



Home Affordable Foreclosure Alternatives (HAFA) Short Sales for the Real Estate Professional



We make home possible®

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

- New section of Freddie Mac's *Single-Family Seller/Servicer Guide*: Chapter D65
- HAFA is considered part of Home Affordable Modification Program (HAMP) and must comply with the provisions of Section C65.13.

Benefits of HAFA

- Mitigates the impact of foreclosure on borrowers and communities
- Helps borrowers transition into more affordable housing and avoid foreclosure
- Provides financial incentives to Servicers and borrowers

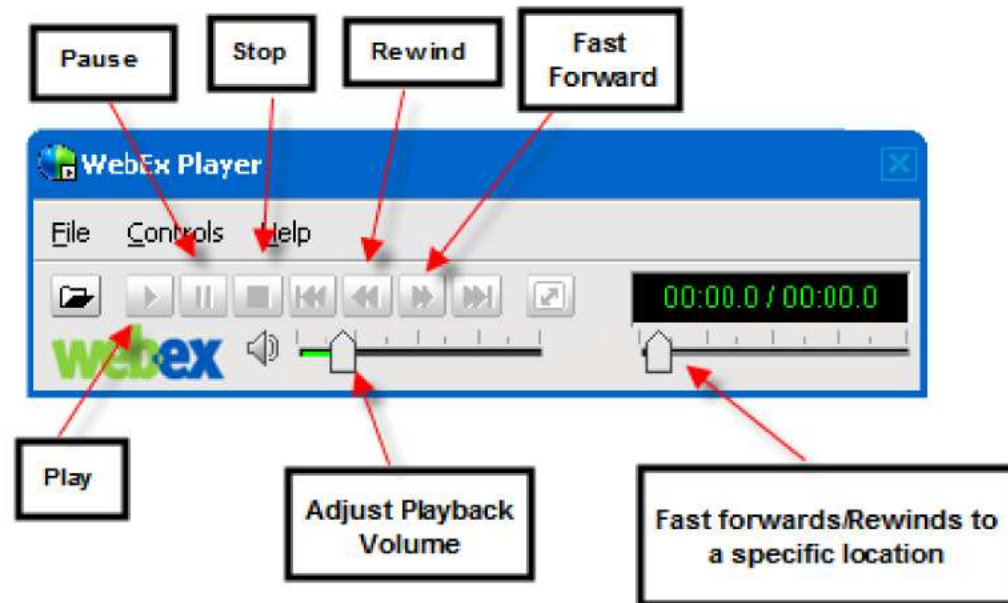
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Tools and Tips

- Close all other applications to enhance your workstation's performance
- Maximize the window used for viewing this recording
- For technical support, call (866) 229-3239



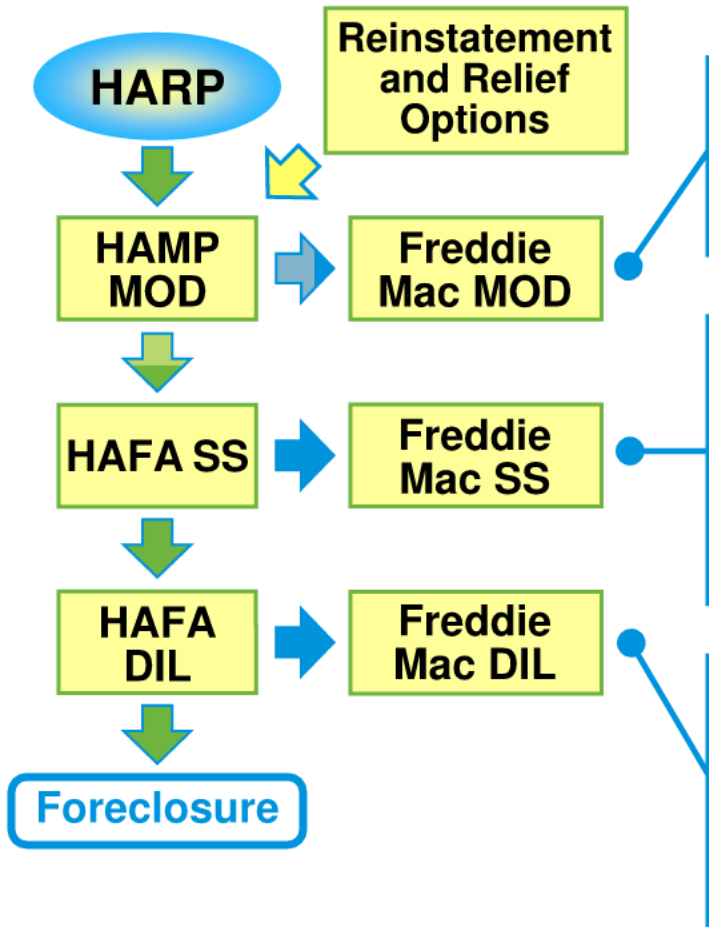
Visit our Learning Center to view other distance learning offerings:
www.FreddieMac.com/learn

Objectives

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

Foreclosure Alternatives

A borrower should be reviewed for the reinstatement and relief options available in Chapter A65, *Reinstatement and Relief Options*, prior to being reviewed for HAMP. A borrower who has the financial ability to fully reinstate the mortgage, or partially reinstate the mortgage coupled with the ability to fulfill a repayment plan, should be offered the appropriate reinstatement or relief option under Guide Chapter A65.



