

Frequently Asked Questions

If an appraisal has been completed, why is another one necessary?

The investors and mortgage insurers on Bank of America serviced loans require a current, independent appraisal, regardless of other appraisals.

How flexible is Bank of America in paying closing costs?

Bank of America allows for the payment from sale proceeds of those closing costs that traditionally are paid by the seller (i.e. commissions, appraisals, taxes, etc.). Bank of America will, in some circumstances, allow closing costs that traditionally are paid by the buyer to be paid out of sale proceeds. All costs are included when Bank of America considers whether to accept a Short Sale offer.

Is Bank of America flexible in postponing the sale if a loan is in foreclosure and there is an existing foreclosure sale date?

Bank of America will always consider a postponement as an option if appropriate steps have been taken to initiate the Short Sale process. However, the decision is based on numerous factors, including foreclosure laws that vary from state to state. A postponement of a pending foreclosure sale is never automatic and is not guaranteed. It is important to start the Short Sale process early in order to avoid stalling a foreclosure sale at the very last minute, which can be difficult, depending on the situation.

If the agent is having difficulty bringing in offers at market value, how much flexibility does Bank of America have in accepting a less than market value?

Bank of America expects an offer to come in as close to market value as possible. The offer must be reasonable. A higher offer provides greater likelihood of the Short Sale being accepted by all involved parties. The independent appraisal determines this market value and each case will be negotiated on its own merits.

For more information, please call the Short Sale team at **1.866.880.1232**.

Keep in Mind—

- Each potential Short Sale is reviewed on a case-by-case basis.
- A borrower whose mortgage loans are current (not delinquent) WILL NOT be considered for a Short Sale unless there is sufficient documentation to demonstrate imminent hardship.
- Possible tax implications to the borrower should be reviewed by their real estate attorney or accountant.
- This MUST be an arm's length transaction. The property may not be sold to anyone with close personal ties to the borrower. This includes business and personal relationships.
- It is important that you understand, some investors and mortgage insurance companies with an interest in the mortgage loans being serviced by Bank of America may require the borrower to sign a promissory note or make a cash contribution for some or all of the difference between the net proceeds from the sale and the total amount due on the loan.
- Junior Liens and Home Equity Lines of Credit (HELOCs) are considered in the Short Sale process. Bank of America typically requests that the borrower or the agent negotiate with the junior lien holder(s) for funds to release their lien(s). This may delay the process and the junior lien holder may deny the Short Sale.

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Your Guide to Navigating Short Sales

CARD SERVICES ADVERTISING

FILE NAME: BRO-06-09-0611 Short Sale.indd
JOB#: BRO-06-09-0611
USER: JRiggs
PREV USER: Mazloom
DATE: 8/26/09 - 2:52 PM
CREATED: 7/14/09 - 4:01 PM
SAVED: 8/26/09 - 2:52 PM
PRINTED: 8/26/09 - 2:52 PM
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bac_icon5_k100_recycle.eps, bac_icon6_k100_eq-
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COLORS: C=0 M=100 Y=75 K=4, C=0 M=100 Y=0
K=0, C=100 M=60 Y=0 K=5



Your Guide to Navigating **Short Sales**



Declining property values, unemployment and increased expenses are just a few of the concerns facing homeowners. Tough economic conditions have taken their toll on customers as they are unable to make their mortgage payments.

Bank of America remains committed to working with customers to find solutions enabling home retention and foreclosure avoidance whenever possible.

What is a Short Sale?

A Short Sale allows a borrower to sell the home for less than the total amount due on the mortgage loan secured by the home. It helps the borrower avoid foreclosure and reduces some of the lender's loss by avoiding or minimizing foreclosure activities. The borrower does not receive any of the proceeds of the Short Sale.

Short Sale Example

Bob and Sally have a loan balance of \$200,000 and are working to sell their home. Sally lost her job more than a year ago and the family has fallen behind on several payments. They contact their lender/servicer and, after explaining and proving their financial hardship, they begin to work with lender/servicer to market the home.

The home is sold for \$160,000 and there is a balance of \$40,000 remaining. The sale price is in line with fair market value for the area and the sale is completed. Sally and Bob may be asked to contribute part of the \$40,000 lost, depending on their financial situation.

When should a Short Sale be considered?

Bank of America is focused on helping borrowers retain their homes and avoid foreclosure, whenever possible. However, when the borrower does not have sufficient income, a Short Sale should be considered when there are no other options.

Examples for consideration: when a borrower is no longer interested in retaining the property; when a borrower is unable to make the monthly mortgage payment; or when the borrower is unable to qualify for a loan modification.

A Short Sale is a cooperative process versus a legal resolution (no foreclosure sale or eviction) that allows the borrower to retain some control and dignity throughout the process.

How do I get started?

As soon as possible, the borrower should contact Bank of America at **1.800.668.6607** to discuss his or her financial situation and determine whether a Short Sale is necessary. If after that conversation the Short Sale is the best option, the borrower should contact the

Short Sale Support Team at **1.866.880.1232** to request information about initiating a Short Sale.

Short Sale support representatives are there to assist borrowers and will be their primary contact through the process. The Short Sale Team also offers convenient service via the Web. During the initial call with the Short Sales Team, borrowers will be provided with a temporary password to log into the Short Sale interactive Web site. Once the borrower has created a more permanent user name and password, and answered the security questions, he or she will be asked to update their hardship reasons and financial information on the Web site. The borrower can authorize you—their real estate agent—to represent him or her in the transaction and give them access to the site.

- The borrower will upload supporting financial documentation.
- The real estate agent will upload the purchase contract, listing agreement and preliminary HUD-1.
- Additional borrower information that may be required:
 - Verification of borrower's income
 - Copy of most recent bank statement
 - Signed and dated copy of most recent year's tax return

NOTE: The Short Sale Web site is interactive and task driven, offers prompt response to e-mails and the fastest way to submit documents, which is critical to the timely processing of the Short Sale.

How long does the Short Sale process take?

The Short Sale process can take considerable time. Bank of America must obtain its own appraisal of the property, review all of the documentation submitted by the borrower, and in most cases seek authorization from the investor and/or insurer on the loan. For this reason, a real estate agent is urged to contact Bank of America as soon as possible if you are contemplating assisting in a Short Sale, especially if the borrower is in default on their mortgage loan.

How can I check on the status of a Short Sale?

Once the Short Sale Web site setup is complete—and assuming the borrower authorizes the agent during the sign-up—the borrower and the agent can check the status of a Short Sale any time at www.reotrans.com. This Web site offers the agent and the borrower the ability to:

- Communicate directly with the Bank of America associate processing the Short Sale.
- Upload documents and negotiate the offer.
- Manage every step in the Short Sale process.

To learn more, call the Short Sale team today at **1.866.880.1232**.

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