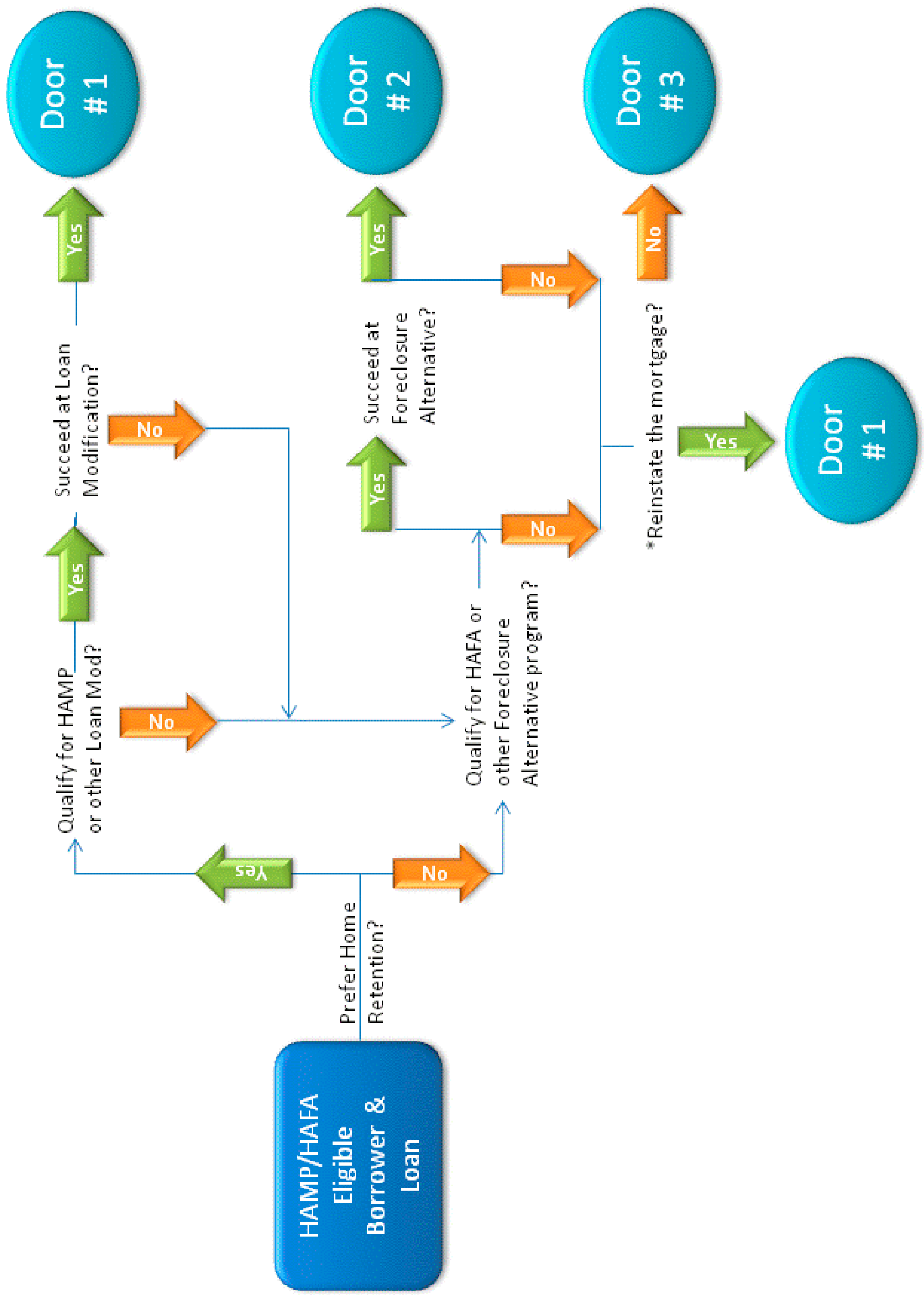
Given the significant amount of fraud in the marketplace, providing this DVD and Homeowner's Manual is a key way in which industry professionals can demonstrate their commitment to always doing the right thing by helping consumers understand all of their options.

