

IMPACT CHANGES IN FANNIE MAE REAL ESTATE PURCHASE ADDENDUM BY SECTION February 2010

The information below is a summary of highlighted changes contained in the January 2010 Fannie Mae Real Estate Purchase Addendum by Section. Several of the changes were made to reflect the affirmative decision for Fannie Mae to sell REO properties in a manner more traditional for Sellers in the marketplace where Fannie Mae will negotiate closing costs. This summary is not intended to cover all changes made to the Addendum. Sections of this document are color-coded to denote who is impacted by the change for easy reference. Please review the Addendum and contact the person assigning your work with any questions.

Please note that the state Contract, the Addendum and any Riders are collectively referred to as the "Agreement."

Section 1

- a. The term "Verbal Acknowledgement" has been deleted and replaced by the term
 "Acknowledgement of Sufficient Offer", which occurs on the "Acknowledgement Date".
 Acknowledgement Date refers to the date that Seller has deemed the offer materially
 sufficient. This is the date the offer status changes from Listed to Offer Accepted. There
 are many dates in the Addendum that are calculated from the Acknowledgement Date.
- b. The Effective Date of the Agreement is the date Seller executes the Agreement.
 Purchaser's earnest money must be placed in trust within two calendar days from the
 Effective Date. Note the dates by which the Purchaser must obtain documents set forth in
 paragraph 5(b) are calculated from the Effective Date.

Section 2

The term "Closing Date" has been deleted and the date the closing must take place is referred to as the "Settlement Date". The date by which the settlement must take place is the "Expiration Date." Therefore, if the closing does not take place by the Expiration Date or any extension, the Agreement is terminated.

The place of closing is the choice of the Purchaser. A disclosure of the Purchaser's right to choose the place of closing and the right to make an independent selection of their own attorney, settlement company, escrow company, title company and/or title insurance company in connection with the closing has been inserted into the Addendum.

Impact to Sales & AMPs: Purchaser has always had this right to choose and the addendum change now reinforces that right. The Fannie Mae retained attorney or title company will continue to act as Sellers representative and will still facilitate the closing on our behalf. Make sure that seller's and buyer's settlement agents are aware of all parties participating in the process. Impact to Settlement Agent: Coordinate with settlement agent selected by buyer to process the HUD-1 and deed.

Section 3

This section now specifically references HomePath Mortgage and HomePath Renovation loans as financing options.

Section 4

The change here added the right for Seller to terminate the Agreement if the Purchaser changes his financing or choice of Lender.

Section 5

- a. The Purchaser is no longer required to pay for de-winterization and re-winterization. The Purchaser has the right to terminate the Agreement anytime prior to closing if not satisfied with repairs or treatments.
 Impact to Sales & AMPs: Contact the Field Services company or original winterization vendor to arrange for services.
- b. Purchaser has the right to terminate the Agreement upon 15 days written notice from the Effective Date if the Purchaser disapproves of the covenants, conditions, restrictions and bylaws of a condominium/co-op or planned unit development.

Section 6 and 7

Sections 6 and 7 were switched making paragraph 6 - Repairs and Paragraph 7 - Condition of Property.

Section 7

(A). Drywall is now included in the list of materials used in construction that Seller negates any reps or warranty regarding the condition of property.

Section 8

Added statement that there may be tenants occupying the property and the statement that all leases are deemed assigned to Purchaser upon closing when applicable law allows. *Impact to Sales & AMPs:* Assignment of Lease at closing no longer required except as requested by the purchaser.

Section 10

- Rents, if any, are prorated as of the Settlement Date. Deleted requirement that Purchaser must buy any fuel in the fuel storage tanks that heat the property.
 Impact to Sales & AMPs: Broker/Property Manager must provide proration amounts to settlement agent.
- b. Deleted Reference that all costs other than commissions and prorations are buyer expenses.

Impact to Sales & AMPs: Combine all costs payable on behalf of the buyer into the seller contribution to buyer closing cost field and these costs are still negotiable. If previous negotiations typically allowed for those usual and customary costs, a lower contribution amount may be adequate. If the contract identifies costs attributable to seller as usual and customary, those costs are not negotiated are not required to be itemized in section 38. The seller closing cost field should be left blank and not populated. The seller costs that are usual and customary will be captured from the HUD-1 at time of closing. Impact to Settlement Agent: Place those costs that are usual and customarily paid by seller as a debit to the seller unless those amounts are specifically referenced in the costs by seller identified in section 38.

Although not an actual change - the following is in regards to transfer tax: *Impact to Settlement Agent:* Seller will pay if usual and customary for a seller to pay if Fannie Mae's tax exemption is not recognized.

Section 23

Although not an actual change - the following is in regards to compliance on all properties rekeyed to the master key: The listing agent orders rekey and it is paid for by the buyer as a charge on the HUD-1. Occupied Rental properties are not keyed to the master and do not require rekey. On 2-4 family properties that have one or more units rented, only the vacant units require rekey.

Impact to Sales & AMPs: order rekey and present invoice to settlement agent in advance of closing.

Impact to Settlement Agent: obtain rekey charges and show as a debit to the buyer on the HUD-1.

Section 34

Electronic signature by Fannie Mae or its Attorney in Fact is to be given same effect as a written signature.

Impact to Sales & AMPs: If required by lender, "wet" signature must still be provided. **Impact to AMPs only:** AMPs signing for seller may also sign by electronic signature.

Signature Block

Added a signature line for party to sign as Attorney in Fact for Fannie Mae. *Impact to AMPS only:* This section should be used for AMPS signing Agreement pursuant to power of attorney and AMP Guidelines.