- HAMP Modification – A loan modification pursuant to Guide Chapter C65.
- Freddie Mac 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

HAFA Eligibility Requirements

Program ends December 31, 2012

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
- 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

Borrower Information

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

Request for Modification and Affidavit (RMA) or other similar proprietary financial information forms

The image shows a 'Request for Modification and Affidavit (RMA)' form from Freddie Mac. It includes sections for borrower information, loan details, and a hardship affidavit. A yellow highlight is placed over the title of the form.

CREDIT REPORT

PERSONAL INFORMATION

CREDIT REPORTING AGENCY:

NAME:

ALSO KNOWN AS:

DATE OF BIRTH:

CURRENT ADDRESS:

PREVIOUS ADDRESS:

EMPLOYER:

SUMMARY

TOTAL ACCOUNTS:

OPEN ACCOUNTS:

CLOSED ACCOUNTS:

DELINQUENT:

DEROGATORY:

BALANCES:

PAYMENTS:

A yellow highlight is placed over the title 'Credit report for each Borrower'.

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

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

Most recently filed tax return

Filing Status

Check only one box.

1 Single

2 Married filing jointly (even if only one had income)

3 Married filing separately. Enter spouse's SSN above and full name here.

5 Qualifying widow(er) with dependent child

6 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 of

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

2b Second social security number

3 Current name, address, and telephone number

4 Previous address

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. IRS has no control over what the third party does with the tax information.

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.

IRS Form 4506T or 4506T-EZ

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 page1)

| 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.

Documents Used for HAFA

- *Short Sale Agreement “SSA”*
 - *Request for Approval of Short Sale “RASS”*
 - *Approval of Short Sale*
 - *Disapproval of Short Sale*
 - *Deed in Lieu Agreement “DIL Agreement”*
- 

SSA Requirements

SSA must contain the following:

- ◆ Termination date not less than 120 calendar days
- ◆ Effective date
- ◆ List price
- ◆ Real estate commission and allowable transaction costs
- ◆ Payment to subordinate lien holders

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]
 [Address of Borrower]
 [Loan #] [Borrower Phone]
 [Servicer FAX] [Borrower Email]
 [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 | \$ | 8. Settlement Agent: |
| b. Settlement Escrow/Attorney Fees | \$ | |
| c. Seller's Title and Escrow Fees | \$ | |
| d. Subordinate Lien Payoff | \$ | |
| e. Real Property Taxes | \$ | |
| f. Real Property Taxes | \$ | 9. Settlement Agent's Address: |
| g. Termite Inspection/Repair | \$ | 10. Settlement Agent's Office Phone: |
| h. Borrower Relocation Assistance | \$ 1,500 | |
| i. Other (attach explanation) | \$ | |
| 3. Net Proceeds to Servicer | \$ | 11. Settlement Agent's Office Fax: |
| 4. Earnest Money Deposit | \$ | |
| 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, health insurance status, and/or income, expenses, 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 certify, 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 a victim of fraud, identity theft, mismanagement or misrepresentation affiliated with the Troubled Asset Relief Program, please contact the SFTS-RR hotline by calling 1-877-503-0209 (Toll-Free) 2024-22-4350 (Toll) or visit a sign page. A link to the toll-free hotline Office of the Special Inspector General for Troubled Asset Relief Program, 1201 L St. NW, Washington, DC 20002.

Approval of Short Sale – Form 1137

The form the Servicer uses to approve a HAFA Short Sale offer that was 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]

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

[Date]

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

[Borrower Phone]
[Borrower Email]

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/ocp/edu/pubs/consumer/credit/cre24.stm>.
- 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

Printed Name of Servicer Representative



Title

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 that was received by the Borrower and forwarded to the Servicer via Form 1136, *Request for Approval of Short Sale*