Please sign two copies of the simple acknowledgment of receipt the Realtor™ will show you.   One copy is for you to keep and one is for the Realtor™.

It is the first page of this workbook.

Financial Stability Plan

Decision Tree



*Borrower May reinstate mortgage and retain home at any point after default an d before foreclosure

CREATE YOUR FINANCIAL STABILITY PLAN:

Your Preference: ____

HAMP/HAFA Eligibility? Yes ☐ No ☐

Your First Choice Door: ____

If first choice fails, then Second Choice Door: _____________________________________

____

Choice for Door # 2: Deed in Lieu ☐ Short Sale ☐

Key home transition and timing issues to be addressed:

Do you prefer to stay in the neighborhood as a renter even if you give back your home?:

Yes ☐ No ☐

Notes:

HAFA Eligibility Work Sheet

Step 1: Loan Look Up

Verify what party owns the 1st Loan to understand what additional eligibility criteria may be necessary.

Use the following links for the Loan lookup Step:

- Servicer Lookup: www.makinghomeaffordable.gov/contact_servicer.html
- Fannie Mae Loan Lookup: www.fanniemae.com/loanlookup
- Freddie Mac Loan Lookup: www.freddiemac.com/mymortgage

Step 2: Calculate Borrower Debt to Income Ratio

In some cases, the fields in red may not be included in the monthly principle and interest mortgage payment amount per Borrower's monthly statement. Verify what is included in the monthly mortgage payment from the most recent mortgage payment coupon/statement to avoid calculation errors.

Monthly Mortgage Payment		**Gross (Pre-Tax) Monthly Income**
Monthly Principle and Interest	$___________	Borrower #1 $___________
Insurance	$___________	Borrower #2 $___________
Taxes	$___________	
HOA fees	$___________	
Total (A)	$___________	Total (B) $___________

Debt to Income Ratio = (A divided by B)*100% = __________%

Is the Debt to Income Ratio greater than 31%? If yes, then proceed to **Step 3: Basic HAMP/Non-GSE HAFA Eligibility Checklist.** If no, Borrower is likely HAMP and HAFA ineligible. Call Loan Servicer to confirm calculation and program eligibility.

Step 3: Basic HAMP/ HAFA Eligibility Checklist

Basic HAFA eligibility criteria are the same as those for the HAMP loan modification program. **Note**: If eligible, Borrower will most often be evaluated for a HAMP loan modification before a HAFA short sale or deed-in-lieu is offered. Borrower may deny modification and move direct to foreclosure alternative option.

Borrower must meet ALL of the conditions as follows:

- Must be Borrower's principal residence
- Property must be Owner Occupied
- Loan must be delinquent or default reasonably foreseeable
  (Loan *in foreclosure is eligible)*
- First loan must have originated on or before January 1, 2009
- Borrower's 1st loan monthly mortgage payment *(PITI & HOA fees)* must be greater than 31% of their gross income
- Borrower's current unpaid 1st loan principal balance is equal to or less than:
  - $729,750 (1 unit)
  - $934,200 (2 units)
  - $1,129,250 (3 units)
  - $1,403,400 (4 units)

If Borrower met all above criteria, then they are eligible and may qualify for a HAMP loan modification or HAFA short sale or deed-in-lieu.

If the 1st Loan is owned by Fannie Mae or Freddie Mac and the Borrower met the above criteria then you must proceed to **Step 4: Fannie Mae and Freddie Mac (GSE)-HAFA Eligibility**

Step 4: Fannie Mae and Freddie Mac (GSE)-HAFA Eligibility

Fannie Mae GSE-HAFA Eligibility Checklist

(Use Basic HAMP/HAFA Eligibility Criteria and the additional following Fannie Mae GSE-HAFA Criteria)

Additional Eligibility for Fannie Mae GSE-HAFA:

- Borrower may not qualify if Imminent Foreclosure is within 60 days of Borrower's request of Fannie Mae HAFA short sale or DIL
- Borrower cannot have cash reserves equal to or exceeding three times Borrower's total monthly payment (PITI & HOA) or $5,000, whichever is greater

Additional Eligibility for Fannie Mae GSE-HAFA DIL:

