

**LAKE CITY BANK
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 and deed-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 Lake City Bank 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 Lake City Bank.

	Last Updated: October 15, 2011
ELIGIBILITY REQUIREMENTS	<p>Lake City Bank shall give HAFA consideration to all HAMP-eligible borrowers within thirty (30) calendar days of the date the borrower (a) does not qualify for a HAMP trial period plan (TTP), (b) does not successfully complete a TTP, or (c) is delinquent on a HAMP modification by missing at least two (2) consecutive payments and the borrower is not otherwise eligible for any other loan modification or retention program offered by Lake City Bank.</p> <p>Lake City Bank shall also consider a HAMP-eligible borrower for HAFA within forty-five (45) days of a borrower's request for a short sale or DIL.</p> <p>HAMP-eligible borrowers in active Chapter 7 or Chapter 13 bankruptcy cases shall be considered for HAFA if the borrower, borrower's counsel or bankruptcy trustee submits a request.</p> <p>HAFA basic eligibility criteria and program rules include:</p> <ul style="list-style-type: none"> ▪ Property must be the borrower's primary residence and occupied as such; ▪ Mortgage must have been originated on or before 01/01/09; ▪ Written approval must be received from any private mortgage insurer; ▪ In respect to a DIL only, the subject real estate must be owned, free and clear of liens, claims or encumbrances, except for the mortgage lien of Lake City Bank; ▪ Borrower must provide current, verified gross monthly income upon request by Lake City Bank; and ▪ Borrower must fulfill all other requirements set forth in this HAFA Matrix.
DOCUMENTATION REQUIREMENTS	<p>HAFA and servicer specific document requirements:</p> <ul style="list-style-type: none"> ▪ HAFA Short Sale Agreement (SSA) <ul style="list-style-type: none"> ○ Agreement that authorizes the borrower to sell the mortgaged property to a third party and have Lake City Bank accept the sale proceeds in full satisfaction of the mortgage. ▪ HAFA Request for Approval of Short Sale (RASS) <ul style="list-style-type: none"> ○ Must be completed by a borrower to request approval for a HAFA short sale ▪ HAFA Approval of Short Sale <ul style="list-style-type: none"> ○ Must be completed by Lake City Bank and sent to the Borrower when Lake City Bank consents and approves a RASS. ▪ HAFA Disapproval of Short Sale <ul style="list-style-type: none"> ○ Must be completed by Lake City Bank and sent to the borrower when Lake City Bank rejects a RASS. ▪ HAFA Deed-in-Lieu Agreement

	<ul style="list-style-type: none"> ○ Agreement that allows the borrower to transfer ownership of the mortgaged property to Lake City Bank in lieu of foreclosure. ▪ Such other documents as may be required by State and Federal law from time to time to effectuate the intent of HAFA.
VALUATIONS	<p>In evaluating a borrower for a HAFA short sale, the market value of the subject real estate will be based upon an independent broker’s price opinion (BPO) or Appraisal obtained by Lake City Bank. In approving a borrower for a HAFA short sale, Lake City Bank will accept as its minimum acceptable net proceeds (minimum net) from any given transaction a sum equal to 75% of the current market value of the property.</p> <p>If a borrower disputes any BPO or Appraisal, the borrower may submit a letter in writing to Lake City Bank with notice of, and the basis for, such dispute. Notices in this regards should be sent to Candy A. Little, Assistant Vice President, Post Office Box 1387, Warsaw, Indiana 46581, (574) 267-6144, candy.little@lakecitybank.com. Lake City Bank agrees to re-evaluate any BPO or Appraisal within a time period of approximately fifteen (15) days.</p> <p>Borrower may also request that Lake City Bank periodically re-evaluate the listing price and its minimum net during the marketing period.</p>
PAYMENTS DURING MARKETING PERIOD	<p>After execution of a SSA and during the ensuing marketing period, Lake City Bank will require that the borrower make monthly payments on the subject mortgage loan equal to, but not exceeding, thirty-one percent (31%) of the borrower’s gross monthly income.</p>
DEED-IN-LIEU POLICY / SPECIAL PROGRAMS	<p>In circumstances where a borrower has entered into a SSA, but the property has failed to sell, Lake City Bank shall offer the borrower a DIL option to avoid foreclosure assuming all other eligibility and requirements are satisfied.</p>
AVERAGE TIMELINES	<p>Approximate timeframes for processing various aspects of a HAFA short sale:</p> <ul style="list-style-type: none"> ▪ Lake City Bank will make a determination as to any borrower’s eligibility and, if eligible, issue an SSA within a period of approximately thirty (30) days. ▪ Borrower shall then have a period of thirty (30) days to return to Lake City Bank a signed SSA. ▪ Thereafter, borrower shall have a period of ninety (90) days to sell the home pursuant to the terms of the SSA. ▪ If borrower receives an offer to purchase, within the next five (5) business days, borrower must send Lake City Bank a RASS, together with a copy of the signed purchase offer and evidence that the buyer has funds to close (such as mortgage loan commitment letter) (collectively, the “Offer Documents”). ▪ Within a period of five (5) business days of Lake City’s receipt of the Offer Documents, Lake City Bank will approve the sale if it is within the terms and conditions of the SSA and all other requirements have been fulfilled. ▪ Closing shall occur on or within thirty (30) days of any accepted offer..
CONTACT INFORMATION	<p>All HAFA inquiries to Lake City Bank should be directed to:</p> <p>Candy A. Little Assistant Vice President candy.little@lakecitybank.com Phone: 574-371-9249 Fax: 574-267-9128</p>

**THIRD PARTY
VENDORS**

The borrower may also contact Lake City Bank's legal counsel for any HAFA inquiries:

Thomas B. Trent
505 E. Washington Blvd.
Fort Wayne, Indiana 46802
ttrent@rlwlawfirm.com
Phone: 260-422-9454
Fax: 260-422-1622

THERE IS NO GUARANTEE THAT YOUR HOME WILL SELL UNDER THE HAFA SHORT SALE PROGRAM.