



Two Paths to a Successful Short Sale

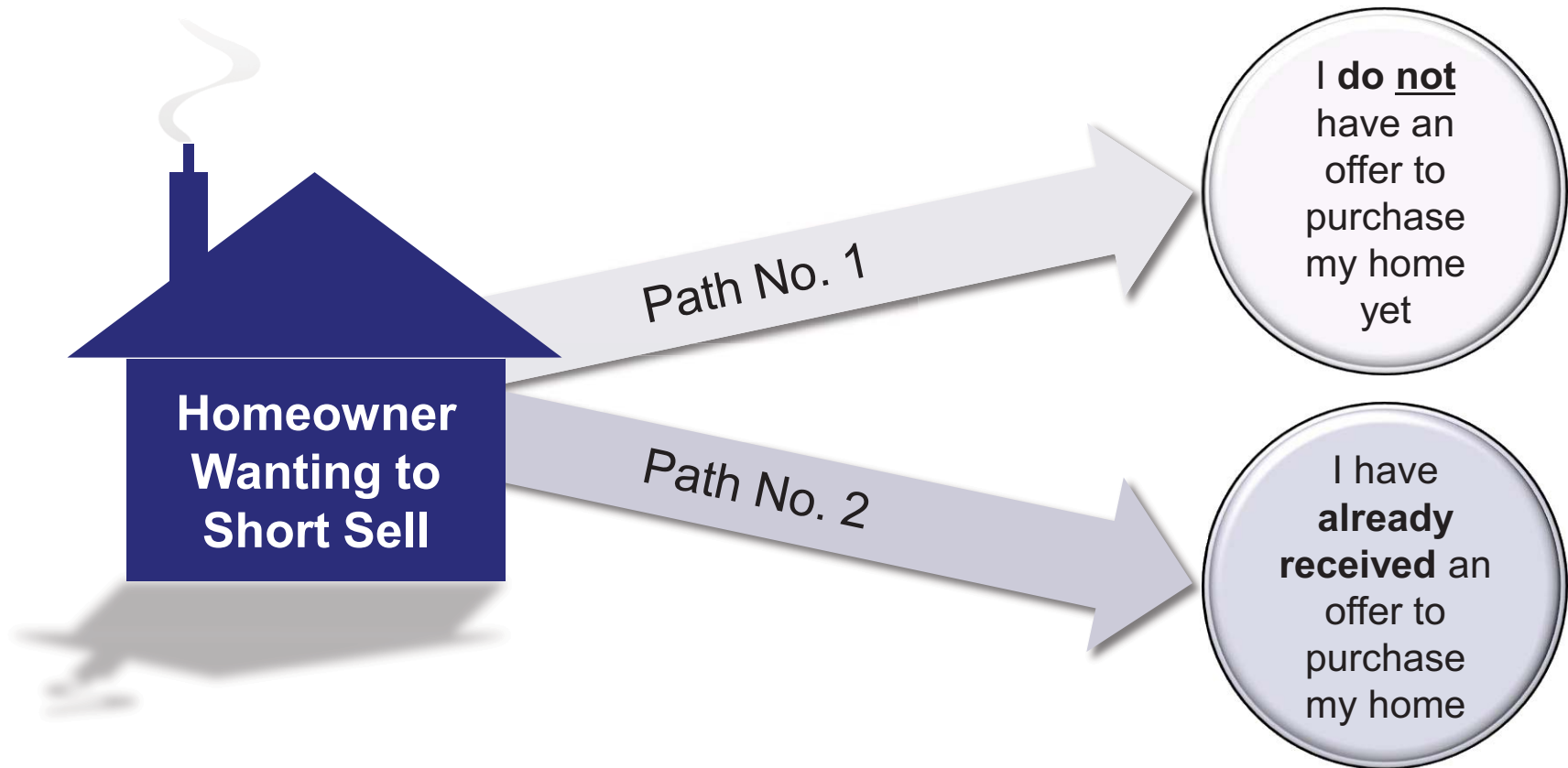
A Guide for Real Estate Agents

5-6-2011



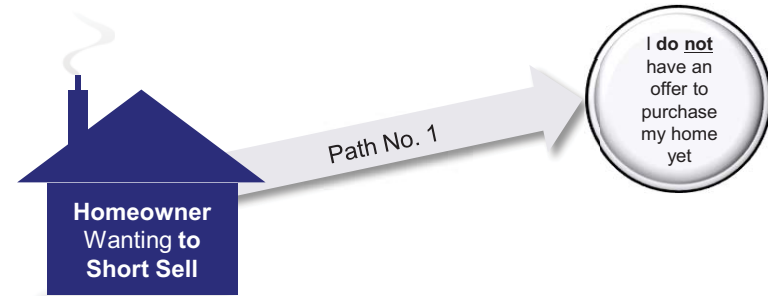
Two Paths to a Successful Short Sale

Homeowners have two paths to successfully complete a short sale.





Initiating Before There Is an Offer



Initiating a short sale before there's an offer provides numerous benefits if the homeowner qualifies for a Pre-Offer Program.

Homeowner Benefits

- \$ - Relocation assistance.
- Deficiency may be waived.
 - The mortgage debt may be settled through the program.
- Cash contributions or promissory notes may not be required.

Program Benefits

- Foreclosure hold, if applicable (*subject to specific conditions*).
- Faster decisions – within 10 business days once an offer is submitted.

Agent Benefits

- Suggested list price is provided prior to marketing the home.
- Most elements of the short sale process are addressed upfront (including commission) rather than at the end.



Initiating Before There Is an Offer



Path No. 1: Initiating Before There Is an Offer

The steps involved when you initiate a short sale before you have an offer.

Short Sale Eligibility & Initiation	1. Determine if the homeowner's best option is a short sale. If so, initiate the short sale in Equator.
Qualification	2. Bank of America will then identify the short sale program to pursue.
Valuation	3. Work with your short sale specialist to determine the home's value.
Short Sale Agreement	4. Review and authorize the agreement for the program to be pursued.
120-Day Marketing	5. List and promote the property to potential buyers for up to 120 days.
Submit Offer & Docs	6. Submit the short sale offer and supporting documentation.
Investor Decision	7. Come to an agreement with the investor on the terms of the offer and determine the closing date.