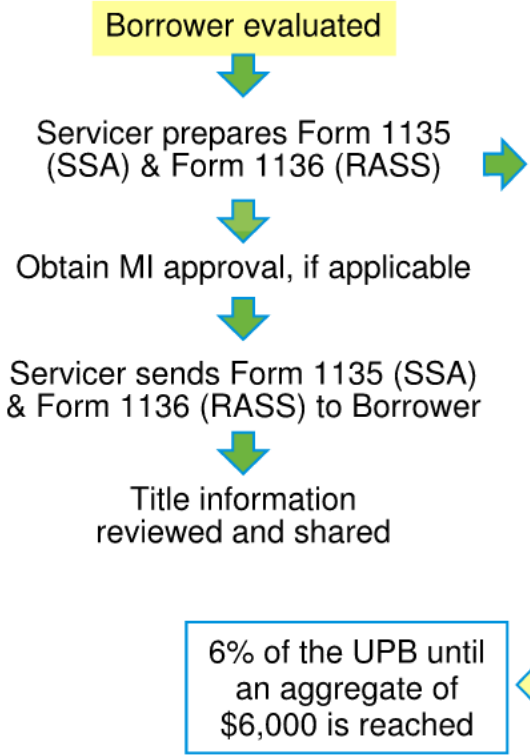
| | | | | | |
|---|--|--|--|---|--|
|  | | HELP FOR AMERICA'S HOMEOWNERS. | |  | |
| [Name of Servicer] [Address of Servicer] | | [Name of Borrower] [Name of Co-Borrower] [Address of Borrower] | | | |
| [Loan #] [Servicer FAX] [Servicer Email] | | [Borrower Phone] [Borrower Email] | | | |
| [Date] | | | | | |
| Disapproval of Short Sale - The Servicer disapproves this Request for Approval of Short Sale, for the following reasons (check all applicable reasons): | | | | | |
| <input type="checkbox"/> | 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: _____ | | | | |
| <input type="checkbox"/> | The Request for Approval of Short Sale was not complete and/or fully executed. <ul style="list-style-type: none"> <input type="checkbox"/> Failure to provide executed sales contract or addenda <input type="checkbox"/> Failure to provide buyer's documentation of funds to close or buyer's pre-approval or commitment letter on letterhead from lender | | | | |
| <input type="checkbox"/> | The net proceeds available to pay off the first mortgage loan are insufficient, due to: <ul style="list-style-type: none"> <input type="checkbox"/> Contract sales price is below list price stated in Short Sale Agreement <input type="checkbox"/> Net proceeds amount is less than acceptable net proceeds stated in Short Sale Agreement <input type="checkbox"/> Excessive financial concessions <input type="checkbox"/> Excessive commissions <input type="checkbox"/> Excessive closing costs <input type="checkbox"/> Excessive payments to subordinate liens/mortgages OR release of subordinate liens did not occur | | | | |
| <input type="checkbox"/> | The mortgage insurer did not approve the short sale. | | | | |
| <input type="checkbox"/> | Other _____ | | | | |

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.

Short Sale Process



Freddie Mac approval not needed to enter SSA if:

- ◆ Minimum acceptable net proceeds are met **and**
- ◆ Allowable transaction costs reasonable

Only send list price to borrower

Minimum Acceptable Net Proceeds

Example:
 90 day "as is" marketing BPO or appraisal value \$150,000

Minus allowable transaction costs - 13,500 (9%)