- Property was listed for sale for 120 days or more and did not sell. (This requirement can be waived under extenuating circumstances)

  AND/OR
- SSA was terminated prior to expiration stipulated in the SSA

  AND/OR
- Borrower is interested in Fannie Mae's Deed-for-Lease (D4L) program

Freddie Mac Eligibility Checklist

(Use Basic HAMP/HAFA Eligibility Checklist in addition to the following Freddie Mac Criteria)

Additional Eligibility for Freddie Mac HAFA Short Sale:

- Borrower must be 60+ days delinquent
- Borrower cannot have cash reserves equal to or exceeding three times Borrower's total monthly payment (PITI & HOA) or $5,000, whichever is greater
- Borrower was first considered for HAMP and all other Freddie Mac home retention options

Additional Eligibility for Freddie Mac GSE-HAFA DIL:
(criteria below are in addition to Freddie Mac GSE-HAFA Short Sale Criteria)

- Property was marketed as a HAFA Short Sale for the full term of the SSA and did not sell. (This requirement can be waived under extenuating circumstances

(Source: Fannie Mae Announcement SVC-2010-07, Freddie Mac Single-Family Seller/Servicer Guide, Volume 2/Chapters. 64-69)

Note: ***This form should be used to evaluate Borrower's eligibility for HAMP and/or HAFA based on federal guidelines published by the US Treasury Department, Fannie Mae and Freddie Mac. Final program qualification can only be confirmed by the loan servicer and we advise all Borrowers to confirm the result of their eligibility – positive or negative – with their loan servicer.***

Non-GSE Participants in HAMP

Making Home Affordable Program

Servicer Performance Report Through September 2010

Appendix A: Non-GSE Participants in HAMP

AgFirst Farm Credit Bank
Allstate Mortgage Loans & Investments, Inc.
American Eagle Federal Credit Union
American Finance House LARIBA
American Home Mortgage Servicing, Inc
AMS Servicing, LLC
Aurora Loan Services, LLC
Bank of America, N.A.[1]
Bank United
Bay Federal Credit Union
Bay Gulf Credit Union
Bayview Loan Servicing, LLC
Bramble Savings Bank
Carrington Mortgage Services, LLC
CCO Mortgage
Central Florida Educators Federal Credit Union
Central Jersey Federal Credit Union
Centrue Bank
CitiMortgage, Inc.
Citizens 1st National Bank
Citizens Community Bank
Citizens First Wholesale Mortgage Company
Community Bank & Trust Company
Community Credit Union of Florida
CUC Mortgage Corporation
DuPage Credit Union
Eaton National Bank & Trust Co
Farmers State Bank
Fay Servicing, LLC
Fidelity Homestead Savings Bank
First Bank
First Financial Bank, N.A.
First Keystone Bank
First National Bank of Grant Park
First Safety Bank
Franklin Credit Management Corporation
Franklin Savings
Fresno County Federal Credit Union
GFA Federal Credit Union
Glass City Federal Credit Union
GMAC Mortgage, LLC
Golden Plains Credit Union
Grafton Suburban Credit Union
Great Lakes Credit Union
Greater Nevada Mortgage Services
Green Tree Servicing LLC
Hartford Savings Bank
Hillsdale County National Bank
HomEq Servicing
HomeStar Bank & Financial Services
Horicon Bank
Horizon Bank, NA
Iberiabank
IBM Southeast Employees' Federal Credit Union
IC Federal Credit Union
Idaho Housing and Finance Association
iServe Residential Lending LLC
iServe Servicing Inc.
J.P. Morgan Chase Bank, NA[2]
Lake City Bank
Lake National Bank
Liberty Bank and Trust Co.
Litton Loan Servicing
Los Alamos National Bank
Magna Bank
Mainstreet Credit Union
Marix Servicing, LLC
Metropolitan National Bank
Midland Mortgage Company
Midwest Bank & Trust Co.
Midwest Community Bank
Mission Federal Credit Union
MorEquity, Inc.
Mortgage Center, LLC
Mortgage Clearing Corporation
National City Bank
Nationstar Mortgage LLC
Navy Federal Credit Union
Oakland Municipal Credit Union
Ocwen Financial Corporation, Inc.
One West Bank
ORNL Federal Credit Union
Park View Federal Savings Bank
Pathfinder Bank
PennyMac Loan Services, LLC
PNC Bank, National Association
Purdue Employees Federal Credit Union
QLending, Inc.
Quantum Servicing Corporation
Residential Credit Solutions
RG Mortgage Corporation
Roebling Bank
RoundPoint Mortgage Servicing Corporation
Saxon Mortgage Services, Inc.
Schools Financial Credit Union
SEFCU
Select Portfolio Servicing
Servis One Inc., dba BSI Financial Services, Inc.
ShoreBank
Silver State Schools Credit Union
Specialized Loan Servicing, LLC
Spirit of Alaska Federal Credit Union
Stanford Federal Credit Union
Sterling Savings Bank
Suburban Mortgage Company of New Mexico
Technology Credit Union
Tempe Schools Credit Union
The Golden 1 Credit Union
U.S. Bank National Association
United Bank
United Bank Mortgage Corporation
University First Federal Credit Union
Vantium Capital, Inc.
Verity Credit Union
Vist Financial Corp.
Wealthbridge Mortgage Corp.
Wells Fargo Bank, NA[3]
Wescom Central Credit Union
Yadkin Valley Bank

