

## IC Federal Credit Union Home Affordable Foreclosure Alternative (HAFA) Matrix

All servicers that have signed agreements with the U.S. Department of the Treasury (Treasury) to participate in the Home Affordable Modification Program (HAMP) must consider eligible borrowers who do not qualify for HAMP for other foreclosure prevention options including Home Affordable Foreclosure Alternatives (HAFA) which includes short sale agreements (SSA) and deeds-in-lieu (DIL). However, each servicer has some discretion in determining additional eligibility criteria and certain program rules. In order to assist borrowers and their representatives in understanding any unique components of a servicer's HAFA Policy, Treasury, has developed this HAFA Matrix. The summary information in this matrix is prepared solely by IC Federal Credit Union (IC) and does not represent any determination by the Treasury as to the servicer's compliance with the Treasury's policies and guidance for HAFA. Treasury does not endorse any language or policy described in this matrix. Any questions regarding the information contained in this matrix should be directed solely to IC Federal Credit Union.

	<b>Updated:</b> <i>February 1, 2013</i>
<b>ELIGIBILITY REQUIREMENTS</b>	<p>List HAFA basic eligibility and any servicer/investor specific requirements including any limitations based on:</p> <ul style="list-style-type: none"> <li>• The mortgage loan must be a first lien mortgage loan originated on or before January 1, 2009.</li> <li>• The mortgage loan is delinquent or default is reasonably foreseeable.</li> <li>• Loan is secured by a one- to four-unit property, one unit of which is the borrower's principal residence.</li> <li>• The property must not be condemned.</li> <li>• The current UPB of mortgage loan not including arrearages is not greater than: (1 unit \$729,750, 2 units \$934,200, 3 units \$1,129,250, 4 units \$1,403,400.</li> <li>• The borrowers monthly mortgage payment (including principal, interest, taxes, insurance, and when applicable, association fees) is greater than 31 percent of the borrower's verified monthly gross income.</li> <li>• Borrower must document a financial hardship and represented that he or she does not have sufficient liquid assets to make monthly payments. Borrowers who are more than ninety (90) days delinquent and have a FICO score that is less than 620, will be deemed to have a "pre-determined hardship" but will still be required to execute a Hardship Affidavit.</li> <li>• The servicer has received an executed HAFA SSA or DIL Agreement by the borrower on or before December 31, 2013. The HAFA Short Sale/Deed-in-Lieu transaction must have a closing date on or before September 30, 2014.</li> <li>• Borrower shall be responsible for meeting the obligations of a seller mandated by the Commonwealth of Massachusetts including compliance with Title 5 of the State Environmental Code (310 CMR 15.300); compliance with <i>Massachusetts General Laws c. 148</i> relating to smoke and CO2 detectors; disclosure required under the laws relating to lead paint and UFFI; and in the case of a condominium unit, obtaining a so-called 6D certification showing no outstanding common charges.</li> <li>• Borrower must be able to deliver clear record of marketable title to the short sale purchaser, or to IC in the case of a DIL, free of any subordinate liens. In accordance with Federal HAFA guidelines, junior lien holders, must agree to full release of the lien(s) in exchange for a payoff up to a \$8,500 aggregate cap. Borrower must provide letter from junior lien holders, on the respective business letterhead, stating that the junior lien holder has agreed to said terms at time of application.</li> </ul>

IC will not consider or solicit a borrower for a HAFA SSA or DIL with respect to a mortgage loan if any of the following conditions are present:

- A foreclosure sale is scheduled to be held within 60 days of (i) the borrower's request for a HAFA short sale or DIL, or (ii) a determination that a borrower is ineligible for HAMP; or
- A foreclosure proceeding could be initiated and reasonably be expected to result in a foreclosure sale being held within 60 days of (i) the borrower's request for a HAFA short sale or DIL, or (ii) a determination that a borrower is ineligible for HAMP; or
- Borrower's prior request for a HAMP modification was not previously evaluated or not completely evaluated due to incomplete or unverified information, unless and until HAMP consideration is completed, eligibility verified and a determination has been made as to whether a borrower qualifies for HAMP; or
- Borrower's financial hardship results from circumstances that he or she could have controlled or planned ahead for – such as experiencing normal seasonal layoff, quitting a job or reducing the number of hours worked or reducing or eliminating income as a result of returning to school.
- Borrower has an ability to contribute meaningfully to reduce the potential loss on the mortgage loan. For the purpose of this IC HAFA policy, a borrower will be deemed to have the ability to contribute meaningfully if:
  - Borrower has substantial unencumbered assets or significant cash reserves equal to or exceeding \$5,000.00
  - Borrower has high surplus income or otherwise has the ability to continue making the mortgage payments but chooses not to do so; or
  - Borrower's monthly mortgage payment (including principal, interest, taxes, insurance and when applicable, association fees) is 31% or less, of the borrower's verified monthly gross income; or
  - Property securing the mortgage loan is vacant; or
  - Borrower is unwilling or unable to provide complete and verified financial information including documentation of income and assets, two most recent paystubs, two most recent year's tax returns, most recent copies of all bank and investment statements and evidence of any other real estate owned by borrowers, or fails to provide an acceptable Borrower's Request for Assistance, including Hardship Affidavit; or
  - IC determines with reference to a current Broker's Opinion of Value or other reliable valuation method, that the Minimum Net Proceeds of any short sale will be less than 90% or the current market value of the secured property, or that that anticipated loss to IC from either a short sale or DIL will be more than \$20,000.
- Acceptance of a DIL must allow IC to acquire title to the property earlier than through a foreclosure action
- Borrower must be prepared to surrender the property, in broom clean condition by a date agreeable to IC,
- Any short sale must be an arm's-length transaction with the net sale proceeds (after deductions for reasonable and customary selling costs) being applied to a discounted mortgage payoff.
- If the loan is covered by mortgage insurance, eligibility is contingent upon mortgage insurer accepting short sale conditions.
- If the borrower has a real estate license, he or she cannot earn a commission selling his or her own property and may not have any agreement to receive all or a portion of commission after the closing.
- Parties must sign a HAFA Affidavit that contains certain representations regarding the arm's-length nature of the transaction, property occupancy and accuracy of the HUD-1 Settlement Statement, as well as acknowledge limitations on future resale of the property. The HAFA Affidavit must be signed by all borrowers (as the seller) and all

	<p>buyers of a property subject to a HAFA short sale, prior to and as a condition of the closing.</p>
<p><b>DOCUMENTATION REQUIREMENTS</b></p>	<p><u>Preapproved Short Sale Agreement (SSA)</u></p> <ul style="list-style-type: none"> <li>• Hardship Affidavit/Request for Modification and Affidavit (RMA)/IC Borrower’s Request for Assistance</li> <li>• Evidence of residency</li> <li>• Evidence of current homeowner’s insurance policy including annual premium</li> <li>• Dodd Frank Certification</li> <li>• Borrower must provide letter from each junior lien holder, on their respective business letterhead, stating that each junior lien holders, agrees to full release of the lien(s) in exchange for a payoff up to a \$8,500 aggregate cap. Arrangements for the delivery of the junior lien releases must be satisfactory to IC.</li> <li>• Two most recent paystubs, two most recent year’s tax returns, most recent copies of all bank and investment statements and evidence of any other real estate owned by borrowers, and an acceptable Borrower’s Request for Assistance, including Hardship Affidavit; or</li> <li>• For properties with a septic system, borrower must provide a current passed Title 5 certificate.</li> </ul> <p><u>Existing Offer Submitted Using an Alternative Request for Approval of Short Sale (Alternative RASS)</u></p> <p>Same documents as SSA <b>plus</b>:</p> <ul style="list-style-type: none"> <li>• Accepted purchase contract containing language that sale is contingent upon seller obtaining approval for a short sale</li> </ul>
<p><b>VALUATIONS</b></p>	<p><u>Establishing Property Value</u> –Property value will be established with a complete interior and exterior appraisal prepared by a licensed Real Estate Property Appraiser. IC will pay for this initial appraisal, however, the cost of the appraisal will be factored into the calculation of IC’s net proceeds and will be included on the HUD-1 settlement statement as a cost of seller.</p> <p><u>Disputed Valuations</u> –</p> <ul style="list-style-type: none"> <li>• Borrowers may dispute property value within 15 days of the notification of HAFA denial by provided to IC a complete interior and exterior appraisal by a License Real Estate Appraiser evidencing a value difference of greater than \$10,000 from the initial appraisal</li> <li>• Borrower’s must notify IC that they are disputing the value in writing within 15 days of the notification of HAFA denial.</li> <li>• Upon receipt of the above-referenced written notice and appraisal, IC will re-evaluate the HAFA request and provide a response to borrowers within 15 business days.</li> </ul> <p><u>Price Reduction Review During Marketing Period</u> – IC will address any price reduction strategy with borrowers on a case-by-case basis during the marketing period.</p>
<p><b>PAYMENTS DURING MARKETING PERIOD</b></p>	<p>IC will not require monthly payments during the pendency of a short sale or DIL during the initial 90 days of the Approval of Short Sale or the DIL Agreement. Marketing period is limited to 120 days though IC may agree to extension of the listing period subject to pending offer for purchase in negotiation.</p>

