

HELP FOR AMERICA'S HOMEOWNERS.



[Name of Servicer]
[Address of Servicer]

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

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

[Borrower Phone]
[Borrower Email]

[Date]

RE: Request for Approval of Short Sale

You have taken an important step toward selling your home and avoiding foreclosure by participating in the federal government's **Home Affordable Foreclosure Alternatives** (HAFA) Program. This letter is a Request for Approval of a Short Sale and contains important information.

Read the following pages carefully and complete, sign and return the Terms and Conditions.

If you have not previously contacted us regarding eligibility for a loan modification, you should consider this alternative. Under the Home Affordable Modification Program (HAMP), you may qualify for a modification with affordable and sustainable monthly payments that would allow you to keep your home. Please contact us by *[insert date 14 calendar days from date of this request]* if you wish to be considered for a loan modification.

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

Sincerely,

[Servicer Name]

The borrower and co-borrower, if applicable (“Borrower” or “you”), of the above loan contacted the Servicer (“Servicer” or “we”) because your mortgage payments are no longer affordable and you would like to avoid foreclosure. After listing your house for sale, an offer was received. However, the sale may not be sufficient to pay off the loan. This is a Request for Approval of a Short Sale (“Request”) of the subject property, the net sale proceeds from which we agree to accept as the payoff of the mortgage loan even though the proceeds are expected to be less than the full amount due.

Short Sale Program—Terms and Conditions of the Request are as follows:

1. Allowable Costs that May be Deducted from Gross Sale Price

- a. **Closing Costs.** The closing costs paid by you or on your behalf as seller must be reasonable and customary for the market. [Choose one and delete unnecessary text.] [Acceptable closing costs, including the commission, which may be deducted from the gross sale proceeds may not exceed \$_____.] OR [Acceptable closing costs, including the commission, which may be deducted from the gross sale proceeds may not exceed ____% of the list price.] OR [Closing costs which may be deducted from the gross sale proceeds are limited to title search and escrow expenses usually paid by the seller; reasonable settlement escrow/attorney’s fees; transfer taxes and recording fees usually paid by the seller; termite inspection and treatment as required by law or custom; pro-rated real property taxes; and, negotiated real estate commissions not to exceed six percent (6%) of the contract sales price [add other closing costs that may be included].]
 - b. **Subordinate Liens.** We will allow up to six percent (6%) of the unpaid principal balance of each subordinate lien in order of priority, not to exceed a total of \$6,000, to be deducted from the gross sale proceeds to pay subordinate lien holders to release their liens. 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.
 - c. **Real Estate Commissions.** We will allow to be paid from sale proceeds, real estate commissions as stated in the listing agreement between you and your broker, not to exceed six percent (6%) of the contract sales price, to be paid to the listing and selling brokers involved in the transaction. Neither you nor the buyer may receive a commission. Any commission that would otherwise be paid to you or the buyer must be reduced from the commission due on sale. [Optional text:] Please note: We have retained a vendor to assist your listing broker with the sale. The vendor and your listing broker will work together on your behalf to facilitate the sale process. [Choose one and delete unnecessary text.] [The vendor will be paid from sale proceeds [\$ _____] OR [an amount equal to ____% of the sales price]. OR [The vendor will be paid by us outside of the sales transaction.]
 - d. **Borrower Relocation Assistance.** If the closing of the short sale occurs in accordance with this Agreement, you will be entitled to an incentive payment of \$3,000 to assist with relocation expenses. We will instruct the settlement agent to pay you from the sale proceeds at the same time that all other payments, including the payoff of our first mortgage, are disbursed by the settlement agent. Only one payment per household is provided for the relocation assistance, regardless of the number of borrowers.
2. **Property Maintenance and Expenses.** You are responsible for all property maintenance and expenses of your home until you convey your Property 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.
3. [Insert only if applicable:] **Partial Mortgage Payments.** Beginning on _____ 1, 20____, you will be required to make partial mortgage payments of \$_____ by the first day of each month during the term of the Request and pending transfer of property ownership. You are legally obligated to make the full amount of your current monthly mortgage payments. However, we will accept this reduced partial payment until the

Program Terms And Conditions



house is sold or this Agreement expires. The partial mortgage payments do not constitute a modification of your mortgage.