[1] Bank of America, NA includes Bank of America, NA, BAC Home Loans Servicing LP, Home Loan Services and Wilshire Credit Corporation.
[2] J.P. Morgan Chase Bank, NA includes EMC Mortgage Corporation.
[3] Wells Fargo Bank, NA includes Wachovia Mortgage FSB and Wachovia Bank NA.

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MAKING HOME AFFORDABLE

Comparison of Future Borrowing Timelines

Fannie Mae, Freddie Mac, and FHA Lending Guidelines After Short Sale, Deed-In-Lieu, or Foreclosure

Current as of October 2010

		Minimum Waiting Period (Yrs)	
		Standard	- w/ext. circumstances
Fannie Mae	Short Sale	2 yrs (80% LTV) 4 yrs (90% LTV)	2 yrs (90% LTV)
	DIL	2 yrs (80% LTV) 4 yrs (90% LTV)	2 yrs (90% LTV)
	Foreclosure	7	3
Freddie Mac	Short Sale	4	2
	DIL	4	2
	Foreclosure	5	3
FHA	Short Sale	3 yrs (if in default); 0 yrs (if current)	exceptions allowed
	DIL	3	exceptions allowed
	Foreclosure	3	exceptions allowed

Sources:
Fannie Mae Announcement SEL-2010-05, April, 2010
Freddie Mac
FHA: HUD Mortgage Letter 09-52, December 2009

Glossary of Key Terms

Abstract (of Title)

A historical summary of all the recorded transactions that affect the title to the property. An attorney or a title company will review an abstract of title to determine if there are any problems affecting the title to the property. All such problems must be cleared before the buyer can be issued a clear and insurable title.

Appraisal

A professional opinion or estimate of the value of a property at a given date.

Arm's length transaction

A transaction in which the buyers' and sellers' act independently in their respective best interest and have no relationship to each other.

Example: A transaction between a father and his son would NOT be an arm's length transaction

Bankruptcy

The financial inability to pay one's debts when due. The debtor surrenders his assets to the bankruptcy court. An individual typically files for Chapter 7 (all debts wiped out) or Chapter 13 (establishes a payment plan to pay off debts).

Borrower (Mortgagor)

One who applies for a loan secured by real estate and is responsible for repaying the loan (mortgage).

Clear & Marketable Title

A marketable title, free of clouds and disputed interests. Most lenders require a clear and marketable title prior to closing.

Closing

The act of transferring ownership of a property from seller to buyer in accordance with a sales contract.

Closing Costs

Expenses incurred by the buyer and seller in a real estate or mortgage transaction. There are two types of costs: recurring and non recurring.

Non-recurring costs are one time transactional costs such as: discount and origination points,

lender fees, title insurance fees, escrow, attorney or closing agent fees, real estate commissions, appraisal fees, etc.