Closing	8. Complete the sale by the date noted in the approval letter.



Initiating Before There Is an Offer

Path No. 1: A Closer Look at the Steps in the Process

Step 1: Short Sale Eligibility & Initiation

Agent Role	Bank of America Role	Homeowner Role
<ul style="list-style-type: none">• Work with homeowner to see which short sale path is appropriate.• Initiate the short sale in Equator, completing all required fields.• Submit 3rd Party Authorization.• Complete the "Borrower Contact Information" task.• If you receive a "HAFA Action Required" message in Equator, the homeowner must call Customer Care at 1.866.880.1232 to keep the process moving.	<ul style="list-style-type: none">• Contact the homeowner, if eligible for pre-offer program.	<ul style="list-style-type: none">• The homeowner may call Short Sale Customer Care at 1.866.880.1232 if they have questions about the short sale process or wish to initiate themselves.• If initiated by the agent in Equator and a "HAFA Action Required" message is received, the homeowner must call Short Sale Customer Care at 1.866.880.1232 as soon as possible to keep the process moving.

About Equator: To set up a free account, register at www.equator.com

Timeline: n/a



Initiating Before There Is an Offer

Path No. 1: A Closer Look at the Steps in the Process

Step 1: Short Sale Eligibility & Initiation

Agent Role

- Work with homeowner to determine if short sale is best option.
- Initiate the short sale in Equator, completing all required fields.
- Submit 3rd Party Authorization.
- Complete the "Borrower Contact Information" task.
- If you receive a "HAFA Action Required" message, the homeowner must call Customer Care at **1.866.880.1232** to keep the process moving.

Bank of America

- Contact the homeowner to determine if they are eligible.