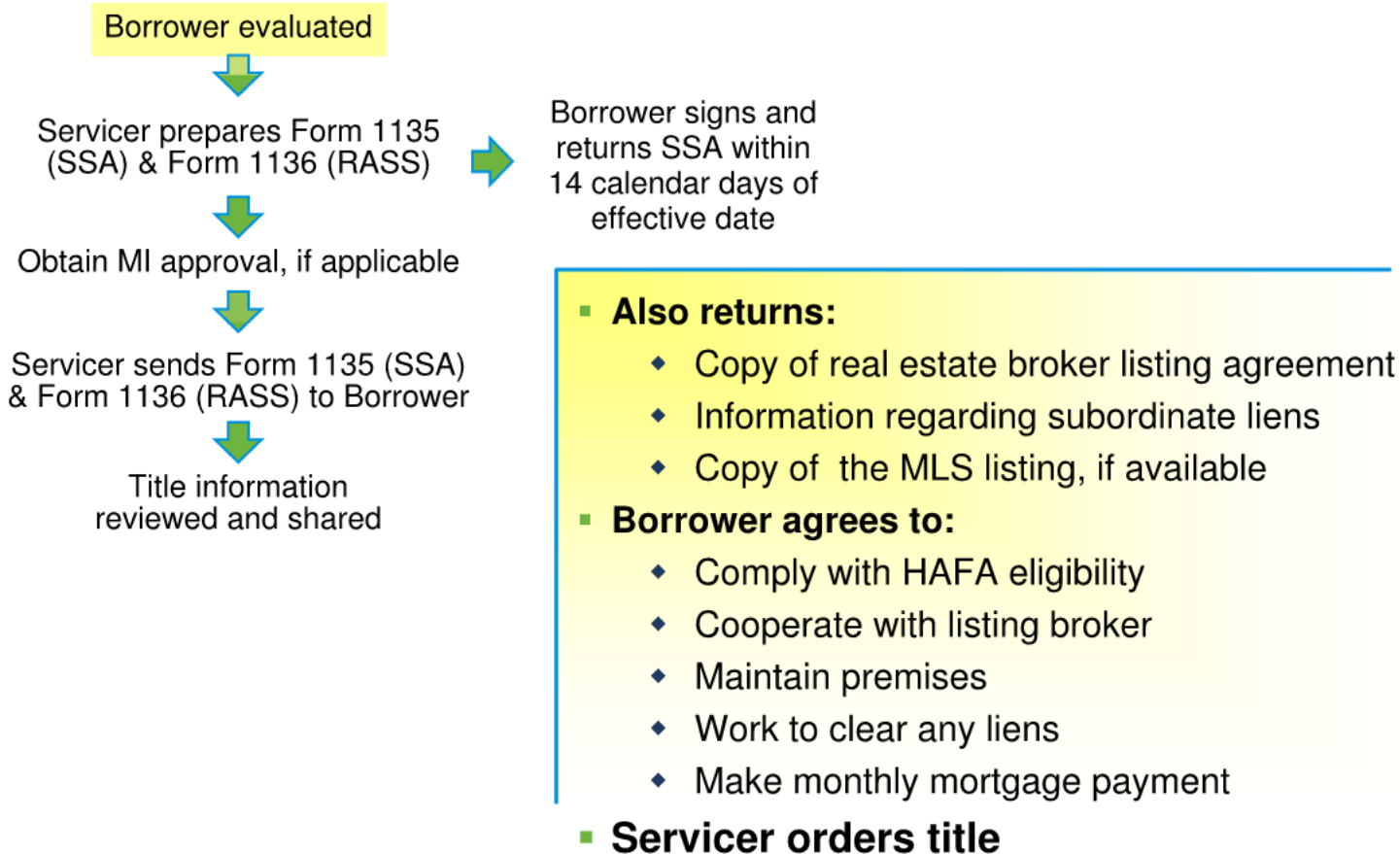
Minus the maximum amount paid to subordinate lien holders - 6,000