Recurring fees are costs associated with owning the property and they recur month after month. These costs may include hazard insurance, interest, property taxes, mortgage insurance (PMI), and association fees.

Cloud on Title

An outstanding claim or encumbrance that, if valid, would affect or impair the owner's title. Compare with clear title.

Contingency

Conditions which must be satisfied before the buyer can close the purchase of a property. Contingencies are generally outlined in the purchase contract between the buyer and seller.

Example : The buyer has 14 days to remove the property contingency under the sales contract. In this case the buyer has 14 days to inspect the property and request the seller to perform repairs. If the buyer is not satisfied with the condition of the property or if the buyer and the seller cannot agree on repairs, the buyer may back out of the contract with no penalty. After 14 days the buyer no longer has the right to back out with no penalty as a result of a problem with the condition of the property.

Credit Report

A report detailing a borrower's credit history including payment history on revolving accounts (eg. credit cards) and installment accounts (e.g.. car loan). A credit report also includes information found from public records including tax liens and judgments.

Deed

A written document by which title to real property is transferred from one owner to another. The deed should contain an accurate description of the property being conveyed, should be signed and witnessed according to the laws of the State where the property is located, and should be delivered to the buyer at closing.

Deed of Trust

Used in many states in lieu of a mortgage to secure the payment of a note. In a deed of trust there are three parties - the borrower, the trustee, and the lender, (or beneficiary). In such a transaction, the borrower transfers the legal title for the property to the trustee who holds the property in trust as security for the payment of the debt to the lender or beneficiary. If the borrower pays the debt as agreed, the deed of trust becomes void. If, however, he/she defaults in the payment of the debt, the trustee may sell the property without a court proceeding.

Default

Failure to meet legal obligations in a contract - such as the failure to make the monthly mortgage payment.

Defective Title

Any recorded instrument that would prevent a grantor/seller from giving a clear title.

Example : The seller has a contractor lien on the property that was filed when he/she failed to pay the contractor for the kitchen remodel. The seller may obtain clear title by paying the contractor and removing the lien.

Deficiency Judgment

Personal claim against the debtor when the sale of foreclosed property does not yield sufficient proceeds to pay off the mortgages, accrued interest, legal fees, etc.

Equity

Equity = Property Value - Loans/Liens Against the property. Equity is typically expressed as a percentage of the property value.

Escrow

Neutral third party that handles all funds in a real estate transaction. The buyer puts his deposit into escrow, the lender funds the loan into escrow. Escrow pays the real estate brokers commission, pays off any loans/liens against the property, pays real estate taxes and any other fees associated with the transaction and sends the balance of the money to the seller.

Federal National Mortgage Association (FNMA, Fannie Mae)

Purchases loans from lenders, securitizes them and sells FNMA mortgage backed securities on wall street.

Federal Housing Administration (FHA)

An agency within the U.S. Department of Housing and Urban Development (HUD) that administers loan programs, issues loan guarantees to make more housing available.

Fiduciary

A person in a position of trust or responsibility with specific duties to act in the best interest of a client. A real estate broker is a fiduciary for his/her clients.

First Mortgage

A mortgage that has priority as a lien over all other mortgages. In the case of a foreclosure the first mortgage will be satisfied before other mortgages. See also second mortgage.

Foreclosure (Repossession)

A legal process by which the lender forces a sale of a property because the borrower has not met the terms of the mortgage.

Government Sponsored Entities (GSE)

Fannie Mae and Freddie Mac

Homeowners Association (HOA)

An association of homeowners in a particular subdivision, planned unit development (PUD), or condominium organized to manage the common area of the development and to enforce the association rules and regulations.

Housing and Urban Development

A U.S. government agency established to implement certain federal housing and community development programs.

HUD 1

A closing document required by HUD that outlines the settlement cost of a loan. The closing agent prepares this document and sends it to the buyer upon closing.

Judgment

The decision of a court of law stating that one individual is indebted to another and fixing the amount of indebtedness. Judgments, when recorded, become a lien on real property owned by the defendant.

Judgment Lien

The claim on the property of a debtor resulting from a judgment.