To determine a short sale path, confirm the following:

- The homeowner is experiencing documented financial hardship, owes more than the home is worth, and can no longer afford the current monthly mortgage payment.
- The amount owed on the property (liens as well as the mortgage).
- Educate the homeowner on the short sale process and determine if a short sale is appropriate.
- The homeowner will provide the necessary documentation required for a short sale and will cooperate in maintaining the property for showings.

About Equator: To set up a free account, register at [www.equator.com](#)

Timeline: n/a



Initiating Before There Is an Offer

Path No. 1: A Closer Look at the Steps in the Process (continued)

Step 2: Qualification

Agent Role	Bank of America Role	Homeowner Role
<ul style="list-style-type: none">• Contact your short sale specialist to determine if any homeowner documents are required. (Agents will not receive task in Equator)• Upload the requested homeowner documents to the Equator Library under Property Files within 10 days.	<ul style="list-style-type: none">• Review 3rd Party Authorization.• Determine which short sale program is best suited to the homeowner's situation.• Assign a short sale specialist, who will be the principal contact for the agent and the homeowner.• Determine the required homeowner documents.	<ul style="list-style-type: none">• Provide the required homeowner documents.

Timeline: 1 to 10 days



Initiating Before There Is an Offer

Path No. 1: A Closer Look at the Steps in the Process (continued)

Step 2: Qualification

Agent Role

- Contact your short sale specialist to determine if any homeowner documents are required.
- Upload the requested homeowner documents to the Equator Library under Property Files **within 10 days.**

Bank of America

- Review 3rd Party
- Determine who is best suited for the situation.
- Assign a short sale specialist to be the principal and the homeowner.
- Determine the required documents.

Your short sale specialist will ask for all investor-required documents. Depending on the investor, these may include:

- Two most recent months' bank statements for the homeowner(s).
- Two most recent pay stubs (or income/expense reports, if self-employed) for the homeowner(s).
- IRS Form 4506-T, Request for Tax Return, specifying homeowner tax returns for the past two years.
- Signed hardship letter.
- Short Sale Addendum / Dodd-Frank Certification

Timeline: 1 to 10 days

This deadline is critical.

- If the required documents are not uploaded on time, the short sale process will grind to a halt.



Initiating Before There Is an Offer

Path No. 1: A Closer Look at the Steps in the Process (continued)

The homeowner may be eligible for a pre-offer program (such as HAFA) if:

- The homeowner has exhausted all modification options and/or decided to pursue a short sale or deed in lieu of foreclosure.
- HAFA only:
 - The property is the homeowner's primary residence. (Exceptions: It can be vacant or rented up to 12 months prior to Short Sale Agreement if it was the homeowner's primary residence.)
 - The mortgage originated on or before 1-1-2009 (for the 1st lien), is delinquent or default is reasonably foreseeable, and there's an unpaid principal balance less than \$729,750 for a 1-unit property. (Higher balances are available for 2-4 unit properties.)

Bank of America Role

- Review 3rd Party Authorization.
- Determine which short sale program is best suited to the homeowner's situation.
- Assign a short sale specialist, who will be the principal contact for the agent and the homeowner.
- Determine the required homeowner documents.

Homeowner Role

- Provide the required homeowner documents.



Initiating Before There Is an Offer

Path No. 1: A Closer Look at the Steps in the Process (continued)

Step 2: Qualification

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Bank of America Role

What happens if the homeowner does not qualify for a pre-offer program?

- The Equator file will be closed.
- Homeowner and agent will be notified.
- Market the property.
- Initiate a new short sale in Equator when there is an offer on the property. See [Page 19.](#)

Time





Initiating Before There Is an Offer

Path No. 1: A Closer Look at the Steps in the Process (continued)

Step 3: Valuation		
Agent Role	Bank of America Role	Homeowner Role
<ul style="list-style-type: none">• If requested, respond to your short sale specialist's request to assist with the valuation.	<ul style="list-style-type: none">• Determine the home's value.• If required, order the home valuation (through an independent third party to help protect from fraud). Depending on the investor, we may need a "fresh value" every 90-120 days.• Order additional internal information, as needed.	<ul style="list-style-type: none">• Allow access to the property, if requested.
Timeline: 7 to 21 days		