Minus Borrower relocation incentive payment - 3,000

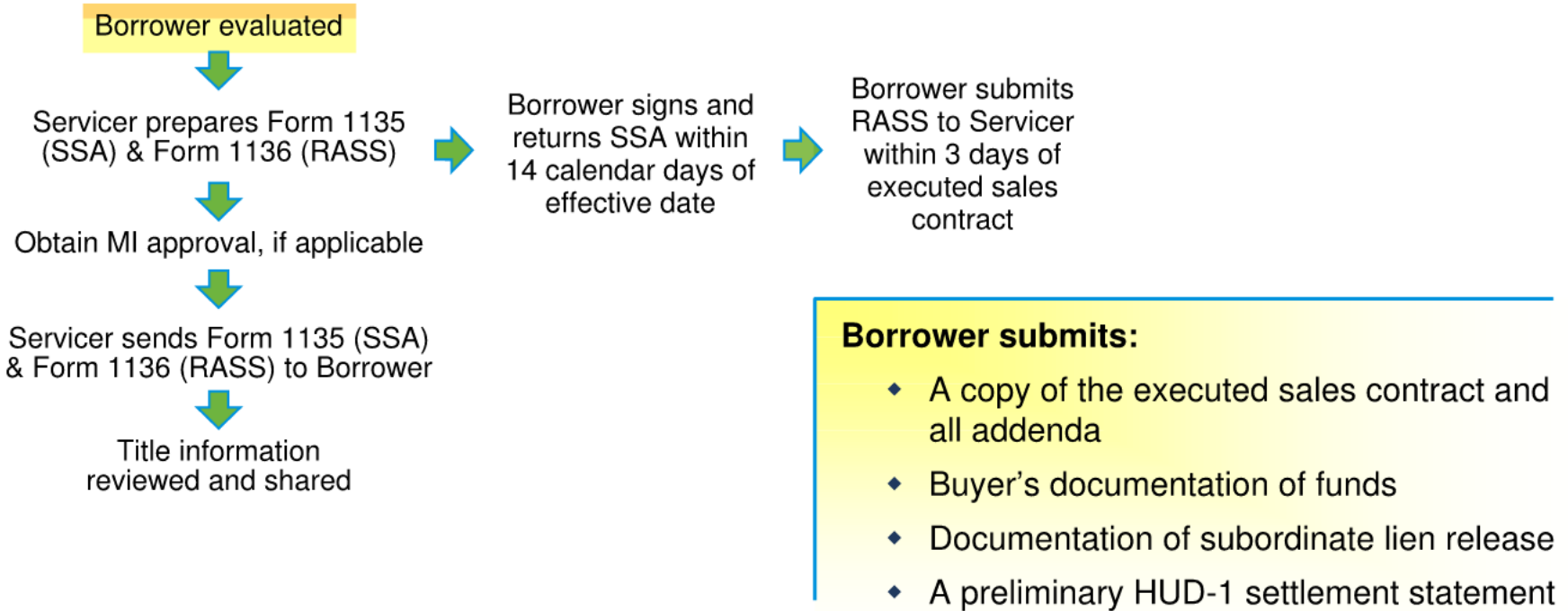
Minimum net proceeds: \$127,500

6% of the UPB until an aggregate of \$6,000 is reached

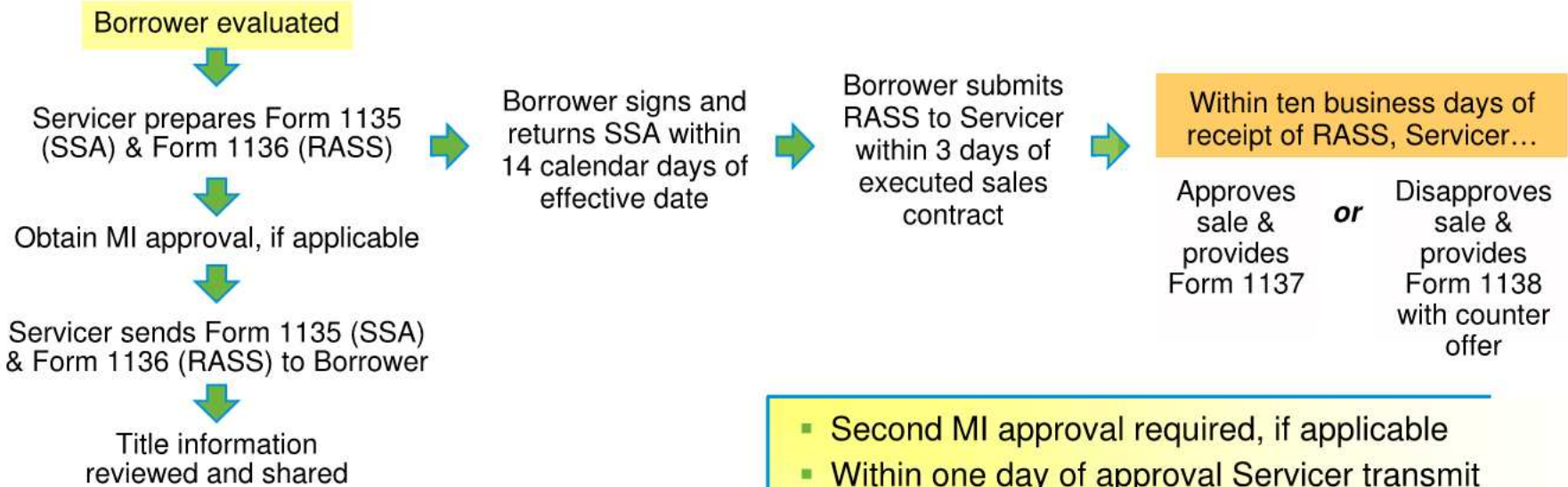
Short Sale Process



Short Sale Process

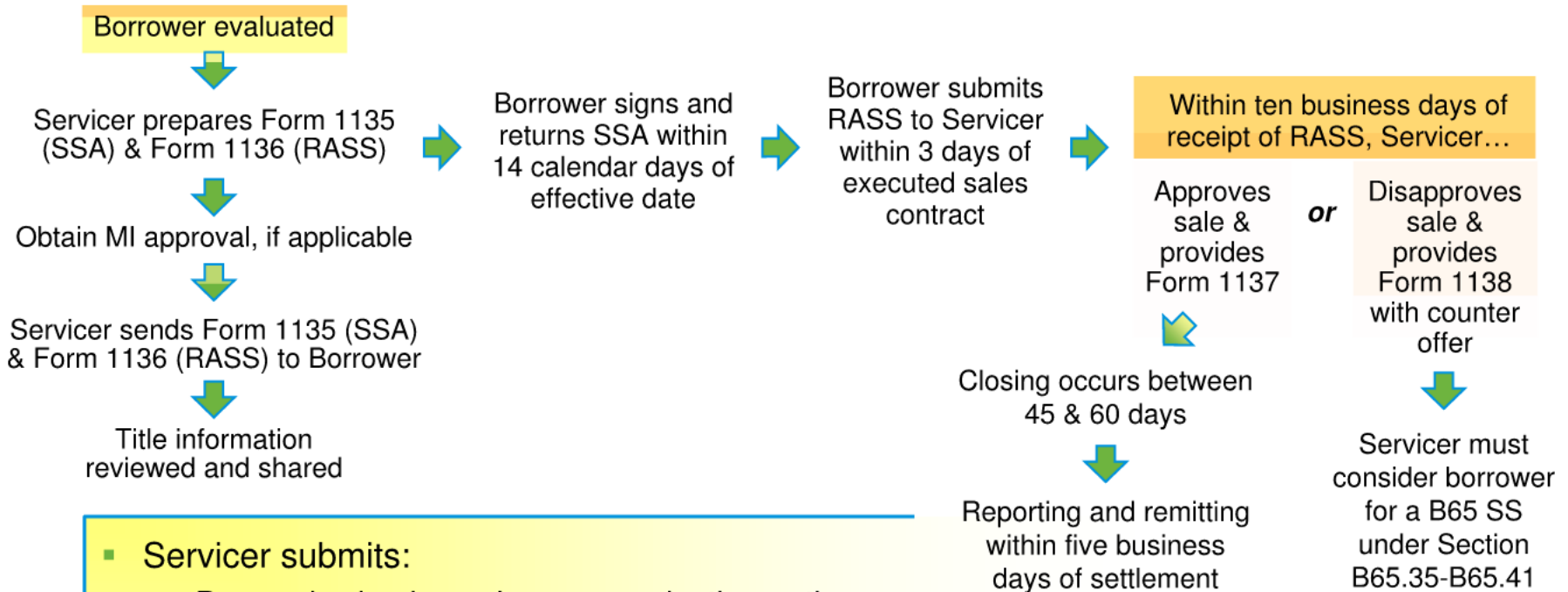


Short Sale Process



- Second MI approval required, if applicable
- Within one day of approval Servicer transmit information to Freddie Mac

