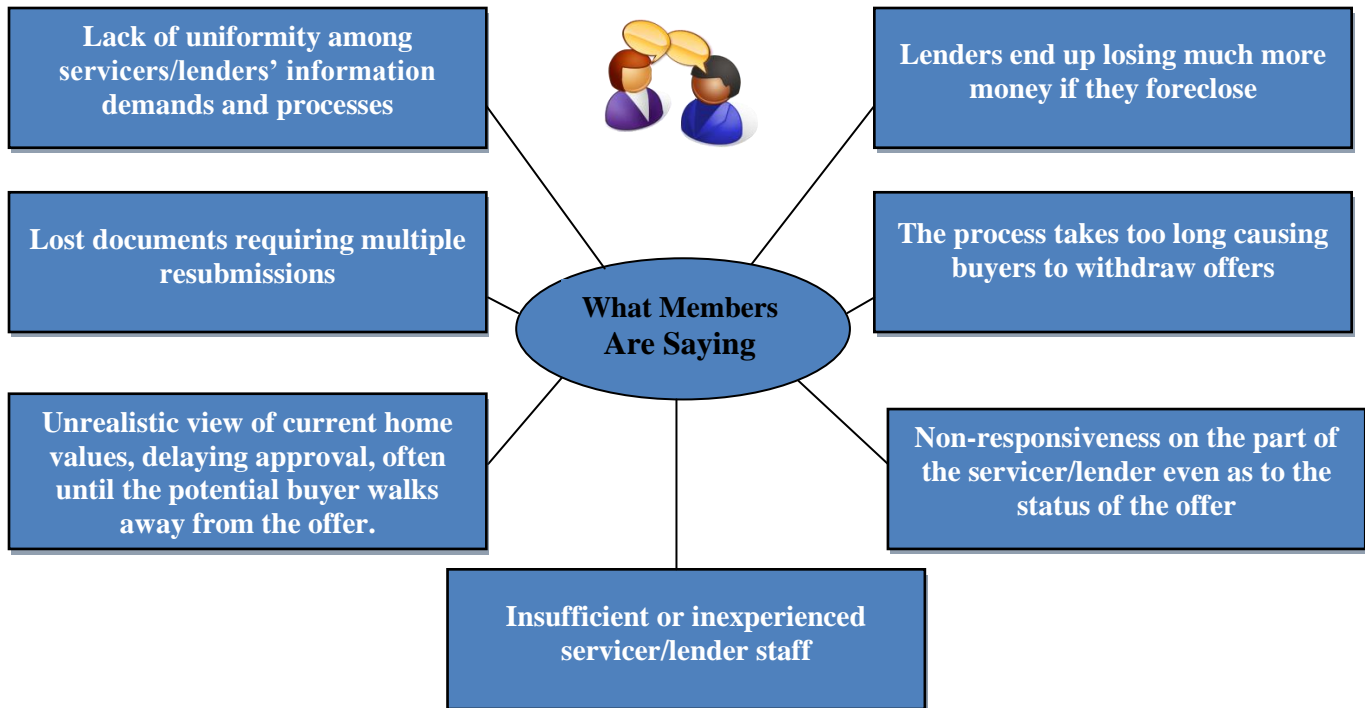




REALTOR® Concerns about Short Sales and the NAR Response

REALTORS® have sounded the alarm about the short sales process. This is what they are reporting to the National Association of REALTORS® (NAR).



In response, NAR established the Short Sales Issues Work Group that met in February 2008 and submitted its report to NAR's Board of Directors for approval in May 2008. The Work Group asked NAR staff to work with lenders and servicers to develop solutions. The Work Group's recommendations included:

- A commitment by all lenders and their servicers to make it easy for sellers and agents to immediately locate online the correct department and the individual who will be responsible for processing the short sale applications.
- A commitment by all lenders and their servicers to keep the listing agent and seller regularly informed of the status of the short sale application throughout the process and respond to reasonable requests for information.
- A single industry-wide short sale application and list of supporting documents that all lenders and servicers would agree to accept. The Uniform Loan Application is an industry standard. It should not be hard to agree on a Uniform Short Sale Application.
- A commitment by all lenders and their servicers to deliver a clear answer, in writing, yes or no, within a reasonable time frame. For example, 30 days from receipt of the complete application is a reasonable goal.

NAR's Response to Work Group Report

Fannie Instructs Its Servicers Not to Cut Commissions on Short Sales

In response to concerns raised by NAR, Fannie Mae instructed its servicers on February 24, 2009, not to negotiate commissions on short sales below the amount negotiated by the listing agent (unless the commission exceeds 6 percent). The requirement took effect with respect to closings on or after March 1, 2009. Fannie Mae recognizes that (a) negotiating commissions for short sales is unfair because short sales require intensive work over many months, and (b) compensating real estate agents fairly benefits Fannie Mae because agents play a crucial role in short sales. Freddie has agreed to issue similar servicer guidance. To view the Fannie announcement, please visit <https://www.efanniemae.com> and search for "Announcement 09-03".

Webinars

NAR worked with Freddie Mac on its "Introduction to Short Sales for the Real Estate Professional" Webinar and PowerPoint. (For a link to the Webinar and the PowerPoint slides, go to <http://www.realtor.org/foreclosure> and look under "Resources for REALTORS®".)

REALTOR® Magazine held a Webinar entitled "Short Sales: Finding Income in a Tough Market" to help REALTORS® learn the basics and best practices of handling short sales from both the listing and the selling side. (For a link to the Webinar, go to <http://www.realtor.org/foreclosure> and look under "Resources for REALTORS®".)

Uniform Short Sales Forms

The California Association of REALTORS® (CAR) developed draft uniform short sales forms that NAR, with CAR's permission, sent to Fannie Mae, Freddie Mac, MBA, and the HOPE NOW Alliance urging adoption of uniform forms. There are three draft forms:

- Cover letter
- Borrower's financial statement
- Broker's marketing report

Fannie and Freddie are reviewing the forms and considering their adoption. The goal is for Fannie and Freddie to adopt uniform forms that set best practices for the industry.

Chairman, Conventional Finance and Lending Committee, Attends MBA Servicer Conference

The Chairman of the Conventional Finance and Lending Committee, accompanied by NAR staff, met in February with 10 servicers attending the MBA Servicer Conference in Tampa. The participants discussed the problems REALTORS® face when getting a short sale to closing: delays, confusion, lost documents, non-responsiveness, etc. Servicers are open to using uniform forms, along the lines of those drafted by CAR. Another idea coming from the meeting is to improve the first letter to a borrower after the borrower contacts the servicer to ask about a loan modification or short sale. The type of loan affects how complicated the negotiations will be, and how long they will take, so that information will be extremely helpful to both REALTORS® and buyers.

NAR Meets with MBA, HOPE NOW Alliance, Fannie Mae and Freddie Mac

NAR met with the Mortgage Bankers Association, the HOPE NOW Alliance, Fannie Mae, and Freddie Mac to discuss how to improve the process. NAR will clarify the Short Sales Work Flow developed by NAR's Work Group to explain that servicers will only consider short sales after discussing directly with borrowers all their options, including options to keep the family in the home.