Initiating Before There Is an Offer

Path No. 1: A Closer Look at the Steps in the Process (continued)

Step 4: Short Sale Agreement

Agent Role	Bank of America Role	Homeowner Role
<ul style="list-style-type: none">• Sign the Agreement and upload a copy into the Equator Library under Property Files.• Work with the homeowner to identify all liens and begin work to obtain their release.	<ul style="list-style-type: none">• Prepare and deliver the Agreement to the homeowner. This agreement includes the recommended list price and minimum net proceeds determined by Bank of America.	<ul style="list-style-type: none">• Receive, sign and return the original Agreement as instructed. Ensure the agent has a copy to upload into the Equator Library.• Identify all liens and begin work to obtain their release.

Timeline: Up to 10 Days



Initiating Before There Is an Offer

Path No. 1: A Closer Look at the Steps in the Process (continued)

Step 5: Marketing

Agent Role	Bank of America Role	Homeowner Role
<ul style="list-style-type: none">• Complete the “Listing Data” task within 3 days.• Post the property in your area’s MLS.• Advertise the property and conduct open houses, as needed.• Complete the “Marketing Description” task as prompted by Equator every 21 days.• Continue working to obtain release of outside liens.	<ul style="list-style-type: none">• Perform 21-day check-ins on marketing activity and property condition.• Review the suggested list price as warranted by the marketing response.	<ul style="list-style-type: none">• Show and maintain the property.• Continue to work with the agent to obtain the release of outside liens.

If there is no offer within the 120-day marketing period, the homeowner may be eligible for a deed in lieu of foreclosure per the Agreement and Treasury guidelines.

Timeline: Up to 120 days



Initiating Before There Is an Offer

Path No. 1: A Closer Look at the Steps in the Process (continued)

Step 6: Submit Offer & Documents

Agent Role	Bank of America Role	Homeowner Role
<ul style="list-style-type: none">• Submit the offer in Equator.• Complete the “Upload Offer Documents” and the “Upload Supporting Documents” tasks.• If the offer needs to be negotiated, respond.• Adjust the closing date, if necessary.• If there are any changes to the offer and/or HUD-1, submit updated documents .	<ul style="list-style-type: none">• Respond to the offer within 10 business days.	<ul style="list-style-type: none">• Work with the agent to submit the Request for Approval of Short Sale (RASS) and other documents, if applicable.
Timeline: n/a		



Initiating Before There Is an Offer

Path No. 1: A Closer Look at the Steps in the Process (continued)

Step 7: Investor Decision

Agent Role	Bank of America Role	Homeowner Role
<ul style="list-style-type: none">• If there are any changes to the offer and/or the HUD-1 after the approval letter is issued, submit updated documents.	<ul style="list-style-type: none">• Notify the agent of the FINAL decision from the investor.• Issue the approval letter.• Assign the closing officer.	<ul style="list-style-type: none">• Work with the agent to finalize the offer.
Timeline: Up to 10 business days		



Initiating Before There Is an Offer

Path No. 1: A Closer Look at the Steps in the Process (continued)

Step 8: Closing

Agent Role	Bank of America Role	Homeowner Role
<ul style="list-style-type: none">• Close by the date noted on the approval letter.• Notify Bank of America of any post-approval deal changes or closing delays.• Complete the “Is Closing on Schedule?” task 5 days prior to close.• Give Bank of America 72 hours’ notice prior to closing.• Upload the updated HUD-1.• Complete the “Supply Settlement Statement” task 3 business days before the settlement date reflected on the HUD-1.• Complete the “Closing Complete” task.	<ul style="list-style-type: none">• Manage any post-approval changes.• Work with the agent and the title company to facilitate closing.	<ul style="list-style-type: none">• Receive relocation assistance funds (paid after closing).

