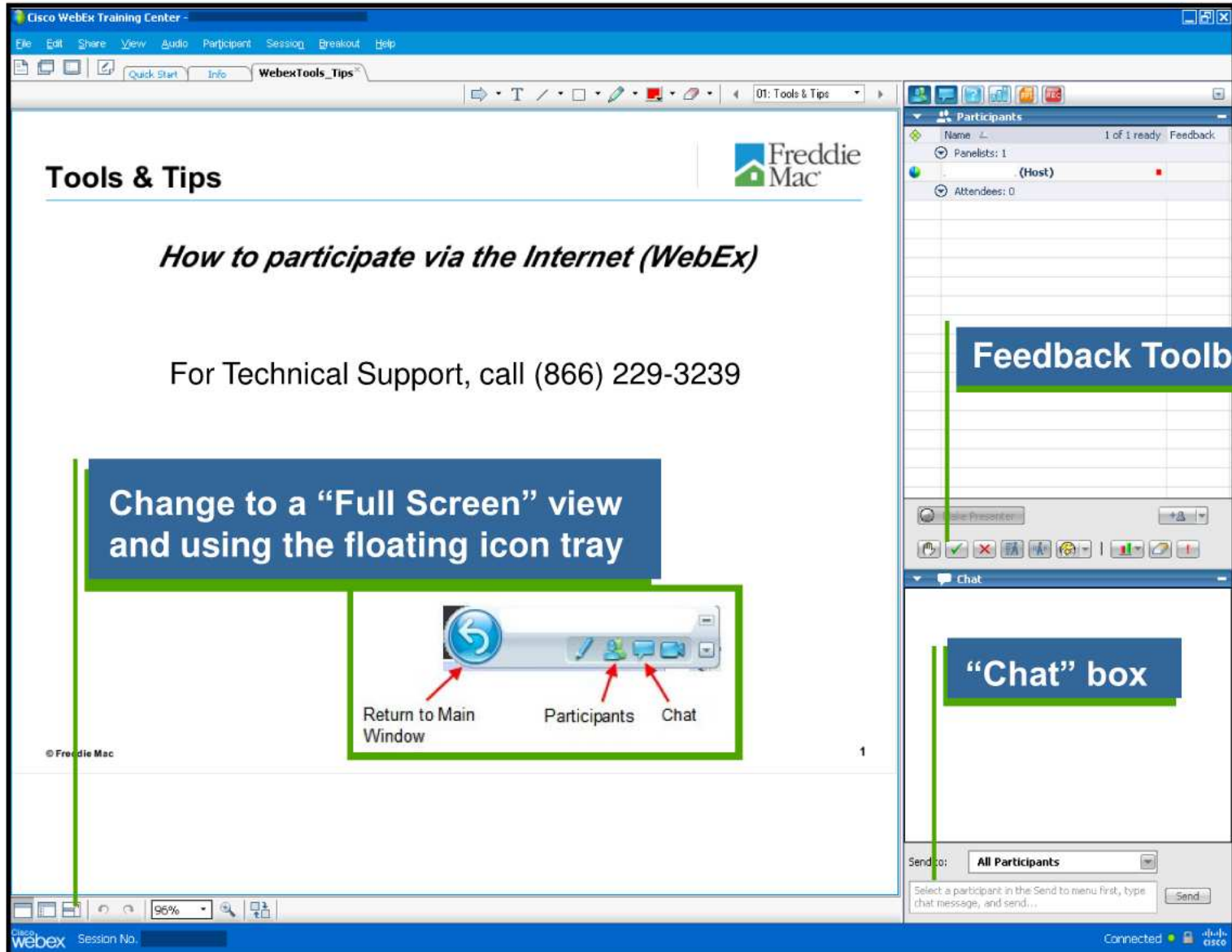




Home Affordable Foreclosure Alternatives *HAFA*

Tools & Tips: How to Participate



The screenshot shows the Cisco WebEx Training Center interface. The main content area displays a slide titled "Tools & Tips" with the Freddie Mac logo. The slide text reads: "How to participate via the Internet (WebEx)" and "For Technical Support, call (866) 229-3239".

Annotations on the slide include:

- A blue box with white text: "Change to a 'Full Screen' view and using the floating icon tray".
- A green-bordered box containing a floating icon tray with three icons: a blue circular arrow (labeled "Return to Main Window"), a blue speech bubble (labeled "Participants"), and a blue chat bubble (labeled "Chat").

On the right side of the interface, there are several panels:

- Participants:** A panel showing "1 of 1 ready" and "Feedback".
- Feedback Toolbar:** A blue box with white text: "Feedback Toolbar".
- Chat:** A panel with a "Chat" box and a "Send" button. The "Send to:" dropdown is set to "All Participants".

The bottom of the interface shows the Cisco WebEx logo, "Session No.", and a "Connected" status indicator.

Treasury Supplemental Directive 09-09

Help for America's Homeowners



Supplemental Directive 09-09

November 30, 2009

Introduction of Home Affordable Foreclosure Alternatives – Short Sale and Deed-in-Lieu of Foreclosure

Freddie Mac Single-Family Seller/Servicer Guide

← Back | Forward →

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 - Chapter 65: Loss Mitigation
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 - Chapter C65: Home Affordable Modification Program
 - Chapter D65: Home Affordable Foreclosure Alternatives
 - Chapter 66: Foreclosure
 - Chapter 67: Adverse Matters

- Freddie Mac's *Single-Family Seller/Servicer Guide*: Chapter D65
- Hafa is considered part of HAMP and must comply with the provisions of Section C65.13.

➔ Servicers must adopt a written policy for consideration, evaluation and processing of borrowers for Hafa.

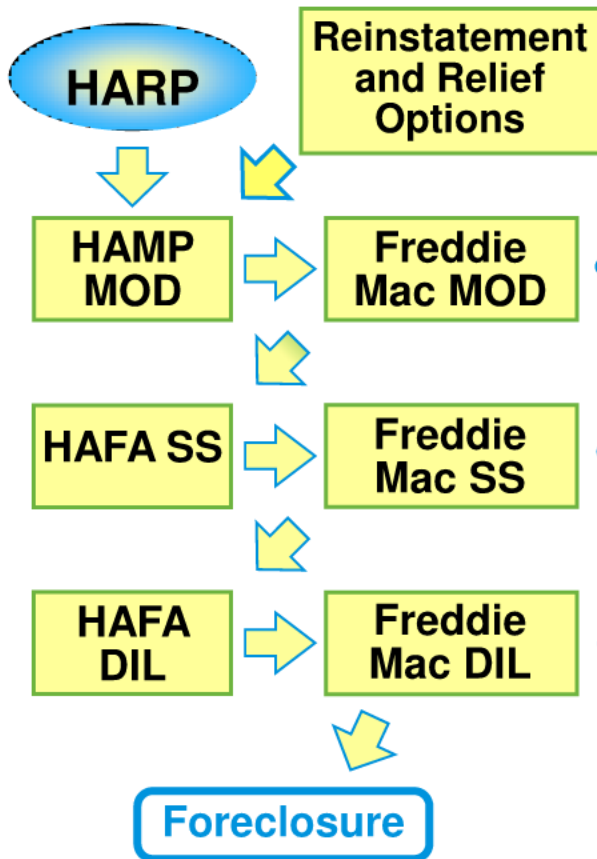
- Must be consistent with the requirements of Guide Chapter D65 (D65)
- May adopt and incorporate Guide Chapter D65 by reference into their policy

Objectives

- Examine the HAFA structure, qualifications and documentation requirements
- Explain the HAFA Short Sale and Deed-in-Lieu process
- Discuss the general terms and conditions for HAFA
- Review the HAFA timeline



Foreclosure Alternatives



- HAMP Modification – A loan modification pursuant to Guide Chapter C65.
- Freddie Mac Modification / Standard Modification – A loan modification pursuant to Guide Sections B65.11-26.
- HAFA Short Sale (SS) – The sale of the mortgage premises, by agreement of all parties with an interest in the mortgage premises, for less than the total amount necessary to satisfy the mortgage obligation as described in Guide Section D65.5.
 - Distinct from Freddie Mac Short Payoff pursuant to Guide Section B65.35-41
- HAFA Deed-in-Lieu (DIL) – A voluntary transfer of title to the mortgage premises to Freddie Mac in exchange for full satisfaction of the mortgage as described in Guide Chapter D65.6.
 - Distinct from a Freddie Mac deed-in-lieu pursuant to Guide Sections B65.42-53

Suspension of Foreclosure Sales

- The Servicer must continue with an existing foreclosure proceeding during the HAFA process – **however:**
- The Servicer must not refer a mortgage to foreclosure or complete a foreclosure sale...
 - » While determining eligibility for HAMP or HAFA
 - » While awaiting return of the Short Sale Agreement (SSA)
 - » During the terms of the SSA
 - » While awaiting approval from Freddie Mac to offer the borrower a HAFA Deed-in-Lieu
 - » Pending transfer of title to the mortgage Premises based on an approved sales contract – Request for Approval of Short Sale (RASS)
 - » Pending transfer of title via a HAFA Deed-in-Lieu Agreement by the date specified in the DIL Agreement

Servicers must consider HAMP-eligible borrowers for HAFA within 30 calendar days if the borrower:

- » Does not qualify for a HAMP Trial Period Plan (TPP)
- » Does not successfully complete a HAMP TPP
- » Is delinquent on any modified mortgage by missing at least two consecutive payments
- » Is offered, but refuses, a HAMP TPP, B65 Modification or other retention workout options and requests a SS or DIL

HAFA Eligibility Requirements



Program ends December 31, 2013

Borrower

- More than 60 days delinquent
- Has limited cash reserves
- Original total monthly mortgage payment prior to loan mod exceeds 31% of the gross monthly income
- Previously considered for HAMP mod and B65 mod and other home retention options
- Must be considered for HAFA before referring to foreclosure or conducting a pending foreclosure sale
- No processing fee

Existing First Lien Mortgage

- Have an origination date on or before January 1, 2009
- No minimum LTV ratio (current mark-to-market)
- Can include super conforming and conforming jumbo mortgages
- Cannot include cooperatives, leasehold and participation mortgages, second homes, recourse or indemnification mortgages, FHA, VA or RHS mortgages
- MI approval is required, if applicable

Property

- One- to four-unit single-family dwelling, condominium, or Guide-eligible manufactured home
- Owner-occupied and the borrower's primary residence
- Not abandoned, vacant, or condemned unless an exception applies

The Borrower...

- Must be more than 60 days delinquent to qualify for HAFA
- May not participate in a HAMP TPP, HAMP Modification or B65 Short Sale and agree to a HAFA Short Sale Agreement (SSA) simultaneously.
- May be in bankruptcy but borrower, borrower's counsel or bankruptcy trustee must submit the request to the Servicer

The Servicer...

