

THE SHORT SALE REPORT

NAMG SSD Short Sale Report

(trending now in short sales)

September 2012



Homeowners Debt Relief Act of 2007: The Senate Finance Committee approved a bipartisan bill before heading home for summer recess that would extend the Mortgage Forgiveness Debt Relief Act through 2013. It is now with the House for approval. House majority leader Harry Reid is being pressured to bring the legislation to a vote before Congress adjourns for the year.

Fannie Mae and Freddie Mac (FHFA) New Guidelines: Effective Nov. 1 2012 Homeowners no longer are required to be 60 days past due if they have a qualifying hardship. Servicers will also be able to expedite short sales for borrowers with hardships such as death, divorce, disability or job relocation without additional approval from Fannie Mae or Freddie Mac. Borrowers needing to relocate more than 50 miles from their home will now qualify for a hardship. Military personnel who are being relocated will be automatically eligible for short sale. Second liens will now be allotted up to \$6000.00. Servicers will have more clear and consistent guidelines.

The Homeowner's Bill of Rights: Effective Jan. 1 2013 AB 278 and SB 900 will go into effect. Known as the "The Dual Tracking Ban" This legislation states that a mortgage lender cannot continue with foreclosure proceedings while a short sale or note modification is in review. It will also prevent the lender from foreclosing on a property with a valid short sale approval.

Senate Bill 931 (SB 931): Pertains to California Short Sale Deficiencies. Beginning January 1, 2011, any first mortgages that accept a short sale will not be able to obtain a deficiency judgment against a seller after the completion of the short sale. If a lender provides a written consent to a short sale on a first mortgage, the lender must accept the sales proceeds as full payment and discharge the remaining balance due on the loan.

Senate Bill 458 (SB 458): Extends the protections of SB 931 to ensure that any mortgage lender that agrees to a short sale must accept the net proceeds from agreed upon sales price as paid in full for less than owed. In addition, not pursue for deficiency, require a cash contribution from seller or require a promissory note from the seller.

Senate Bill 401 (SB 401): This bill allows taxpayers who have had all or part of their loan balance forgiven by the lender to exclude the forgiven debt from California gross income. This expires December 31, 2012. Contact the California Franchise Tax Board for more details.

NOTE: NAMG IS PROVIDING THIS FOR INFORMATION ONLY AND IS NOT STATING AN OPINION. ALWAYS SEEK THE COUNSEL OF A LICENSED ATTORNEY OR YOUR CPA FOR HOW THESE PROVISIONS MAY AFFECT YOUR SPECIFIC PROPERTY TRANSACTION.

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