	<p>IC may terminate the SSA before its expiration date due to any of the following events:</p> <ul style="list-style-type: none"> <li>• IC becomes aware that the borrower has improved his or her financial situation</li> <li>• Borrower qualifies for a modification</li> <li>• Borrower brings the account current or pays the mortgage in full</li> <li>• Borrower files for bankruptcy and the Bankruptcy Court declines to approve the SSA</li> <li>• The borrower and/or borrower’s listing agent fail to act in good faith or abide by the terms of the agreement</li> <li>• A significant change occurs in the property condition and/or value</li> <li>• Borrower fails to maintain a current homeowner’s insurance policy on the property</li> <li>• There is evidence of fraud or misrepresentation</li> <li>• Litigation is initiated or threatened</li> </ul>
<p><b>DEED-IN-LIEU POLICY / SPECIAL PROGRAMS</b></p>	<p>IC will not offer any so-called Alternative Deed in Lieu Programs such as deed-for-lease or home-repurchase programs.</p> <p>If a borrower is found ineligible for the IC HAFA program, the borrower may be considered for a non-HAFA alternative.</p>
<p><b>AVERAGE TIMELINES</b></p>	<p>Following is an estimated timeline for the HAFA application and evaluation process when a borrower does not have a pending offer for purchase:</p> <ul style="list-style-type: none"> <li>• Borrower must submit all required documentation within 15 days of HAFA solicitation</li> <li>• Eligibility Review will be completed within 30 days of receipt of completed HAFA application package. If a borrower is found eligible for HAFA, IC will send an SSA indicating the terms and conditions of IC’s approval.</li> <li>• Borrower must accept the terms of the SSA within 14 days of the date IC mailed it to borrower.</li> <li>• Marketing period will be for 120 days from the date IC mailed the SSA to the borrower</li> <li>• Borrower must report to IC within 3 days of executing a purchase contract using the RASS form (included in SSA package to borrower)</li> <li>• IC, and mortgage insurer, if applicable, will have 10 days to review each offer and provide response through RASS form</li> <li>• If accepted, closing cannot be scheduled for less than 45 days from acceptance without borrower’s written approval</li> <li>• Escrow and Closing – If borrower is approved for relocation assistance funds, those funds will be disbursed to borrower by the closing attorney following the recording of the deed to the buyer.</li> <li>• Within 30 days of receipt of the agreed minimum net proceeds, IC will record a discharge of mortgage at the appropriate Registry of Deeds</li> </ul>
<p><b>CONTACT INFORMATION</b></p>	<p>For questions regarding HAFA, including transaction status and escalation of concerns:</p> <p style="text-align: center;">       Loss Mitigation Department        Marci Haneisen        300 Bemis Road        Fitchburg, MA 01420        Telephone: (978) 353-1343        Facsimile: (978) 343-4949        Email: mhaneisen@iccreditunion.com     </p>
<p><b>THIRD PARTY</b></p>	<p>IC typically uses the services of the following vendors for establishing property value:</p>

**VENDORS**

Central Mass Appraisers  
2 Washington Street  
Leominster, MA 01453  
(978) 534-9696

Frigoletto Real Estate  
770 North Main Street  
Leominster, MA 01453  
(978) 537-3772

ICL Appraisals  
95 Caspian Way  
Fitchburg, MA 01420  
(978) 400-7904

Century Appraisals  
615 South Street  
Fitchburg, MA 01420  
(978) 343-4383

**The above information pertains specifically to IC Federal Credit Union owned mortgages. To determine if your loan is owned by a secondary investor, please contact IC at the number above. In addition, the above information is merely an overview of the eligibility requirements and process for the IC HAFA program and are subject to change. For more specific information, we recommend that you make an appointment to speak with a member of the Collections or Loss Mitigation staff.**