- May not offer a HAFA SSA if borrower is currently in an active HAMP TPP, has a performing HAMP modification or is being reviewed for a B65 Short Sale
- Is not required to solicit borrowers in bankruptcy

Borrower Information



Can use HAMP information if not older than 90 days from date of evaluation

UNIFORM BORROWER ASSISTANCE FORM

Borrower/Co-Borrower Acknowledgment and Agreement

UNIFORM BORROWER ASSISTANCE FORM

HARDSHIP AFFIDAVIT
(Provide a written explanation with this request describing the specific nature of your hardship)

UNIFORM BORROWER ASSISTANCE FORM

Monthly Household Income	Monthly Household Expenses/Debt	Household Assets (associated with the property and/or borrower(s))

UNIFORM BORROWER ASSISTANCE FORM

If you are experiencing a temporary or long-term hardship and need help, you must complete and submit this form along with other required documentation to be considered for available solutions. On this page, you must disclose information about (1) you and your intentions to either keep or transition out of your home; (2) the property's status; (3) real estate taxes; (4) home owner's insurance premiums; (5) bankruptcy; (6) your credit counseling agency; and (7) other liens, if any, on your property.

On Page 2, you must disclose information about all of your income, expenses and assets. Page 2 also lists the required income documentation that you must submit in support of your request for assistance. Then on Page 3, you must complete the Hardship Affidavit documents.

Uniform Borrower Assistance Form (Form 710) or other similar proprietary financial information forms

NOTICE: In agreement and any Uniform Borrower Assistance document.

REMEMBER: Uniform Borrower Assistance document.

Loan I.D. No. _____

I want to: _____

The property is currently: Owner Occupied Renter occupied Vacant

BORROWER		CO-BORROWER	
BORROWER'S NAME	CO-BORROWER'S NAME		
SOCIAL SECURITY NUMBER	SOCIAL SECURITY NUMBER		
DATE OF BIRTH	DATE OF BIRTH		
HOME PHONE NUMBER WITH AREA CODE	HOME PHONE NUMBER WITH AREA CODE		
CELL OR WORK NUMBER WITH AREA CODE	CELL OR WORK NUMBER WITH AREA CODE		
MAILING ADDRESS			
PROPERTY ADDRESS (IF SAME AS MAILING ADDRESS, JUST WRITE SAME)	EMAIL ADDRESS		

Is the property listed for sale? Yes No
If yes, what was the listing date? _____
If property has been listed for sale, have you received an offer on the property? Yes No
Date of offer: _____ Amount of Offer: \$ _____
Agent's Name: _____
Agent's Phone Number: _____
For Sale by Owner? Yes No

Do you have condominium or homeowner association (HOA) fees? Yes No
Total monthly amount: \$ _____
Name and address that fees are paid to: _____

Have you filed for bankruptcy? Yes No
If yes: Chapter 7 Chapter 13 Filing Date: _____
Has your bankruptcy been discharged? Yes No Bankruptcy case number: _____

CREDIT REPORT

PERSONAL INFORMATION

CREDIT REPORTING AGENCY: _____

NAME: _____

ALSO KNOWN AS: _____

DATE OF BIRTH: _____

Credit report for each borrower

EMPLOYER: _____

CONSUMER STATEMENT: _____

NONE REPORTED

SUMMARY

TOTAL ACCOUNTS: _____

OPEN ACCOUNTS: _____

CLOSED ACCOUNTS: _____

DEROGATORY: _____

BALANCES: _____

PAYMENTS: _____

Form **1040** Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return 2009 (99) IRS Use Only—Do not write or stamp

For the year Jan. 1–Dec. 31, 2009, or other tax year beginning _____, 2009, ending _____, 20

Label
(See instructions on page 14.)
Use the IRS label. Otherwise, please print or type.

Most recently filed tax return

Presidential Election Campaign Check here if you, or your spouse if filing jointly, are eligible to contribute to a qualified campaign.

Filing Status
Check only one box.

- Single
- Married filing jointly (even if only one had income)
- Married filing separately. Enter spouse's SSN above and full name here.
- Qualifying widow(er) with dependent child
- Yourself. If someone can claim you as a dependent, do not check box 6a.

Form **4506T-EZ** Short Form Request for Individual Tax Return Transcript (October 2009)

Department of the Treasury Internal Revenue Service

Request may not be processed if the form is incomplete or illegible.

Tip: Use Form 4506T-EZ to order a 1040 series tax return transcript free of charge.

1a Name shown on tax return. If a joint return, enter the name shown first.

1b First social security number on tax return.

2a If a joint return, enter spouse's name shown on tax return.

2b Second social security number on tax return.

3 Current name, address, and telephone number.

IRS Form 4506T or 4506T-EZ

4 Previous address shown on tax return.

5 If the transcript is to be mailed to a third party (such as a mortgage company), enter the third party's name, address, and telephone number. Telephone number _____

Address (including apt., room, or suite no.), city, state, and ZIP code _____

6 Year(s) requested. Enter the year(s) of the return transcript you are requesting (for example, "2006"). Most requests will be processed within 10 business days.

Property Information

- An interior BPO or appraisal
- Occupancy reconciled with credit report
- Not vacant, abandoned or condemned
- Borrower not charged for BPO
- MI preliminary approval must be obtained
- Clear and marketable title

www.bpodirect.net

- Use the 90-day “As Is” marketing value:

Broker’s Price Opinion
(bottom of page 1)

VALUE ESTIMATION			
Probable Sale Price	90-Day Marketing Time	120-Day Marketing Time	180-Day Marketing Time
As Is			
As Repaired			
Property should be listed: As Is: <input type="checkbox"/> As Repaired: <input type="checkbox"/>			
Anticipated Seller-Paid Financing Costs: \$			
COMMENTS: (Describe your marketing strategy and reasons for As Is/As Repaired recommendations)			

- The prepared date can be no more than 30 days from the date of evaluation.

- Cash Reserves are less than the greater of \$5,000 or three times the current monthly PITIAS payment

Cash Reserves: Any non-retirement liquid asset the Borrower has available for withdrawal from any financial institution or brokerage, including funds on deposit in the Borrower's checking, savings, money market or certificate of deposit account or other depository account, stocks, bonds, mutual funds, U.S. Government Securities and other securities that are traded on an exchange or marketplace generally available to the public (e.g., New York Stock Exchange, National Association of Securities Dealers Automated Quotations)

Borrower's Cash Reserves

Maximum Allowable Amount:

The greater of Current PITIAS x 3 or \$5000

$$\mathbf{\$3,303.41 \times 3 = \$9,910.23}$$

Existing: \$3000

Meets requirement?

Yes!

Documents Used for HAFA

- Short Sale Agreement: “SSA”
- Exhibit 93 – HAFA Short Sale (Borrower Notice)
- Request for Approval of Short Sale: “RASS”
- Approval of Short Sale
- Disapproval of Short Sale
- Deed in Lieu Agreement: “DIL Agreement”

For co-branding

FreddieMac.com/singlefamily/service/hafa.html?tab=1

Short Sale Agreement – Form 1135



- The agreement between the borrower and Servicer under which the borrower may sell Mortgaged Premises to a third party and Freddie Mac will accept the sales proceeds in full satisfaction of the mortgage as described in D65.6(c)
- The SSA outlines the roles and responsibilities of the Servicer and the borrower in the short sale listing process and provides key marketing terms, such as a list price which is based on the interior BPO using the 90 day “as is” marketing value and the duration of the SSA

Freddie Mac HELP FOR AMERICA'S HOMEOWNERS. **MAKING HOME AFFORDABLE**

(Name of Servicer)
(Address of Servicer)

(Name of Borrower)
(Name of Co-Borrower)
(Address of Borrower)

(Loan #)
(Servicer FAX)
(Servicer Email)

(Borrower Phone)
(Borrower Email)

(Date)

Dear (Borrower and co-borrower name(s)):

If you are looking for help selling your home and avoiding foreclosure, the federal government has introduced the Home Affordable Foreclosure Alternatives (HAFA) Program to help you. As your mortgage servicer, we are offering you the opportunity to participate in this program by utilizing HAFA's short sale option.

Home Affordable Foreclosure Alternatives Program – Short Sale
A "short sale" is specifically designed to help borrowers who are unable to afford their first mortgage and want to sell their home to avoid foreclosure, even if the sale price may not pay off the amount owed on their mortgage. A short sale requires a number of parties (you, the buyer, your real estate broker, and sometimes mortgage insurance companies and other lenders) to work together to make this option successful. However, it could be a good solution for your current situation.

How Does a Short Sale Work?

- **Pre-Sale**—We will start by approving a list price for your home or give you the acceptable sale proceeds (the minimum amount that we must receive after sales costs) from the sale of your home. We will also identify the sales costs (broker commission and closing costs) that may be deducted from the final sales price. You then list your property (like any home sale) with a local real estate broker at the approved price.
- **Offer**—When you get an offer on your home, you will submit the required documentation and we will approve the sale if it fits in line with what we agreed to.
- **Closing**—Once the sale closes, we will release you from all responsibilities for repaying your mortgage. Plus, you will receive \$3,000 to help pay some of your moving expenses. (The check will be paid to you by the settlement agent as part of the closing.) In the event there is any money left over from the sale after paying the entire amount you owe on the mortgage plus the approved sales costs, you will not be eligible to receive the \$3,000.

To Participate in the Short Sale Program
Please note, there is no guarantee that your home will sell under this program, and you are responsible for determining whether you want to sell your home for the price and terms described in this letter. The following pages detail your responsibilities, additional information on the short sale process and the Terms and Conditions. Additionally, this letter constitutes an agreement between us and you ("Agreement") so please read it carefully and completely.

If you agree to the terms of the Agreement and want to proceed with a short sale, you must complete, sign and return the Agreement back to us. If you have questions, please contact us directly between the hours of (insert hours) at (insert toll free number).

Sincerely,
(Servicer Name)

Freddie Mac Form 1135 (9-10) Page 1 of 7

Program Agreement **MAKING HOME AFFORDABLE**

Short Sale Agreement

PLEASE READ THIS AGREEMENT CAREFULLY BEFORE YOU SIGN, BECAUSE IT AFFECTS YOUR LEGAL RIGHTS

Borrower Acknowledgement of Risks, Conditions and Contingencies. In signing and returning this Short Sale Agreement, I/we agree to all the stated terms and conditions.