Short Sale Process



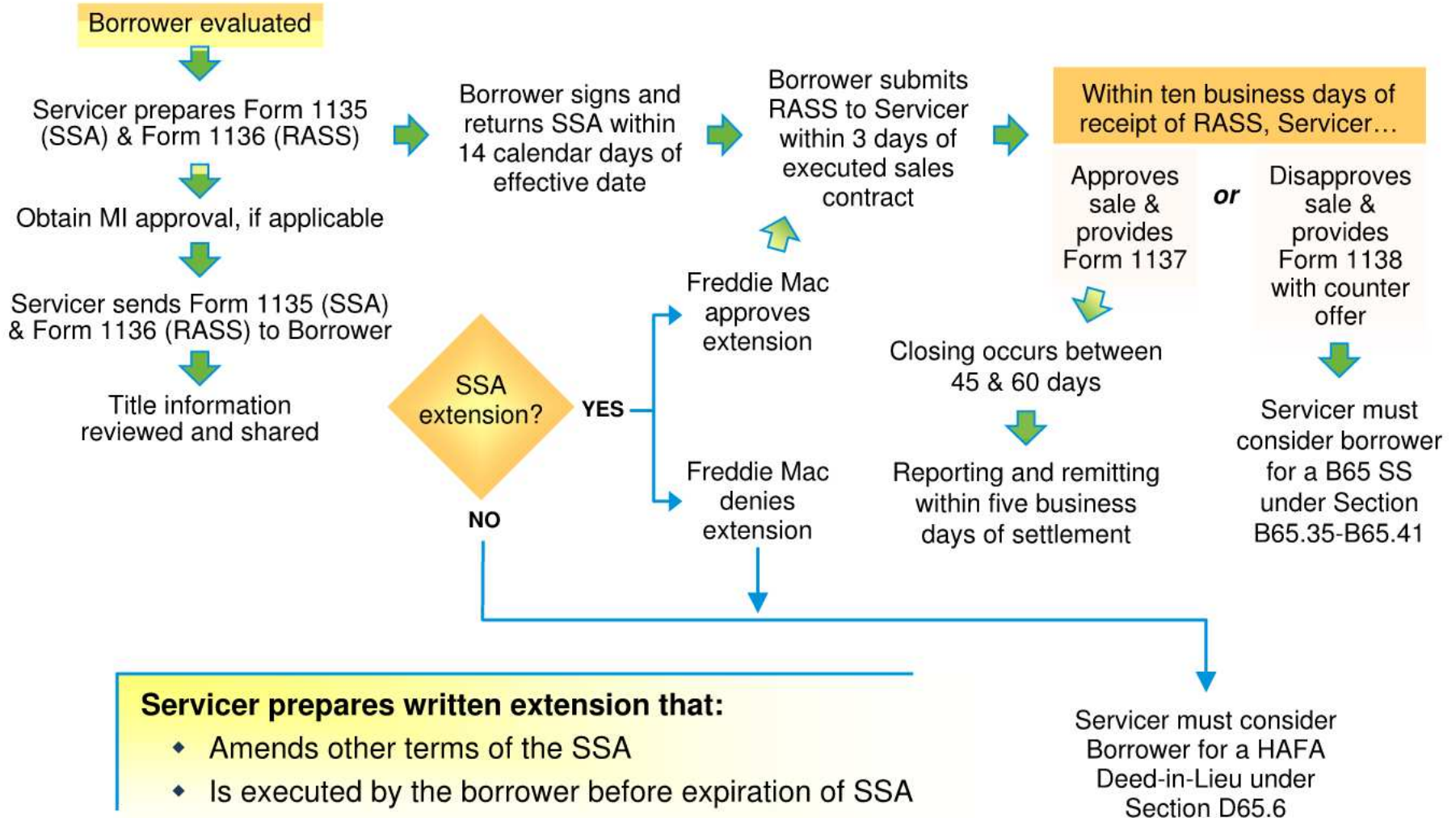
- Servicer submits:
 - ◆ Proceeds check or wire communication notice that includes Freddie Mac reference number
 - ◆ Final sales contract and addenda
 - ◆ Final HUD-1 signed by the Borrower and the purchaser(s)
 - ◆ Proof subordinate liens have been paid with commitment of release
- Borrower receives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