Timeline: Average time from investor decision to closing is 43 days



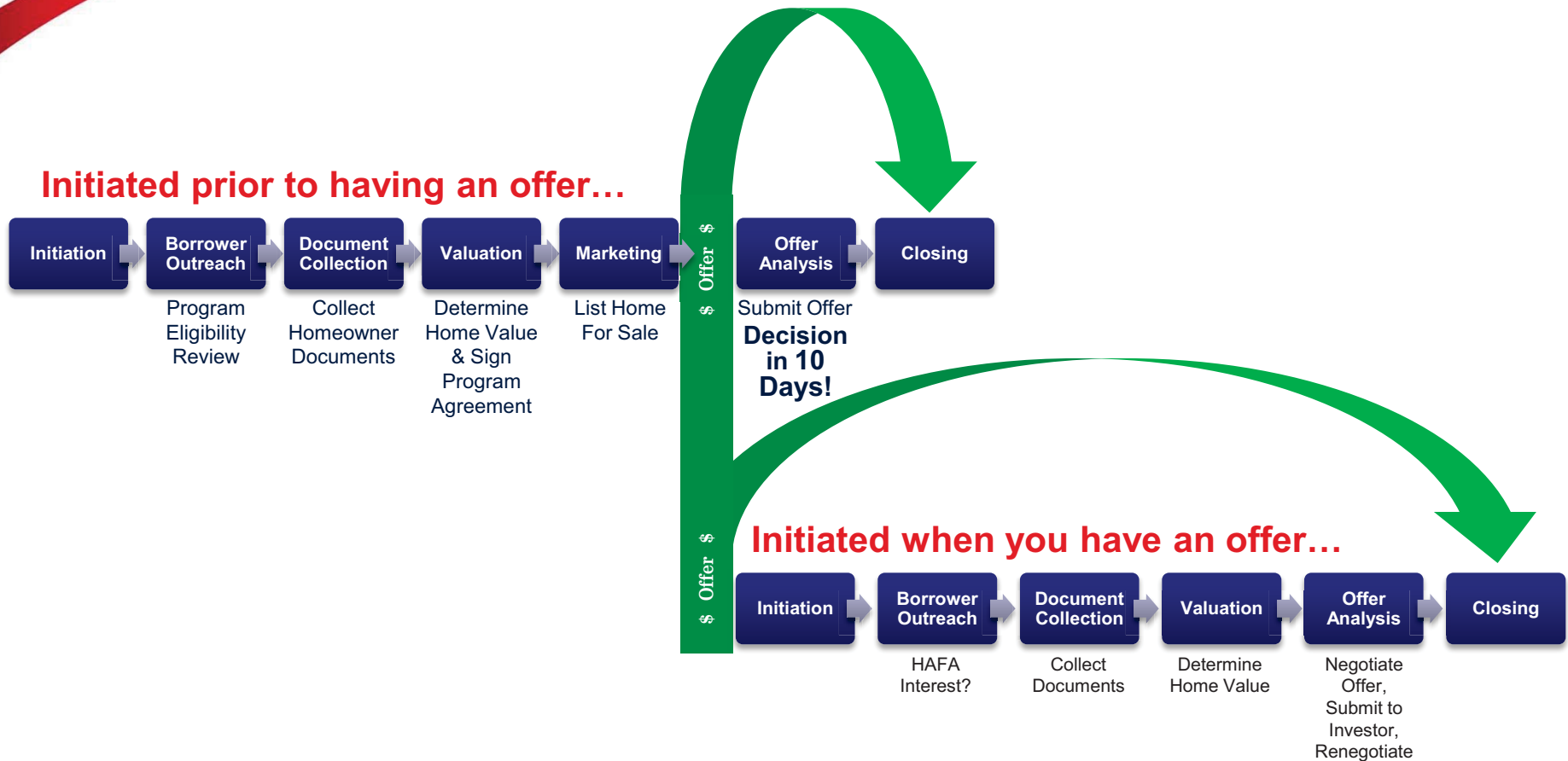
Two Paths to a Successful Short Sale

Comparison of Paths

	Before There's an Offer	After There's an Offer
General Qualifications	Each customers situation is considered separately by investors. For HAFA program features including qualifications please refer to HAFA Education Guide.	Each customers situation is considered separately by investors.
Timeline for Decisions After Offer Is Received	Within 10 business days	48 days on average
Cash/Promissory Note	HAFA - none. For other pre-offer programs, the investor/insurer may require	The investor/insurer may require
Deficiency Pursued	HAFA - none. For other pre-offer programs, the investor/insurer may require	The investor may retain the right
Foreclosure Holds	Auto hold once Short Sale Agreement is executed	Vary by investor; require investor approval
Suggested List Price	Provided	Not provided
Approval/ Closure Rates	High after qualification	Low-medium
Relocation Assistance	HAFA - \$3,000. For other pre-offer programs, the amount will vary.	None
Unrealized Short Sale	Optional deed in lieu of foreclosure	Optional deed in lieu of foreclosure



Two Paths to a Successful Short Sale



While the process steps are the same, you get a **huge timeline benefit** by completing steps *in advance of your offer*. The buyer is also much less likely to walk, which is something you can use in marketing a short sale!

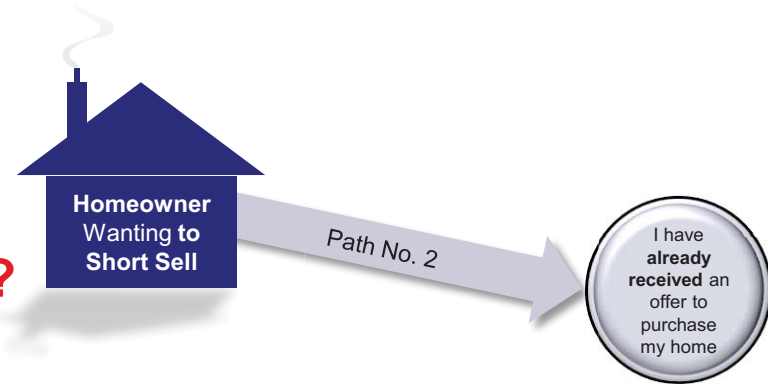
Additional agent/homeowner benefits may include:

- Terms are agreed to in advance (commission, list price, deficiency waiver, etc.)
- Relocation assistance is available for the homeowner
- Foreclosure is postponed, if applicable



Two Paths to a Successful Short Sale

What Happens If I Have An Offer?