Borrower Signature	Date	Co-Borrower Signature	Date
Printed Name		Printed Name	

Acknowledgement by Lender/Broker

Program Terms And Conditions **MAKING HOME AFFORDABLE**

ation Assistance. If the closing of the short sale occurs in accordance with this Agreement, you will be incentive payment of \$3,000 to assist with relocation expenses. We will instruct the settlement agent to pay sale proceeds at the same time that all other payments, including the payoff of our first mortgage, are a settlement agent. Only one payment per household is provided for the relocation assistance, regardless of borrowers.

8. **Sales Contracts.** Within three business days of a bona-fide purchase offer, you must submit a Request for Approval, which is attached as Exhibit A1, along with a copy of a fully executed Sales Contract, all addenda, documentation of funds or Buyer's pre-approval or commitment letter on letterhead from a lender.
9. **Parties to the Sale.** The Sales Contract must contain the following clause: "Seller and Buyer each represent that 'arm's length' transaction and the Seller and Buyer are unrelated to each other by family, marriage or commercial. The Buyer agrees not to sell the property within 90 days of closing of this sale."
10. **Closing.** The closing must occur within _____ calendar days of the Sales Contract execution date.
11. **Foreclosure Sale Suspension.** We may initiate or continue the foreclosure process as permitted by the mortgage, however, we will suspend any foreclosure sale date until the expiration date of this Agreement or the date of approved short sale, whichever is later, provided you continue to abide by the terms and conditions of this Agreement.
12. **Satisfaction and Release of Liability.** If all of the terms and conditions of this Agreement are met, upon sale and the property, servicer will prepare and send for recording a lien release in full satisfaction of the mortgage, for personal liability or deficiency judgment.
13. **[insert only if applicable] Mortgage Insurer or Guarantor Approval.** The terms and conditions of the sale are written approval of the mortgage insurer or guarantor.
14. **Termination of this Agreement.** Unless otherwise agreed by the parties, this Agreement will terminate on (insert date) and also terminate this Agreement at any time if:
 - Your financial situation improves significantly, you qualify for loan modification, you bring the account current on the mortgage in full.
 - You or your broker fails to act in good faith in marketing and/or closing on the sale of the property, or to abide by the terms of this Agreement.
 - A significant change occurs to the property condition or value.
 - There is evidence of fraud or misrepresentation.
 - You file for bankruptcy and the Bankruptcy Court declines to approve the Agreement.
 - Litigation is initiated or threatened that could affect title to the property or interfere with a valid conveyance. [insert only if applicable] You do not make the payments required under this Agreement.
15. **Settlement of a Debt.** The proposed transaction represents our attempt to reach a settlement of the delinquent debt. If this transaction is unsuccessful, we may exercise our remedies under the mortgage, including foreclosure.

(insert toll free number.)
PE** Hotline 1-888-995-0625 and is available 24/7

Page 2 of 7

SSA must contain the following:

- » Termination date not less than 120 calendar days
- » Effective date
- » List Price
- » Real estate commission
- » Monthly mortgage payment amount equal to 31% of the gross monthly income

Request for Approval of Short Sale – Form 1136



- The form used by a borrower to request a HAFA short sale described in D65.5(f)
- The RASS is submitted to the Servicer by the borrower, when the borrower receives a Short Sale offer. It provides terms and conditions of the short sale, and along with the sales contract, provides settlement instructions to the settlement agent.



[Name of Servicer] [Name of Borrower]
 [Address of Servicer] [Name of Co-Borrower]
 [Loan #] [Address of Borrower]
 [Servicer FAX] [Borrower Phone]
 [Servicer Email] [Borrower Email]
 [Date]

RE: Request for Approval of Short Sale Pursuant to Agreement Dated [Date of SSA]

This is a Request for Approval of the Short Sale Pursuant to Agreement Dated [Date of SSA] between the above referenced Servicer ("Servicer") and the borrower and co-borrower ("Borrower" or "you"). Under penalty of perjury you certify that:

- 1) the sale of the property is an "arm's length" transaction, between parties who are unrelated and unaffiliated by family, marriage, or commercial enterprise;
- 2) there are no agreements or understandings between you and the Buyer that you will remain in the property as a tenant or later obtain title or ownership of the property;
- 3) neither you nor the Buyer will receive any funds or commissions from the sale of the property; and
- 4) there are no agreements or offers relating to the sale or subsequent sale of the property that have not been disclosed to the Servicer.

Please complete, sign and return the Terms of Sale on the following page.

Program Terms And Conditions



Terms of Sale (All blanks to be completed by Borrower):

1. Contract Sales Price	\$	6. Closing Date:
2. Less Total Allowable Closing Costs	\$	7. Approved Buyer(s):
a. Commissions	\$	
b. Settlement Escrow/Attorney Fees	\$	
c. Seller's Title and Escrow Fees	\$	8. Settlement Agent:
d. Subordinate Lien Payoff	\$	
e. Real Property Taxes	\$	
f. Real Property Taxes	\$	9. Settlement Agent's Address:
g. Termite Inspection/Repair	\$	
h. Borrower Relocation Assistance	\$ 1,500	
i. Other (attach explanation)	\$	
3. Net Proceeds to Servicer	\$	10. Settlement Agent's Office Phone:
4. Earnest Money Deposit	\$	11. Settlement Agent's Office Fax:
5. Down Payment	\$	

As required by the Short Sale Agreement, copies of the following documents are attached:

- Sales contract and all addenda
- Buyer's documentation of funds or Buyer's pre-approval or commitment letter on letterhead from lender

The Borrower represents that the information provided in this Request is true and accurate and authorizes the Servicer to disclose to the U.S. Department of the Treasury or other government agency, Fannie Mae and/or Freddie Mac any information provided in connection with the Making Home Affordable program.

Borrower Signature	Date	Co-Borrower Signature	Date
Printed Name		Printed Name	

If you would like to speak with a counselor about this program, call the Homeowners HOPE™ Hotline 1-888-995-HOPE (4673). The Homeowner's HOPE™ Hotline offers free HUD-certified counseling services and is available 24/7 in English and Spanish. Other languages are available by appointment.

If you have questions, please contact us directly between the hours of [insert hours] at [insert toll free number.]

NOTICE TO BORROWER


Be advised that by signing this document you understand that any documents and information you submit to your servicer in connection with the Making Home Affordable Program are under penalty of perjury. Any misstatement of material fact made in the completion of these documents (including but not limited to misstatements regarding your occupancy in your home, rent this document has a hold or income, expense, or assets) will subject you to potential criminal investigation and prosecution for the following crimes: perjury, false statements, mail fraud, and wire fraud. The information contained in these documents is subject to examination and verification. Any potential misrepresentation will be referred to the appropriate law enforcement authority for investigation and prosecution. By signing this document you do not, represent and agree that: Under penalty of perjury, all documents and information I have provided to lender in connection with the Making Home Affordable Program, including the documents and information regarding my eligibility for the program are true and correct. If you are unable to file a write-down, modification or mortgage forbearance application with the Troubled Asset Relief Program, please contact the DISTARP Hotline by calling 1-877-650-0008 (toll-free), 202-422-4455 (toll) or www.districtarp.gov. A helpline is available in the Office of the Special Inspector General for Troubled Asset Relief Program, 2801 L St. NW, Washington, DC 20020.




Approval of Short Sale – Form 1137



The form the Servicer uses to approve a HAFA Short Sale offer received by the borrower and forwarded to the Servicer via Form 1136, Request for Approval of Short Sale (RASS)



HELP FOR AMERICA'S HOMEOWNERS.



[Name of Servicer] [Address of Servicer]	[Name of Borrower] [Name of Co-Borrower] [Address of Borrower]
[Loan #] [Servicer FAX] [Servicer Email]	[Borrower Phone] [Borrower Email]
[Date]	

Approval of Short Sale - The Servicer consents to this Request for Approval of Short Sale and agrees to accept all net proceeds from the settlement as full and final satisfaction of the first mortgage indebtedness on the referenced property. This agreement is subject to the following:

- A. **Terms** - The sale and closing comply with all terms and conditions of the Short Sale Agreement between the Servicer and the Borrower as well as all terms and representations provided herein by the Borrower.
- B. **Changes** - Any change to the terms and representations contained in this Request for Approval of Short Sale or the attached sales contract between you and the buyer must be approved by the Servicer in writing. The Servicer is under no obligation to approve such changes.
- C. **Subordinate Liens** - Prior to releasing any funds to holders of subordinate liens/mortgages, the closing agent must obtain a written commitment from the subordinate lien holder that it will release Borrower from all claims and liability relating to the subordinate lien in exchange for receiving the agreed upon payoff amount.
- D. **HUD-1** - A HUD-1 Settlement Statement, which will be signed by you and the buyer at closing, must be provided to the Servicer not later than one business day before the date indicated in Line 4, Closing Date.
- E. **Bankruptcy** - If you are currently in bankruptcy or you file bankruptcy prior to closing, you must obtain any required consent or approval of the Bankruptcy Court.
- F. **Tax Consequences** - A short payoff of the mortgage may have tax consequences. You are advised to contact a tax professional to determine the extent of tax liability, if any.
- G. **Credit Bureau Reporting** - We will follow standard industry practice and report to the major credit reporting agencies that your mortgage was settled for less than the full payment. We have no control over or responsibility for the impact of this report on your credit score. To learn more about the potential impact of a short sale on your credit you may want to go to <http://www.ftc.gov/ocpp/edu/pubs/consumer/credit/cre24.shtm>.
- H. **Payment Instructions** - Payoff funds and a final HUD-1 Settlement Statement must be received by the Servicer within 48 hours of closing in accordance with the attached wiring instructions. [include instructions]
- I. **Closing Instructions** - [include proprietary closing instructions, if any]

If you have questions, please contact us directly between the hours of [insert hours] at [insert toll free number.]


Signature of Servicer Representative	Title
Printed Name of Servicer Representative	Date

Freddie Mac Form 1137 4/10 Page 1 of 1


Disapproval of Short Sale – Form 1138



The form the Servicer uses to disapprove and counter-offer a HAFA Short Sale offer received by the borrower and forwarded to the Servicer via Form 1136, Request for Approval of Short Sale



HELP FOR AMERICA'S HOMEOWNERS.