4. **Parties to the Sale.** The Sales Contract must include the following clauses: “Seller and Buyer each represent that the sale is an “arm’s length” transaction and the Seller and Buyer are unrelated to each other by family, marriage or commercial enterprise.” “The Buyer agrees not to sell the property within 90 days of closing of this sale.”
5. **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 expiration date of this Request or the date of closing of an approved short sale, whichever is later, provided that you abide by its terms and conditions.
6. **Satisfaction and Release of Liability.** If all of the terms and conditions of this Request are met, upon sale and settlement of the property, we will prepare and send to the settlement agent for recording, a lien release in full satisfaction of the mortgage, foregoing all rights to pursue a deficiency judgment.
7. *[Insert only if applicable.]* **Mortgage Insurer or Guarantor Approval.** The terms and conditions of the purchase contract are subject to the written approval of the mortgage insurer or guarantor.
8. **Termination of This Request.** Unless otherwise agreed by the parties, this Request will terminate on *[insert date]* if the sale does not close. This Request may be terminated earlier if:
 - a. You fail to provide all the required documents listed above.
 - b. Your financial situation improves significantly, you qualify for a modification, you bring the account current or you pay off the mortgage in full.
 - c. You or your broker fails to act in good faith in closing on the sale of the property or otherwise fails to abide by the terms of this Request.
 - d. A significant change occurs to the property condition or value.
 - e. There is evidence of fraud or misrepresentation.
 - f. You file for bankruptcy and the Bankruptcy Court declines to approve the Request.
 - g. Litigation is initiated or threatened that could affect title to the property or interfere with a valid conveyance.
 - h. *[Insert only if applicable:]* You do not make the payments required under this Request.
9. **Settlement of a Debt.** The proposed transaction represents the Servicer’s attempt to reach a settlement of the delinquent mortgage. You are choosing to enter into this transaction even though there is no guarantee that the transaction will be successful. In the event this transaction is unsuccessful, the Servicer may exercise all remedies under the mortgage, including foreclosure.

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.

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	\$	8. Settlement Agent:
c. Seller's Title and Escrow Fees	\$	
d. Subordinate Lien Payoff	\$	9. Settlement Agent's Address:
e. Real Property Taxes	\$	
f. Real Property Taxes	\$	
g. Termite Inspection/Repair	\$	
h. Borrower Relocation Assistance	\$ 3,000	
i. Other (attach explanation)	\$	
3. Net Proceeds to Servicer	\$	
4. Earnest Money Deposit	\$	
5. Down Payment	\$	11. Settlement Agent's Office Fax:

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

- Signed Request;
- Copy of a signed listing agreement with a real estate broker, if applicable;
- Executed copy of the sales contract and all addenda;
- Buyer's documentation of funds or Buyer's pre-approval or commitment letter on letterhead from a lender;
- Information about other liens secured by your home such as home-equity loans;
- [Insert only if applicable:] Completed and signed Hardship Affidavit form; and
- Servicer must have these documents no later than [insert date 14 calendar days from date of this request] or we will not be able to respond to this request. Please send us these documents at the following address: [insert servicer address].

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 Homeowner's 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 misstatement regarding your occupancy in your home, hardship circumstances, 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 aware of fraud, waste, abuse, mismanagement or misrepresentations affiliated with the Troubled Asset Relief Program, please contact the SIGTARP Hotline by calling 1-877-SIG-2009 (toll-free), 202-622-4559 (fax), or www.sig tarp.gov. Mail can be sent Hotline Office of the Special Inspector General for Troubled Asset Relief Program, 1801 L St. NW, Washington, DC 20220.



To be Completed by Your Servicer

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 approval is subject to the following:

- A. **Terms** – The sale and closing comply with all terms and conditions of the Request as well as all terms and representations provided herein by the Borrower.
- B. **Changes** – Any change to the terms and representations contained in the Request 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/bcp/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

Servicer Use Only



To be Completed by your Servicer

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 Request for Approval of Short Sale 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, investor or guarantor of the loan did not approve the short sale.
<input type="checkbox"/>	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