Junior Mortgage

A mortgage subordinate to another mortgage. In the case of a foreclosure a senior mortgage will be paid prior to a junior mortgage.

Lien

A claim against the property for the payment of a debt, judgment, mortgage or taxes.

Example : Unpaid contractors may file a mechanic's lien.

Loan to Value Ratio (LTV)

The loan amount divided by the value of the property.

Loan Servicing

The act of collecting loan payments, handling property tax and insurance escrows, foreclosing on defaulted loans and remitting payments to the investors.

Mechanics Lien

The right of an unpaid contractor or subcontractor to file a lien against property to recover the amount due to him/her.

Mortgage

A written instrument that creates a lien upon real estate as security for the payment of a specified debt.

Mortgage Backed Security (MBS)

A bond or other financial obligation secured by a pool of mortgage loans.

Mortgage Banker

Specializes in originating and servicing loans. They generally sell their loans to investors, but may continue to service them.

Mortgage Broker

Arranges financing for a borrower by placing loans with lenders. Mortgage brokers are paid a fee by the borrower or the lender when a loan closes.

Mortgagee

The lender.

Mortgagor

The borrower.

Mortgage Insurance

See private mortgage insurance (PMI)

Non-conforming loan

Loans that do not comply with Fannie Mae or Freddie Mac guidelines.

Note

A written instrument that acknowledges a debt and promises to pay.

Notice of default

A letter sent to the defaulting party as a reminder of the default.

Open House

A method of showing a home for sale to prospective buyers where the home is left open for inspection by those who may be interested in making a purchase.

Portfolio Loan

A loan that is held as an investment by a bank or savings and loan, and NOT sold on the secondary market to investors.

Principal

The outstanding balance on a loan.

Private Mortgage Insurance (PMI)

In the event that you do not have a 20 percent down payment, lenders will allow a smaller down payment - as low as 2 percent in some cases. With the smaller down payment loans, however, borrowers are usually required to carry private mortgage insurance. Private mortgage insurance payments are normally made annual or monthly. An impound account may be required.

Purchase Money Mortgage

A mortgage used to finance the purchase of a property.

Property Tax

A government levy based on the market value (as assessed by the county assessor's office) of the property.

Public Sale

An auction of property with notice to the general public.

Realtor

A real estate professional who is a member of the National Association of Realtors.

Real Estate Broker

An individual who often owns a real estate company or is in a management position, and who is licensed to represent a buyer or a seller in a real estate transaction.

Refinancing

Repaying an existing loan from the proceeds of a new loan on the same property.

Recourse

The right of the holder of a note secured by a mortgage or deed of trust to claim money from the borrower in default in addition to the property pledged as a collateral.

Secondary Mortgage Market

The market where banks, savings & loans and mortgage bankers can sell mortgages to investors like Fannie Mae or Freddie Mac.

Second Mortgage

A subordinated lien, created by a mortgage loan, over the amount of a first mortgage. Second mortgages generally carry a higher rate than a first mortgage since they represent a higher risk for an investor.

Servicing

The act of billing, collecting payment, filing reports, managing impound accounts and handling defaults on a mortgage.

Settlement Statement

See HUD 1

Special Assessment

A special tax imposed on property, individual lots or all property in the neighborhood to pay for improvements - street lights, sidewalks, etc.

Tax Lien

Lien for nonpayment of taxes

Tax Sale

Public sale of a property at an auction by a government authority as a result of non-payment of taxes.

Title

Evidence that the owner of the property is in lawful possession. Evidence of ownership.

Title Insurance

An insurance policy which protects the insured against loss arising from defects in title. Title insurance policies are typically obtained for the buyer and the lender.

Title Report

A document indicating the current state of title. The report includes information on the current ownership, outstanding deeds of trust or mortgages, liens, easements, covenants, restrictions, and any defects.

Title Search

An examination of the public records to determine the ownership and encumbrances affecting the property.

Trustee

A party who is given legal responsibility to hold property in the best interest of or "for the benefit of" another. The trustee is one placed in a position of responsibility for another, a responsibility enforceable in a court of law.

Acknowledgement of Contribution

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