MAKING HOME AFFORDABLE

[Name of Servicer] [Address of Servicer]	[Name of Borrower] [Name of Co-Borrower] [Address of Borrower]
[Loan #] [Servicer FAX] [Servicer Email]	[Borrower Phone] [Borrower Email]
[Date]	

Disapproval of Short Sale - The Servicer disapproves this Request for Approval of Short Sale, for the following reasons (check all applicable reasons):

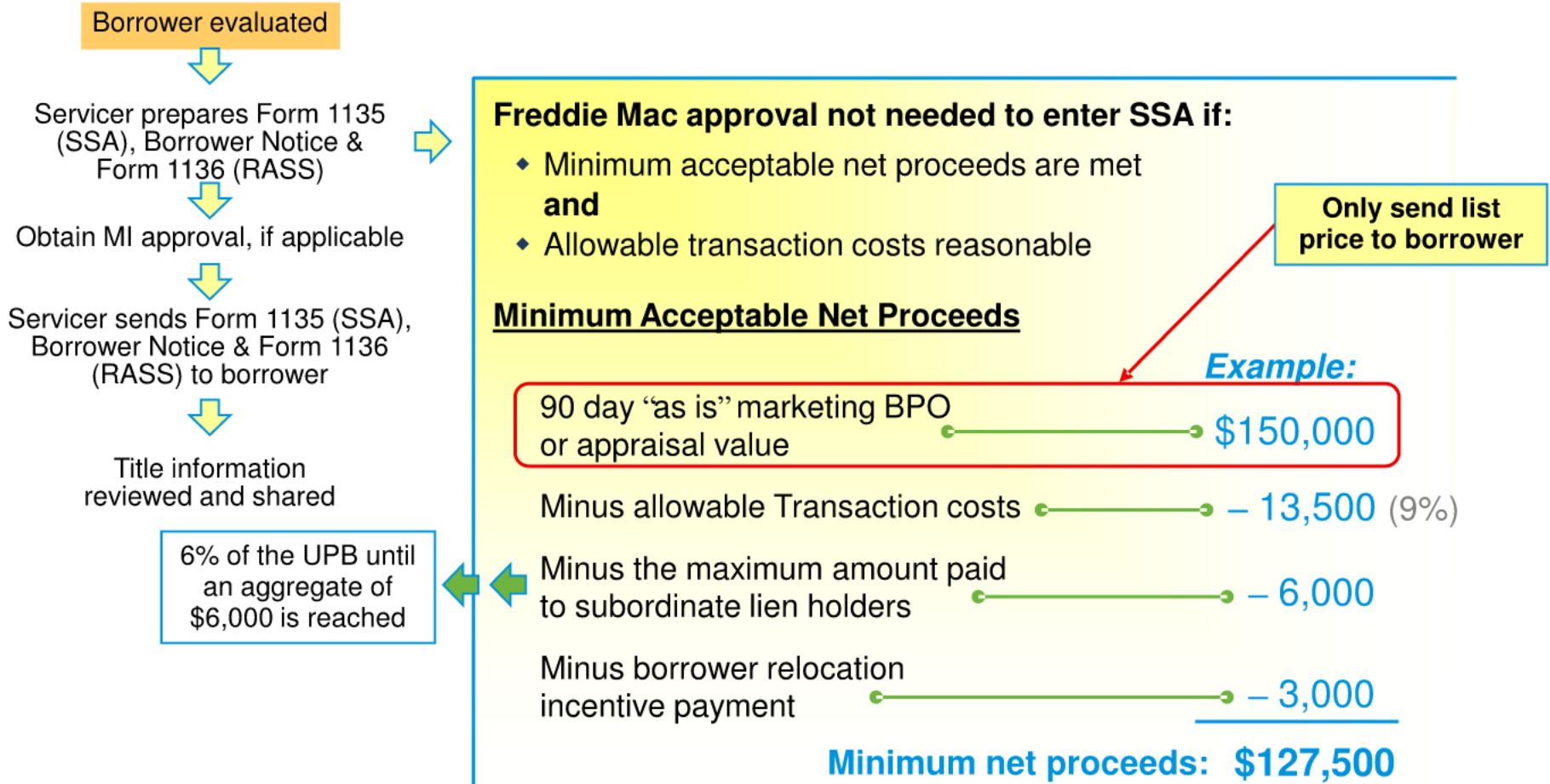
- You did not comply with all terms and conditions of the Short Sale Agreement between Servicer and Borrower dated ____/____/____, as it relates to section/s: _____
- The Request for Approval of Short Sale was not complete and/or fully executed.
 - Failure to provide executed sales contract or addenda
 - Failure to provide buyer's documentation of funds to close or buyer's pre-approval or commitment letter on letterhead from lender
- The net proceeds available to pay off the first mortgage loan are insufficient, due to:
 - Contract sales price is below list price stated in Short Sale Agreement
 - Net proceeds amount is less than acceptable net proceeds stated in Short Sale Agreement
 - Excessive financial concessions
 - Excessive commissions
 - Excessive closing costs
 - Excessive payments to subordinate liens/mortgages OR release of subordinate liens did not occur
- The mortgage insurer did not approve the short sale.
- Other: _____

If you have questions, please contact us directly between the hours of [insert hours] at [insert toll free number].

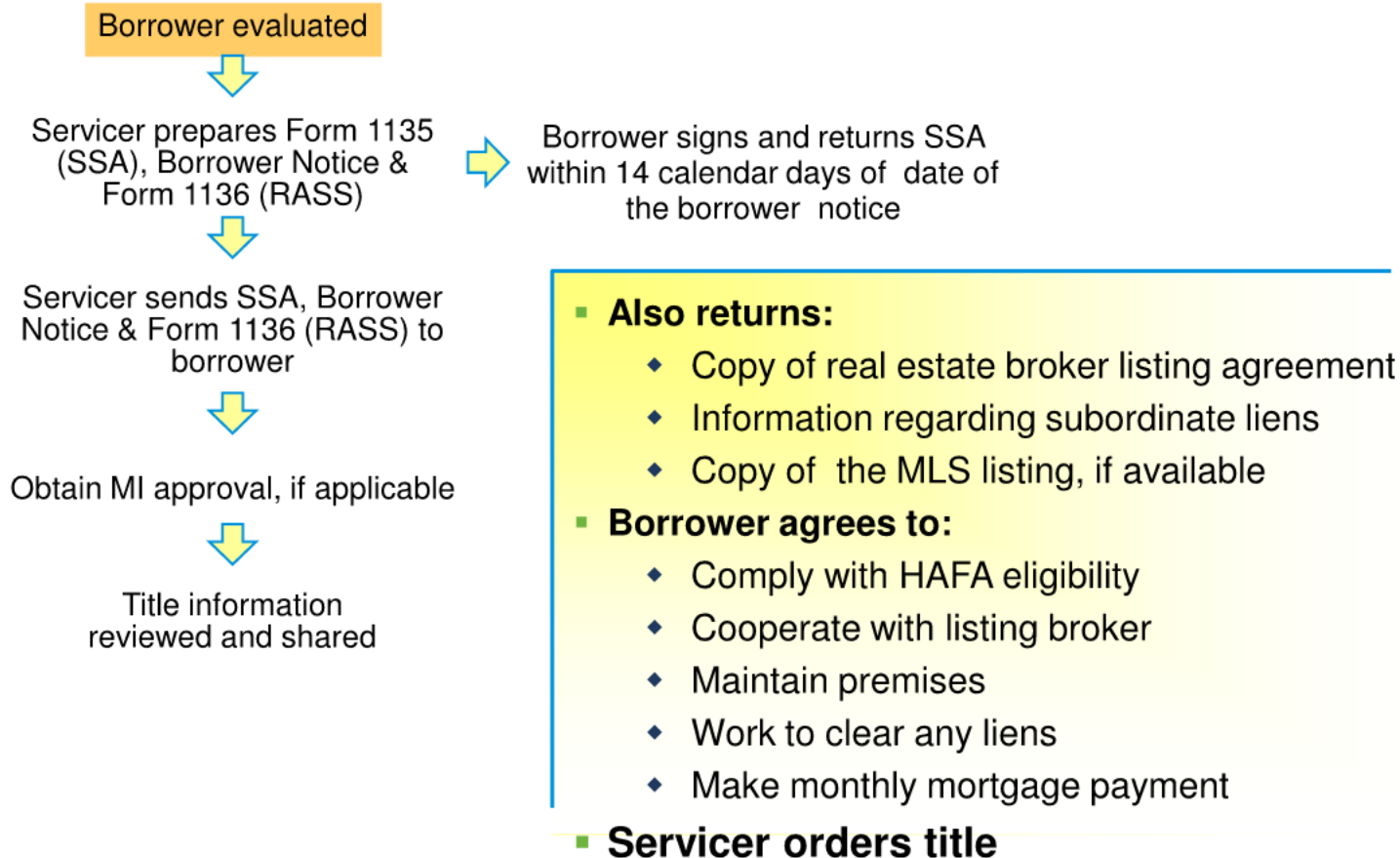
Signature of Servicer Representative _____	Title _____
Printed Name of Servicer Representative _____	Date _____

