

## Determining Homeowner Eligibility for a Short Sale – Agent

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### Eligibility Conditions

Fannie Mae must own your client's loan and your client must meet the short sale eligibility criteria in order to be eligible to pursue a short sale. To determine eligibility, homeowners are required to submit a Borrower Response Package (BRP) to their mortgage servicer.

Some homeowners, however, may qualify for the streamlined documentation process if they are more than 90+ days delinquent and have a FICO score of less than 620. Investment properties are not eligible for streamlined approach.

Homeowners must meet one of the following criteria to be eligible:

- For those borrowers submitting a BRP, they must have a demonstrated hardship that can be documented and detailed in a BRP such as disability, death, distant employment transfer, divorce or legal separation
  - Unemployment or reduced income
  - Borrowers in danger of becoming delinquent but are still current on their mortgage payments might also qualify for a short sale if they meet certain requirements.
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### Eligibility Checklist

**Work with your client to ensure the following checklist is completed during the eligibility determination process:**

- Confirm that Fannie Mae owns the loan using the Loan Lookup Tool. (Homeowner consent is required if the agent is using the Loan Lookup Tool on the homeowner's behalf.)
  - Obtain a signed Fannie Mae's Homeowner Authorization Form.
  - Contact the mortgage servicer to discuss the client's eligibility for a short sale.
  - Determine how much your client owes and estimate net equity.
  - Obtain a preliminary title report to show what types of liens are on the property that need to be cleared prior to closing.
  - Confirm with your client's mortgage servicer that there is enough time before foreclosure to complete a short sale.
  - Confirm your client is willing to provide necessary documents and maintain the property for showings during the eligibility determination process.
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### Other Considerations

- Homeowners moving from their primary residence may be eligible for relocation assistance up to \$3,000 from Fannie Mae.
- Evaluations will be made on a case by case basis to determine if the homeowner has sufficient income or assets to make a cash contribution or sign a promissory note for the short sale.
- After taking into account any required contribution, Fannie Mae will waive the right to pursue deficiency judgments if the short sale is closed as approved.
- Service members moving from a primary residence with Permanent Change of Station Orders (PCSO) will not be asked for a contribution towards the shortage for properties purchased on or before June 30, 2012. Additional consideration may also be given to service members who are moving or have moved from their primary residence.
- Other eligibility restrictions may apply.

## Homeowner Eligibility Based on Delinquency Status

Homeowner's Delinquency Status	90 or More Days Delinquent	30 or More Days Delinquent	Current, but At Risk of Missing a Payment
<b>Eligible Occupancy Types</b>	<ul style="list-style-type: none"> <li>▪ Owner Occupant</li> <li>▪ Second Home</li> </ul>	<ul style="list-style-type: none"> <li>▪ Owner Occupant</li> <li>▪ Second Home, or                             <ul style="list-style-type: none"> <li>▪ Investor</li> </ul> </li> </ul>	Owner Occupant Only
<b>Borrower Response Package</b>	Required unless the borrower qualifies for streamlined documentation	Yes	Yes
<b>Eligibility Requirements</b>	<ul style="list-style-type: none"> <li>▪ May qualify for streamlined documentation if:                             <ul style="list-style-type: none"> <li>○ FICO &lt; 620</li> <li>○ Proof of Eligible Hardship Not Required</li> </ul> </li> </ul>	Homeowner Must Have an Eligible Hardship*	<ul style="list-style-type: none"> <li>▪ Homeowner Must Have an Eligible Hardship* <i>and</i></li> <li>▪ Have a Debt-to-Income (DTI) Ratio &gt;55%</li> </ul>
<b>Contribution or Promissory Note</b>	<ul style="list-style-type: none"> <li>▪ If DTI &lt;55%, evaluate for promissory note</li> <li>▪ If non-retirement liquid assets &gt;\$10K or 6x PITI, whichever is greater, evaluate for a contribution</li> </ul> <p>*None required if borrower is streamlined eligible</p>	<ul style="list-style-type: none"> <li>▪ If DTI &lt;55%, evaluate for promissory note</li> <li>▪ If non-retirement liquid assets &gt;\$10K or 6x PITI, whichever is greater, evaluate for a contribution</li> </ul>	If non-retirement liquid assets >\$10K or 6x PITI, whichever is greater, evaluate for a contribution
<b>Relocation Incentive to Move from Primary Residence</b>	If a contribution is not required, then the borrower may be eligible for \$3000**	If a contribution is not required, then the borrower may be eligible for \$3000**	If a contribution is not required, then the borrower may be eligible for \$3000**
<b>Deficiency Waiver</b>	After taking into account any contribution, deficiency waived on all completed Fannie Mae short sales		

\*Examples of eligible hardships include death, disability, divorce or distant employment transfer. The servicer will evaluate the Borrower Response Package to determine eligibility.

\*\*Less any employer or state agency-type assistance; servicers may contribute additional incentives.