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
- ◆ Servicer request submitted to Freddie Mac no fewer than 15 calendar days prior to expiration of SSA and provides:
 - Marketing strategy
 - Number of days for extension

Short Sale Process



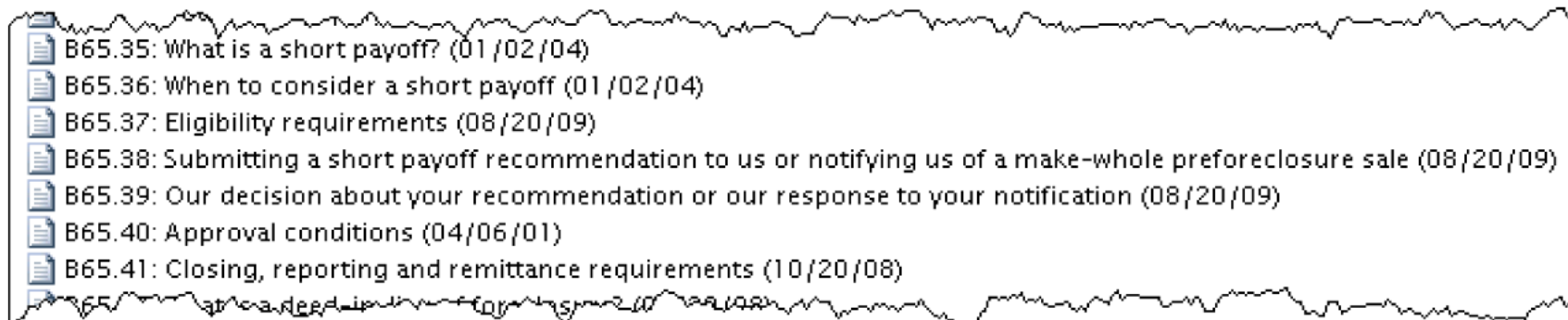
Servicer prepares written extension that:

- ◆ Amends other terms of the SSA
- ◆ Is executed by the borrower before expiration of SSA