Freddie Mac Form 1138 6/10 Page 1 of 1

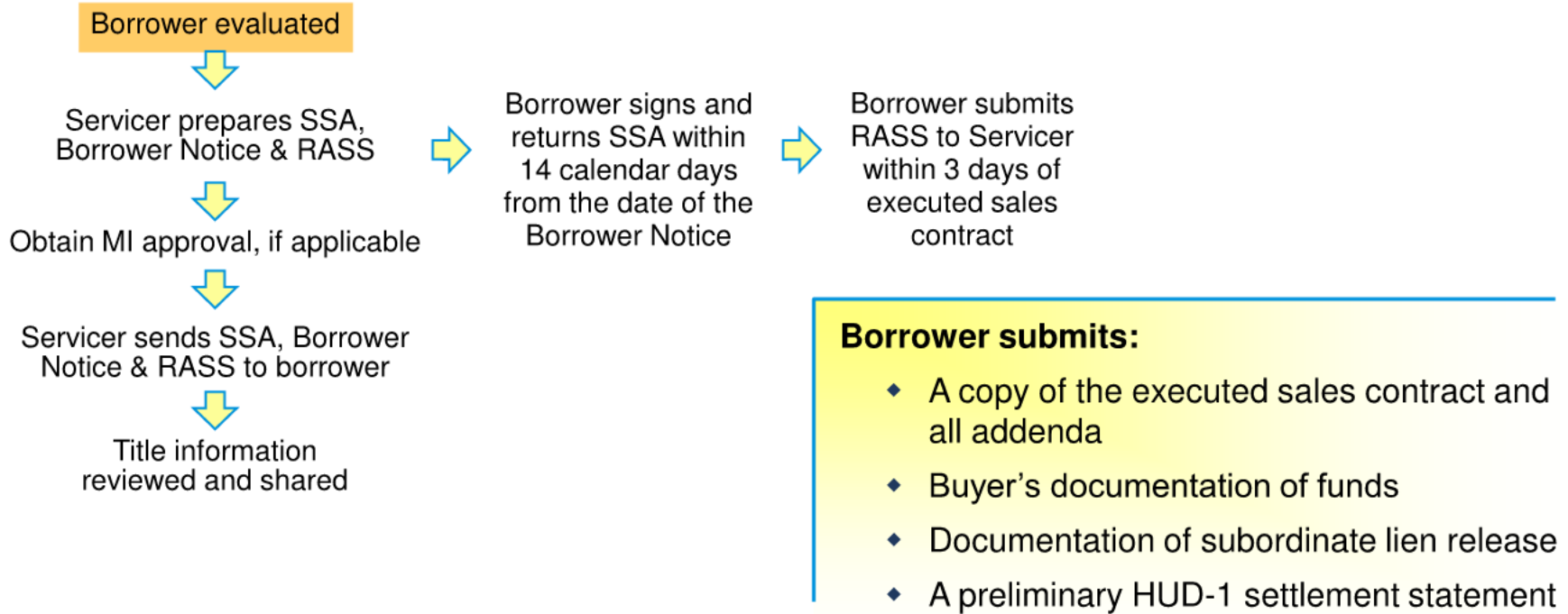
Short Sale Process



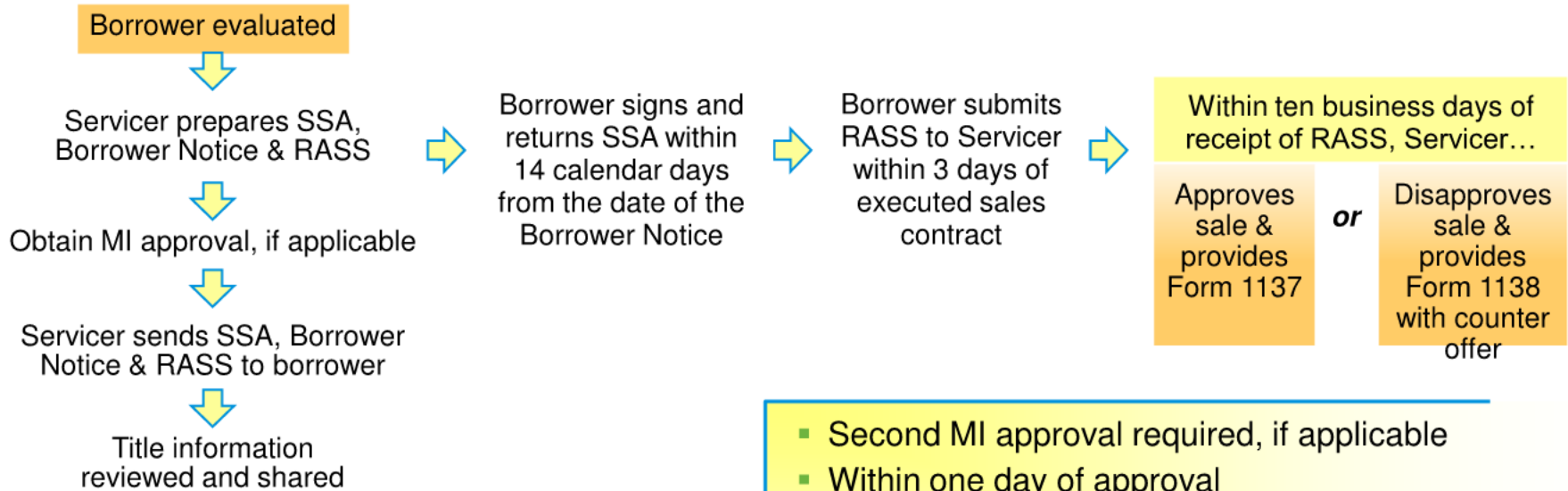
Short Sale Process



Short Sale Process

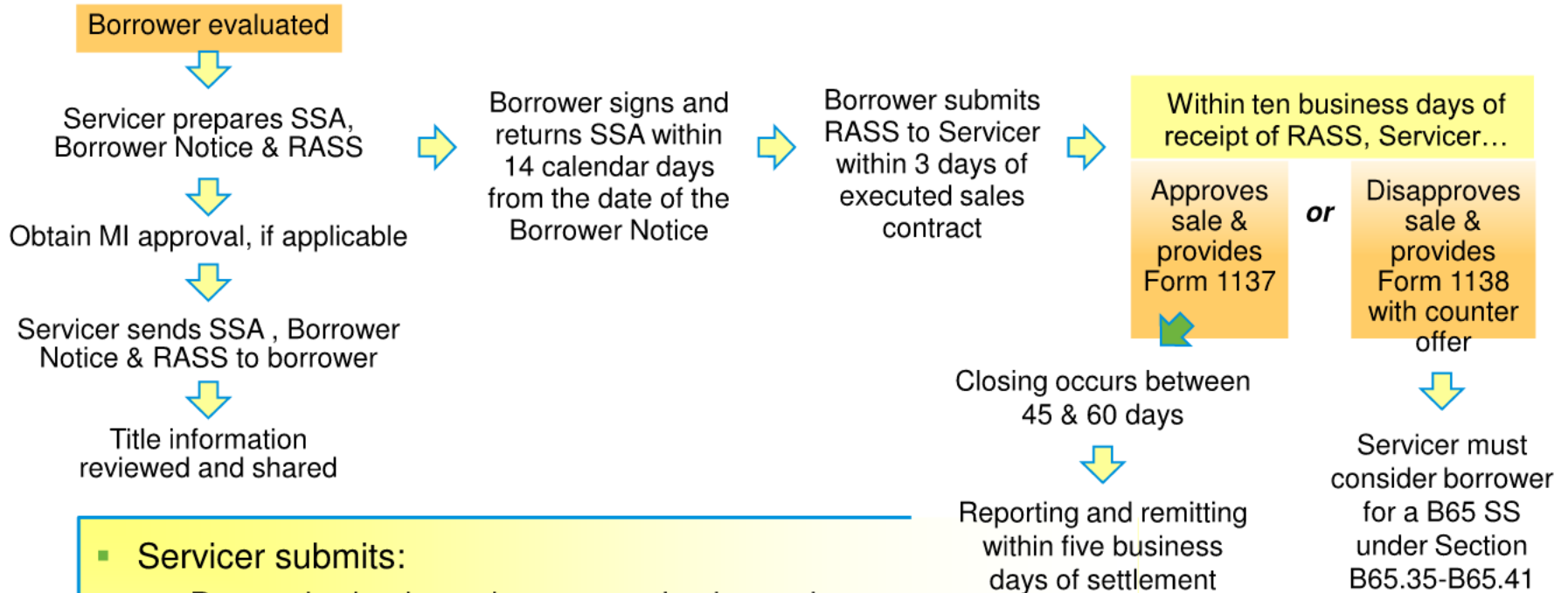


Short Sale Process



- Second MI approval required, if applicable
- Within one day of approval
 - ♦ All terms entered into Workout Prospector® and transmitted to Freddie Mac
 - ♦ Email sent to NPL_file_prep@FreddieMac.com
 - Subject line provide FM loan number and notation "HAFA Short Sale – Approval"

Short Sale Process



▪ Servicer submits:

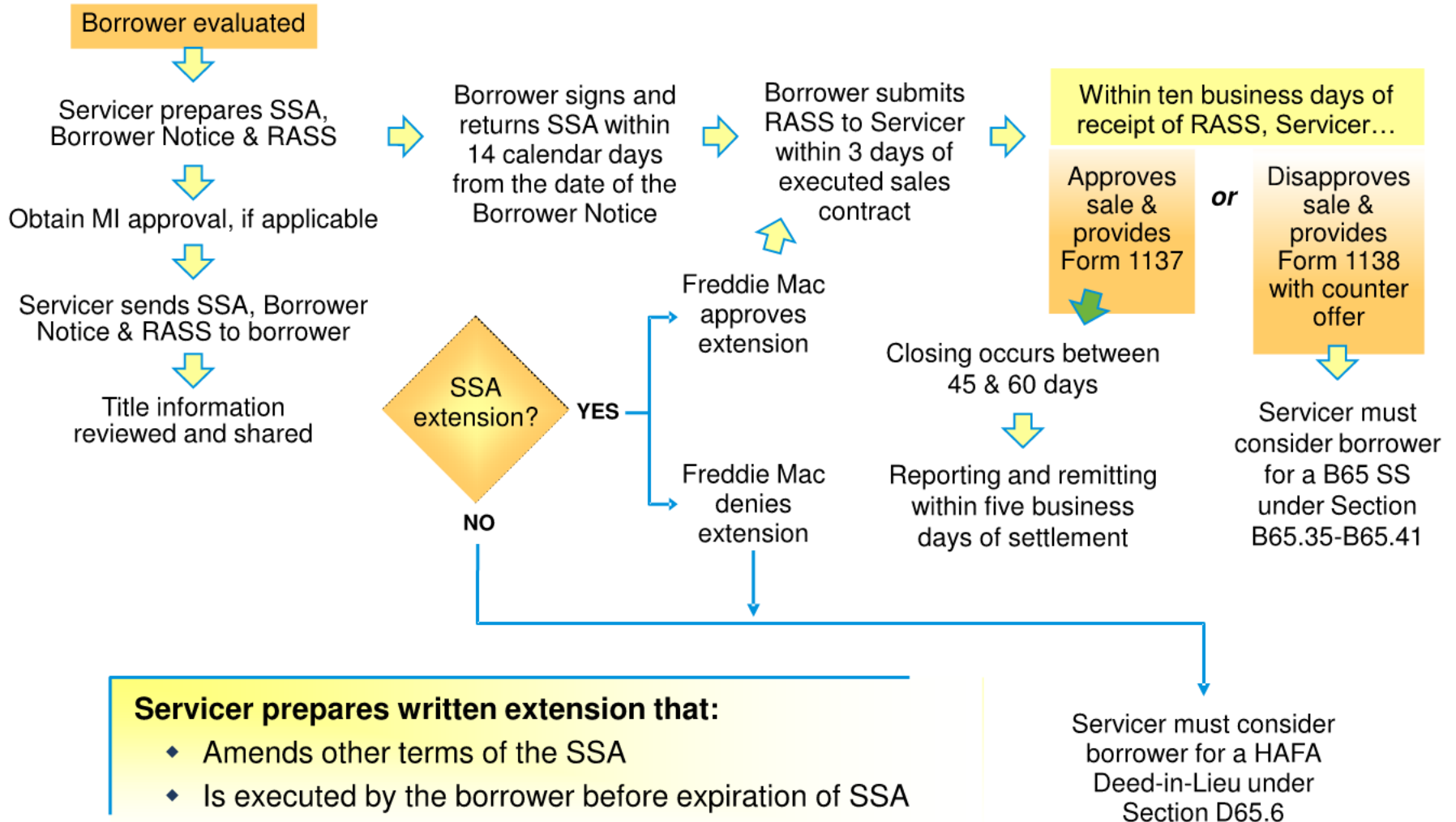
- ◆ Proceeds check or wire communication notice that includes Freddie Mac reference number
- ◆ Final sales contract and addenda
- ◆ Final HUD-1 signed by the borrower and the purchaser(s)
- ◆ Proof subordinate liens have been paid with commitment of release
- Borrower receives \$3,000 relocation assistance fee from Closing Agent
- Servicer must also comply with reporting and remitting requirements of Section B65.41

