

LENDERS UPDATE™

ALT & ASSOCIATES NEWSLETTER

A COMPLIMENTARY SERVICE TO THE MORTGAGE LENDING INDUSTRY

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Fannie Mae and Freddie Mac Streamline Short Sale Procedures

In a move praised by the National Association of Realtors, the Federal Housing and Finance Agency (FHFA) on April 17, 2012 directed Fannie Mae (FNMA) and Freddie Mac (FHLMC) to develop better strategies for facilitating short sales in order to help homeowners avoid foreclosure. Implementation of the directive will take place over time beginning on June 15th of this year.

Director DeMarco is quoted as saying “*FHFA and the Enterprises are committed to enhancing the short sales and deeds-in-lieu process as additional tools to prevent foreclosure, keep homes occupied and help maintain stable communities*”.

“These timeline and borrower communication announcements set minimum standards and provide clear exceptions regarding these.... alternatives.”

The basis of the directive is to require servicers to:

- a) review and respond to requests for short sales with 30 calendar days from receipt of a short sale offer and a borrower package,
- b) provide weekly status updates to the borrower if the short sale offer is still under review after 30 days,

- c) make and communicate final decisions to the borrower within 60 calendar days of receipt of the offer and complete borrower response package.

Bulletin No. 2012-9 can be found on the FHFA website at www.fhfa.gov under News Releases. The Bulletin sets out schedules for specific response times for certain activities in the short sale process. For example:

- a) servicer must acknowledge its receipt of a BRP within 3 business days,
b) if the BRP is not complete the borrower must be informed within 5 business days, and so on.

The schedules are presented for both Home Affordable Foreclosure Alternatives (HAFA) short sales and for B65 short sales.

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