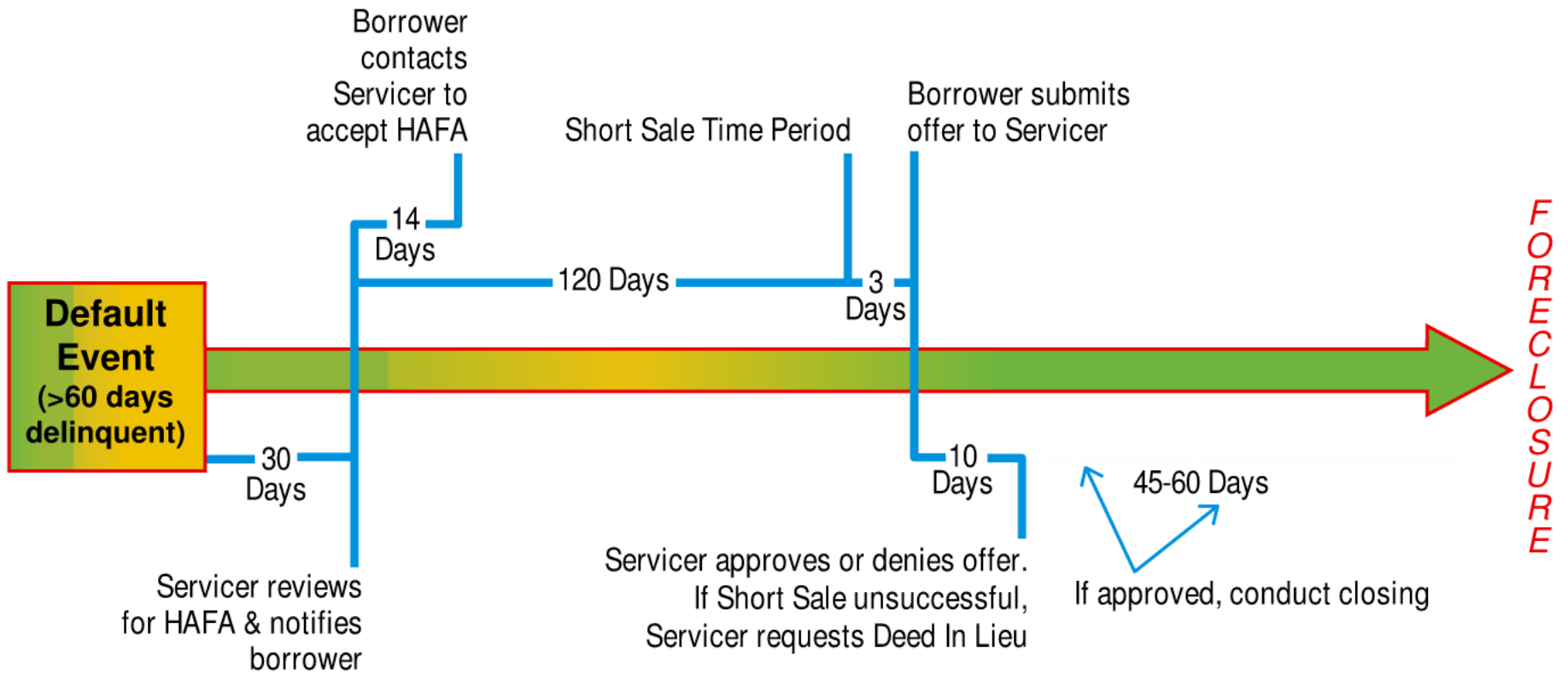
Sales Contract before HAMP Consideration

Borrower has executed sales contract, but no SSA

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



Short Sale Timeline



General Terms and Conditions – Short Sale

Release of subordinate liens

- ◆ Borrower must deliver clear and marketable title to purchase (SS)
- ◆ 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



General Terms and Conditions

- 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

General Terms and Conditions

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 1137
- ◆ 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 and the court declines to approve the SSA
- 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

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). The agreement must be reviewed and approved by Freddie Mac

HELP FOR AMERICA'S HOMEOWNERS.

[Name of Servicer]
[Address of Servicer]

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

[Date]

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

[Borrower Phone]
[Borrower Email]

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].
 - 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.
 - 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 at 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 3/10 Page 1 of 3

Program Terms And Conditions

Program—Terms and Conditions

terms and conditions to the Deed-in-Lieu Agreement ("Agreement").

- 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 repair or personal property losses, we may require that they be applied to reduce the mortgage debt.
- 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.
- 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.
- Foreclosure Safe Suspension.** We may initiate or continue the foreclosure process as permitted by the mortgage document; 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.
- 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.
- Mortgage Insurer or Guarantor Approval.** The terms and conditions of the Agreement are subject to the written approval of the mortgage insurer or guarantor.
- Termination of This Agreement.** We may terminate this Agreement at any time if:
 - Your financial situation improves significantly, you qualify for loan modification, you bring the account current or you pay off the mortgage in full.
 - You fail to act in good faith with the 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.
 - You do not make the payments required under this Agreement.
- 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.
- 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.
- Debt 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/hopa/du/du/du/consumer/credit/crc24.shtml>.

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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 of Foreclosure, you agree to all the stated terms and conditions.

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

For more information about this program, call the Homeowner's HOPE™ Hotline 1-888-995-9899. 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 a legal agreement between you and Freddie Mac. It contains important information about your rights and responsibilities. Please read it carefully. If you do not understand any part of this document, you should contact your servicer for help. You may also want to consult with a lawyer. If you are unable to pay your mortgage, you may be eligible for a loan modification or other assistance. For more information, please visit www.freddiemac.com/lossmitigation. If you are unable to pay your mortgage, you may be eligible for a loan modification or other assistance. For more information, please visit www.freddiemac.com/lossmitigation. If you are unable to pay your mortgage, you may be eligible for a loan modification or other assistance. For more information, please visit www.freddiemac.com/lossmitigation.

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Questions

Training

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Thank you for your participation!



“This presentation is for training purposes only and is not a complete description of Freddie Mac’s HAFA program. For complete program details, see Chapter D65 of the Freddie Mac Single Family Seller/Service Guide”