Extension of the SSA

Servicers must request extension and receive Freddie Mac approval if:

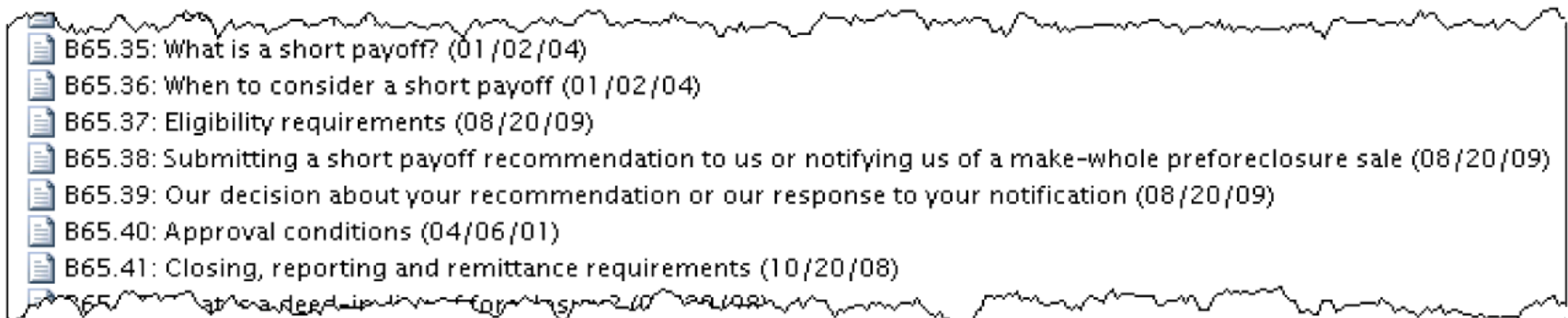
- » Borrower has fully complied with the SSA and was not the cause of the failure to sell
- » Servicer believes extension will result in an offer
- » Request submitted no fewer than 15 calendar days prior to expiration of SSA
 - E-mail HAF@FreddieMac.com
 - Provide marketing strategy
 - Number of days for extension
 - Adjustment to listing price and choice of real estate broker

Short Sale Process



Borrower has executed sales contract, but no SSA

- » Borrower informed they must followed B65 Short Sale process
- » Servicer will perform review under B65.35-B65.41 before the sales contract expires



Deed In Lieu (DIL) Agreement – Form 1139



The agreement between the borrower and Servicer to allow the borrower to transfer ownership of the Mortgaged Premises to Freddie Mac in lieu of foreclosure as described in D65.6(b)

HELP FOR AMERICA'S HOMEOWNERS.

[Name of Servicer]
[Address of Servicer]

[Loan #]
[Servicer FAX]
[Servicer Email]

[Date]

Dear [borrower and co-borrower name(s)]:

As your mortgage servicer, we are offering you the opportunity to participate in the federal government's Home Affordable Foreclosure Alternatives (HAFA) Program by utilizing the Deed-in-Lieu of Foreclosure (DIL) option to avoid foreclosure.

Home Affordable Foreclosure Alternatives Program – Deed-in-Lieu of Foreclosure
A "deed-in-lieu of foreclosure" is specifically designed to help borrowers who are unable to afford their first mortgage and want to avoid foreclosure. With a DIL, you voluntarily transfer ownership of your home and all real property secured by your mortgage loan (Property) to us to satisfy the total amount due on the first mortgage.

[Include or delete as appropriate.] While you previously entered into a Short Sale Agreement (and you complied with all your responsibilities), your Property did not sell. The DIL option will not allow you to keep your Property, however, it will prevent you from going through a foreclosure sale and it will release you from all responsibility to repay the mortgage debt. Additionally, you will be eligible to receive an assistance payment of \$3,000 to help with your moving expenses.

How Does a DIL Work?

- **Title**—You and all other occupants must vacate your Property and provide clear and marketable title with a general warranty deed or local equivalent by [insert date at least 30 days after the date of this Agreement].
 - o You must also be able to deliver marketable title free of any other liens. We will contribute up to six percent (6%) of the unpaid principal balance of each subordinate lien, not to exceed a total of \$6,000, toward paying off any subordinate lien holders.
 - o We require each subordinate lien holder to release you from personal liability for the loans in order for the sale to qualify for this program, but we do not take any responsibility for ensuring that the lien holders do not seek to enforce personal liability against you. Therefore, we recommend that you take steps to satisfy yourself that the subordinate lien holders release you from personal liability.
- **Property Condition**—You must leave the house in broom-clean condition, free of interior and exterior trash, debris or damage, and all personal belongings must be removed from the Property. The yard must be clean and neat and you must deliver all the keys and controls (e.g., garage door opener), to us.
- **Transfer/Closing**—You may be required to sign standard pre-closing documents as well as attend a closing of the transfer of your Property where all borrowers on the mortgage must be present.

The following pages detail your responsibilities, additional information on the DIL process and the Terms and Conditions. **Additionally, this letter constitutes an agreement between us and you ("Agreement").** If you agree to the terms of the Agreement and want to proceed with a DIL, you must complete, sign and return the Agreement back to us. If you have questions, please contact us directly between the hours of [insert hours] at [insert toll free number].

Sincerely,

[Servicer Name]

Freddie Mac Form 1139 07/10 Page 1 of 3

[Name of Borrower]
[Name of Co-Borrower]
[Address of Borrower]

[Borrower Phone]
[Borrower Email]

Program Terms And Conditions

Program—Terms and Conditions

Terms and conditions to the Deed-in-Lieu Agreement ("Agreement"):

1. **Property Maintenance and Expenses.** You are responsible for all property maintenance and expenses of your Property until you convey it to us including utilities, assessments, association dues, and costs for interior and exterior maintenance. Additionally, you must report any and all property damage to us and file a hazard insurance claim for covered damage. Unless insurance proceeds are used to pay for repairs or personal property losses, we may require that they be applied to reduce the mortgage debt.
2. **Partial Mortgage Payments.** You will be required to make partial mortgage payments of \$_____ [insert amount] by the first day of each month, beginning on _____, 1, 20____ until title to your house is transferred to us. You are legally obligated to make the full amount of your current monthly mortgage payments. However, we will accept the new partial payment until you have conveyed your Property. The partial mortgage payments do not constitute a modification of your mortgage.
3. **Borrower Relocation Assistance.** If you comply with all your responsibilities under the Agreement, you will be entitled to an incentive payment of \$1,500 to assist with relocation expenses. If there is a formal closing and you have vacated your Property, you will receive your incentive payment at closing. If at the time of closing you have not vacated your Property, we will mail you a check within 5 business days from when you vacate your Property and deliver the keys to us. Similarly, if a formal closing is not conducted, we will mail you a check within 5 business days from the later of when you vacate the deed to us or when you vacate your Property and deliver the keys to us. Only one payment per household is provided for the relocation assistance, regardless of the number of borrowers.
4. **Foreclosure Sale Suspension.** We may initiate or continue the foreclosure process as permitted by the mortgage documents; however, we will suspend any foreclosure sale date until the conveyance of your Property has been completed, provided you continue to abide by the terms and conditions of this Agreement.
5. **Satisfaction and Release of Liability.** If all of the terms and conditions of this Agreement are met, upon conveyance of your Property to us by General Warranty deed or the equivalent in the state where your Property is located, we will prepare and record a lien release in full satisfaction of the mortgage, foregoing all rights to pursue a deficiency judgment.
6. **Mortgage Insurer or Guarantor Approval.** The terms and conditions of the Agreement are subject to the written approval of the mortgage insurer or guarantor.
7. **Termination of This Agreement.** We may terminate this Agreement at any time if:
 - a. Your financial situation improves significantly, you qualify for loan modification, you bring the account current or you pay off the mortgage in full.
 - b. You fail to act in good faith with the Agreement.
 - c. A significant change occurs to the property condition or value.
 - d. There is evidence of fraud or misrepresentation.
 - e. You file for bankruptcy and the Bankruptcy Court declines to approve the agreement.
 - f. Litigation is initiated or threatened that could affect title to the property or interfere with a valid conveyance.
 - g. You do not make the payments required under this Agreement.
8. **Settlement of a Debt.** The proposed transaction represents our attempt to reach a settlement of the delinquent mortgage. You are choosing to enter into this Agreement even though there is no guarantee that the transaction will be successful. In the event this transaction is unsuccessful, we may exercise our remedies under the mortgage, including foreclosure.
9. **Possible Income Tax Considerations.** The difference between the remaining amount of principal you owe and the current market value of the property must be reported to the Internal Revenue Service (IRS) on Form 1099-C as debt forgiveness. In some cases, debt forgiveness could be taxed as income. The amount we pay you for moving expenses may also be reported as income. We suggest that you contact the IRS or your tax preparer to determine if you may have any tax liability.

Credit Bureau Reporting. We will follow standard industry practice and report to the major credit reporting agencies that your mortgage was settled for less than the full payment. We have no control over, or responsibility for, the fact of this report on your credit score. To learn more about the potential impact of a deed-in-lieu on your credit, you may want to go to <http://www.ftc.gov/bcp/edu/ftubs/consumer/crs-fti/crs24.html>.

Supplemental Directive 09-09 Page C-3

Program Agreement

By signing this Agreement, you are agreeing to a deed-in-lieu of foreclosure. If you have any questions about the terms, please call us before signing and returning this Agreement.

AGREEMENT CAREFULLY BEFORE YOU SIGN, BECAUSE IT AFFECTS YOUR LEGAL RIGHTS.

Agreement of Risks, Conditions and Contingencies. In signing and returning this Deed-in-Lieu to all the states terms and conditions.

Date	Co-Borrower Signature	Date
Printed Name		

Call with a counselor about this program, call the Homeowner's HOPE™ Hotline 1-800-995-9929. Homeowner's HOPE™ Hotline offers free HUD-certified counseling services and is available 24/7. Other languages are available by appointment.

please contact us directly between the hours of [insert hours] at [insert toll free number.]

NOTICE TO BORROWER

This document is intended to help you understand the terms and conditions of the program. It is not a contract. You should consult with a legal advisor before signing this document. If you have any questions about the program, please call the Homeowner's HOPE™ Hotline at 1-800-995-9929. The Homeowner's HOPE™ Hotline is a free service provided by the U.S. Department of Housing and Urban Development. For more information, please visit the Homeowner's HOPE™ Hotline website at www.hopehotline.gov. The Homeowner's HOPE™ Hotline is a service of the U.S. Department of Housing and Urban Development. For more information, please visit the Homeowner's HOPE™ Hotline website at www.hopehotline.gov. The Homeowner's HOPE™ Hotline is a service of the U.S. Department of Housing and Urban Development. For more information, please visit the Homeowner's HOPE™ Hotline website at www.hopehotline.gov.

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Deed-in-Lieu Consideration

Borrower must have marketed the property under a SSA prior to offer of HAFA Deed-in-Lieu

- » Request within 10 calendar days of the expiration of the SSA by:
 - Completing and transmitting through Workout Prospector
 - Ordering a new BPO from www.bpodirect.net
 - Faxing (571-382-4910) the following to Freddie Mac:
 - Uniform Borrower Assistance Form 710, Form 710A or equivalent Servicer form
 - All documentation under Section D65.4
 - Listing Agreement
 - Title work
 - Approval from the MI company
 - Approval from subordinate lien holders

Freddie Mac will notify the Servicer if it approves or disapproves the request via Workout Prospector within seven business days of receipt of all required documentation.

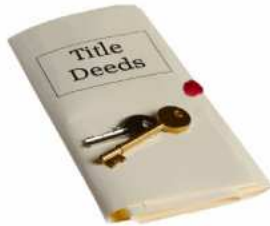


7
DAYS



Deed-in-Lieu Terms

- Marketable Title



- Written Agreement

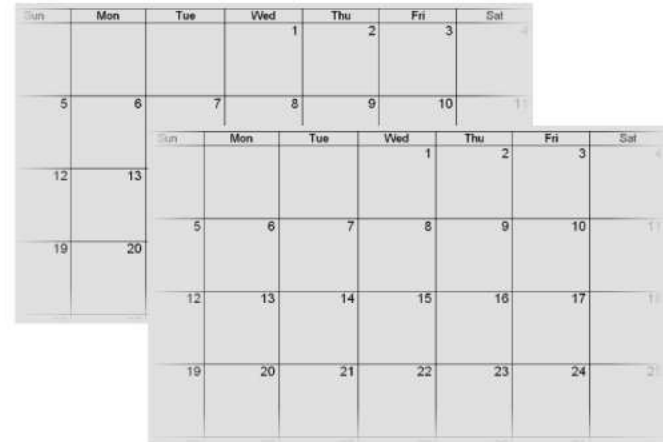


- Monthly Payment



- Vacancy Date

- ◆ No less than 30 calendar days
- ◆ No more than 60 calendar days



- \$3,000 for borrower relocation assistance



Deed-in-Lieu – Closing Requirements



- Within one business day of receiving the executed deed:
 - » Report via Service Loans[®] using the Foreclosure Sale/DIL transmission
- Within five business days, submit the following via fax (571-382-4910):
 - » Proof subordinate liens have been paid or released
 - » Copy of the executed deed between borrower and Freddie Mac
- Report the transfer to REO via Service Loans[®]

DIL – Other Requirements

- Secure the property



- Request reimbursements



- Report the acquisition to the IRS



Consider a B65 Deed-in-Lieu

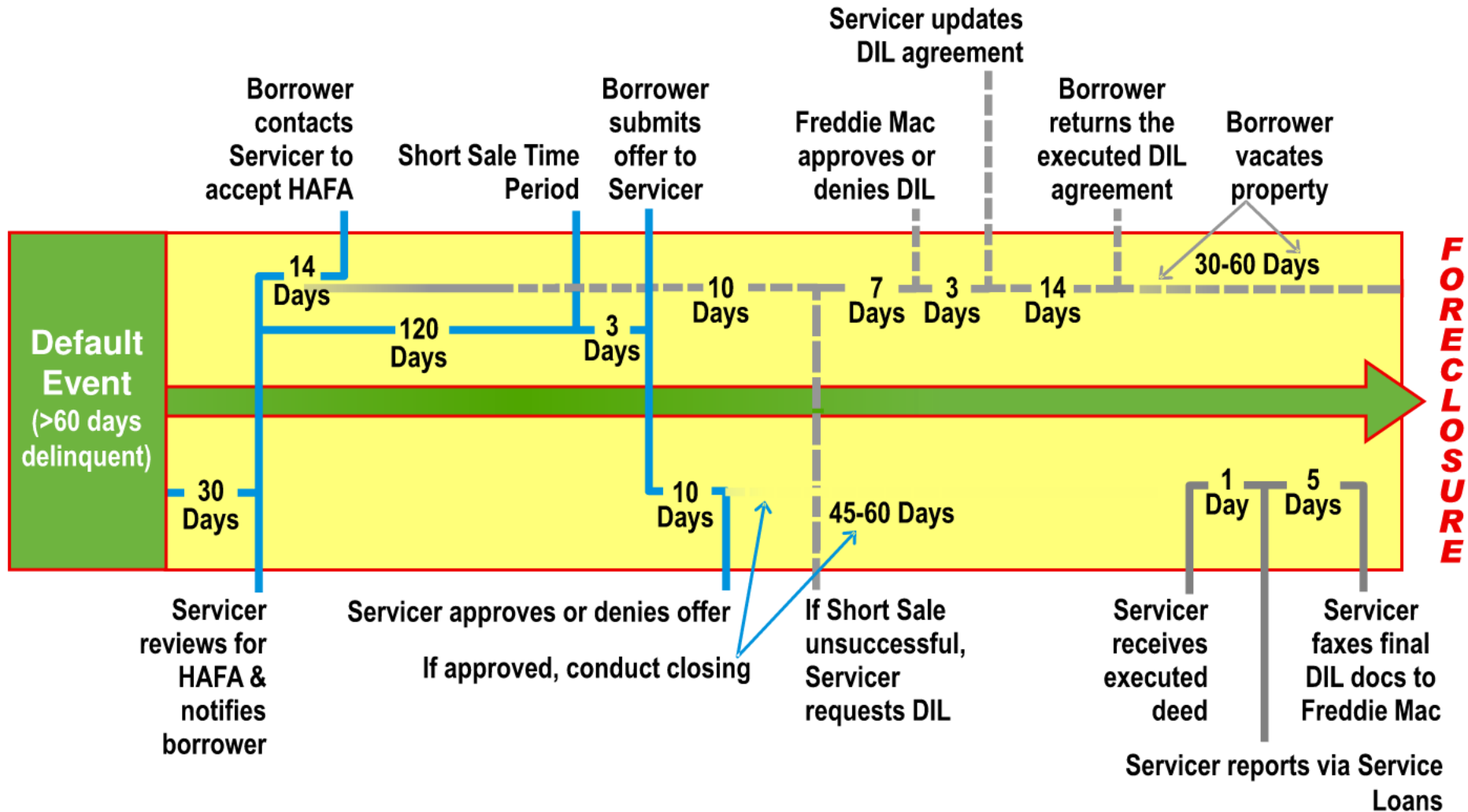


Continue with delinquency collection



Initiate or continue foreclosure
pursuant to Chapter 66

Key Timeline



Release of subordinate liens

- » Borrower must deliver clear and marketable title to purchase (SS) or Freddie Mac (DIL)
- » Must work with listing broker, settlement agent, and/or lien holder to clear title impediments
- » Servicer may negotiate with subordinate lien holders on behalf of the borrower
- » Servicer will authorize the settlement agent to allow up to an aggregate of \$6,000 or 6% of the UPB of their loans as payments to subordinate lien holders
- » Subordinate lien holder
 - Waives any rights to additional funds from borrower



- Servicer must:
 - » Release the first lien within 30 calendar days after receipt of sales proceeds or delivery of the deed
 - » Waive all rights to seek a deficiency judgment and cannot have the borrower sign a promissory note or obtain a cash contribution
- Borrower fees
 - » Not charged for any administration fees
 - » Costs may be added to the outstanding debt
 - » Waiver of any reimbursement of remaining escrow
 - Not applied to reduce the total net proceeds from the sale

Mortgage Insurer Approval

- » Servicer must obtain preliminary MI approval for a SS prior to the execution of the SSA
- » Servicer must request and obtain final MI approval prior to executing and returning the *Approval of Short Sale* form
- » For DIL, Servicer must receive approval prior to entering into the *DIL Agreement*
- » If denied at any stage of the process, then borrower is ineligible for HAFA
- » MI must waive any right to collect additional sums from the borrower



Cause for Termination

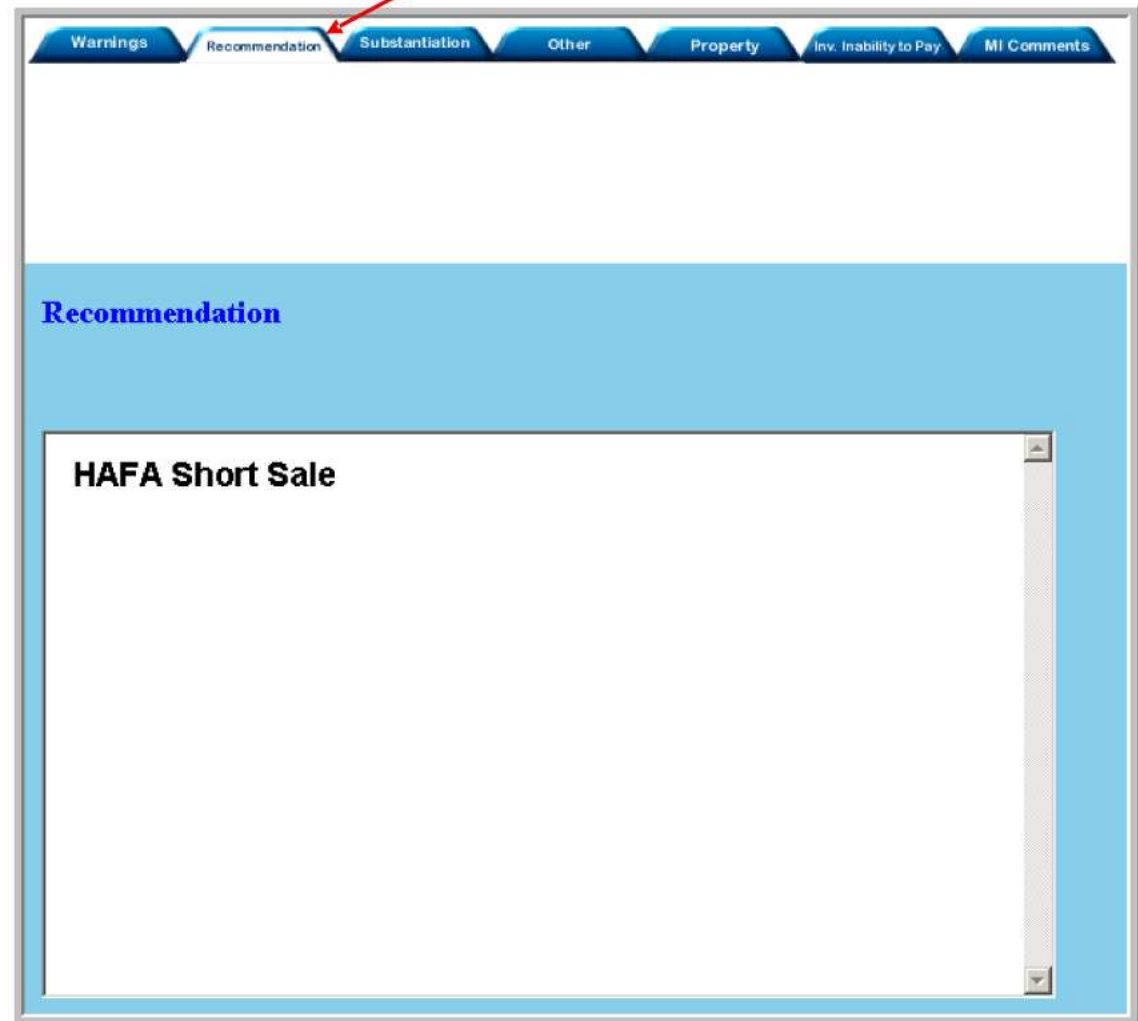
- The borrower's financial situation improves significantly or the borrower files for bankruptcy
- The borrower qualifies for and accepts a B65 modification
- The borrower brings the mortgage current or pays the mortgage in full
- The borrower or the listing broker fails to act in good faith
- A significant change occurs on the property
- Evidence of fraud, misrepresentation or litigation is initiated

The Servicer must use
Workout Prospector for **all**
Mortgages being
considered for HAFA



Enter in the Warnings and Comments Screen that the loan is a HAFA Short Sale or a HAFA Deed-in-Lieu

Recommendation Tab



■ For HAFA Short Sale

- » Borrower paid from the sale proceeds; amount of Borrower Relocation assistance reflected on HUD-1
- » Servicer advances the amount of the incentive to FM by including it with the payoff remittance
- » Servicer reimbursed for the advance by FM via the Program Administrator's (PA) incentive payment process, once the Servicer reports the completed short sale to the PA

■ For HAFA DIL

- » Servicer mails a check to the borrower for the relocation incentive within 5 Business Days from the date of the borrower's execution of the deed conveying title to the Mortgaged premises or the borrower's vacancy and delivery of keys to the Servicer or Servicer's agent
- » Servicer reimbursed for the advance by Freddie Mac via the Program Administrator's (PA) incentive payment process, once the Servicer reports the transfer of title to the PA

Workout Prospector – Borrower Relocation Incentive on a Short Sale



Servicer must input the Borrower Relocation Incentive for SS on HUD-1 line 1306 in Workout Prospector

1304	<input type="text"/>	\$	0.00
1305	<input type="text"/>	\$	0.00
1306	HAFA Borrower Incentive	\$	3,000.00
1400 Total Settlement Charges		\$	4,120.00

Workout Prospector – Borrower Relocation Incentive on a Deed-in-Lieu



Servicer must input the Borrower Relocation Incentive for a DIL on the DIL Override Screen – Miscellaneous Expenses

Bankruptcy Atty Fees&Costs	\$ 0.00		\$ 0.00
Eviction Attorney Fees	\$ 0.00		\$ 0.00
Eviction Costs	\$ 0.00		\$ 0.00
Miscellaneous Expenses	\$ 0.00	3,000.00	\$ 0.00
TOTAL EXPENSES			\$ 2,000.75

- **For HAFA Short Sale**

- » Payments to subordinate lien holders made at closing from the gross sales proceeds and must be reflected on the HUD-1

- **For HAFA DIL**

- » Servicer must advance the payments to the subordinate lien holders
- » Servicer reimbursed for the advances by Freddie Mac via the Program Administrator's (PA) incentive payment process, once the Servicer reports the transfer of title to the PA

Workout Prospector – Subordinate Liens on a Short Sale



Servicer must input subordinate liens on a SS on Line 505 of the HUD-1

502 Settlement charges to seller (line 1400)	\$	
503 Existing loan(s) taken subject to	\$	0.00
504 Payoff of first mortgage loan	\$	64,251.73
505 Payoff of second mortgage loan	\$	6,000.00
506 <input type="text"/>	\$	0.00
507 <input type="text"/>	\$	0.00
508 <input type="text"/>	\$	0.00
509 <input type="text"/>	\$	0.00
Adjustments for items unpaid by seller		

Workout Prospector – Subordinate Liens on a Deed-in-Lieu



Servicer must input subordinate liens on a DIL on the DIL Override Screen – Miscellaneous Expenses

	Derived	Override	Results
Liens	\$ 0.00	6,000.00	\$ 0.00
Taxes	\$ 359.58		\$ 359.58
Insurance	\$ 471.20		\$ 471.20
Miscellaneous Expenses	\$ 0.00		\$ 0.00

Reporting to the Program Administrator

- Key Milestones
 - » Notification – When the SSA or DIL Agreement is signed and executed or updated for extensions
 - » SS/DIL loan setup – At the transfer of ownership of the mortgage Premises
 - » Termination – When the SSA or DIL Agreement expires or when terminated by the Servicer
- Report no later than the fourth business day of the month following the event
- Format instructions at “HMPadmin.com”

Electronic Default Reporting (EDR) Requirements



EDR Event or Status	Action Codes	Description
Short Sale in Review	Event Code HB	<p>Report Code HB to notify us that you are reviewing the mortgage for a HAFA Short Sale, pursuant to the borrower's request or response to your solicitation.</p> <p>Report code HB and the date you began the review for the HAFA Short Sale, one time, in the first EDR cycle following the date the event took place.</p>
Ineligible for Short Sale	Event Code HC	<p>Report Code HC if the loan is ineligible for a short sale.</p> <p>Report code HC and the date the request was denied, one time, in the first EDR cycle following the date the event took place.</p>
Forbearance Plan	Default Action Code 09	<p>Report these codes in the first EDR cycle following the Effective Date of the SSA, and each month thereafter, for as long as the Mortgaged Premises is being marketed for a HAFA Short Sale.</p>

Servicers will be required to report the following codes at a later date:

EDR Event or Status	Action Codes	Description
Short Sale Agreement (SSA) Executed	Default action code HF	<p>Report Code HF to notify us that the borrower has executed the HAFA SSA.</p> <p>Report code HF and the date the borrower executed the SSA, one time, in the first EDR cycle following the date the event took place.</p>
Home Affordable Foreclosure Alternative	Reason Code HAF	<p>Report Default Reason Code HAF (“Home Affordable Foreclosure Alternative”) together with EDR code “09”, in the month following the Effective Date of the SSA, and each month thereafter, for as long as the Mortgaged Premises is being marketed for a HAFA Short Sale.</p>

Servicer should continue to report a “full file” status:



The Servicer must describe the exact status of each mortgage it is servicing as of the last Business Day of each month

HAFA Short Sale

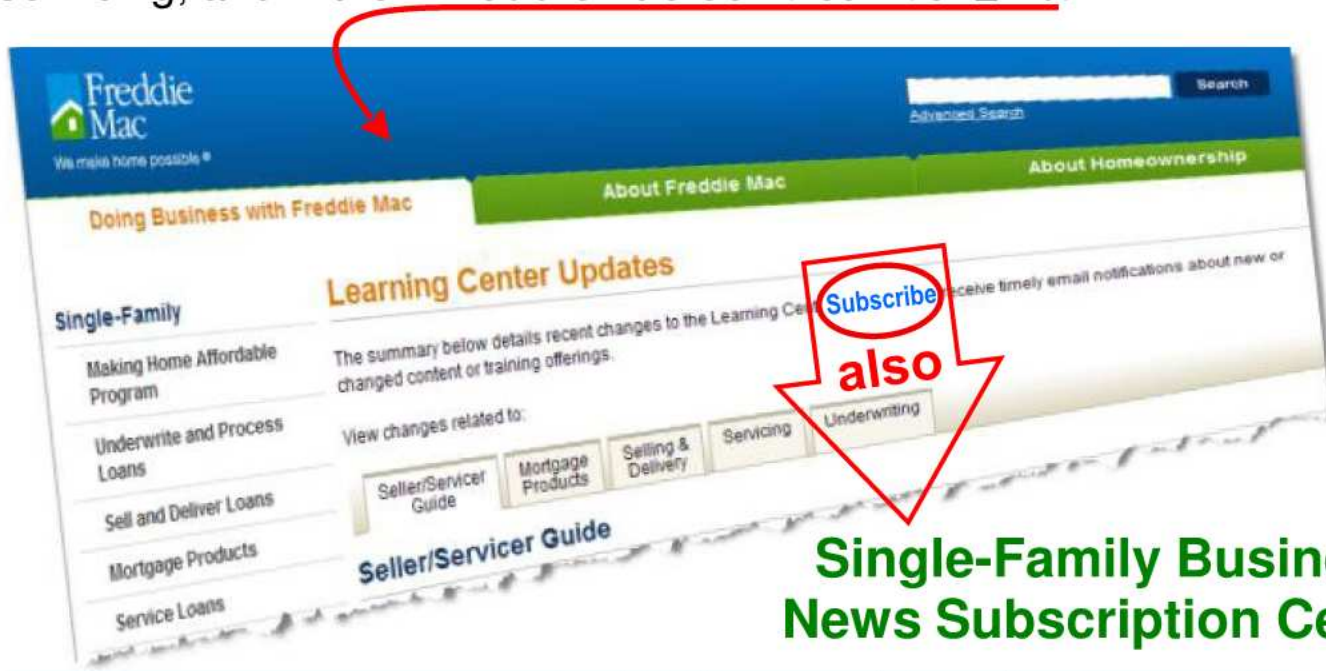


HAFA Deed-in-Lieu



Learning Center Updates

The **Learning Center Updates** page provides quick access to new and updated training resources to help you with underwriting, mortgage products, selling, servicing, and more: FreddieMac.com/learn/ch_ind/



**Single-Family Business
News Subscription Center**

FreddieMac.com/singlefamily/news/subscribe.html

*Get the latest e-mails on single-family news, updates, alerts, and new training and education opportunities on **the categories that match what's most important for your job, your organization, and your business.***

Certificate of Completion



Home Affordable Foreclosure Alternative Training

Name

Date