If you have an offer, you will need to initiate a new short sale in Equator and complete the steps outlined here.

Initiation	1. Initiate a short sale in Equator upon receipt of an offer.
Submit Offer & Docs	2. Submit the short sale offer and supporting documents.
Valuation	3. Work with your short sale specialist to determine the home's value.
Analyze Offer	4. Negotiate with your short sale specialist to craft the offer that will be presented to investors.
Investor Decision	5. Come to an agreement with the investor on the terms of the offer and determine the closing date.
Closing	6. Complete the sale by the date noted in the approval letter.



Initiating After There Is an Offer

Path No. 2: A Closer Look at the Steps in the Process

Step 1: Initiation

Agent Role	Bank of America Role	Homeowner Role
<ul style="list-style-type: none">• Upon receipt of an offer, initiate the short sale in Equator, completing all required fields.• Submit 3rd Party Authorization.• Complete the "Borrower Contact Information" task.• If you receive a "HAFA Action Required" message, the homeowner must call Short Sale Customer Care at 1.866.880.1232.• Begin negotiation for release of additional liens if not serviced by Bank of America.	<ul style="list-style-type: none">• Contact the homeowner if HAFA eligible.• Review 3rd Party Authorization.• Assign a short sale specialist, who will be the principal contact for the agent and the homeowner.	<ul style="list-style-type: none">• If initiated by the agent and a "HAFA Action Required" message is received, call Customer Care at 1.866.880.1232 to keep the process moving.• Identify all liens and begin working to obtain their release.

About Equator: To set up a free account, register at www.equator.com

Timeline: n/a



Initiating After There Is an Offer

Path No. 2: A Closer Look at the Steps in the Process

Step 1: Initiation

Agent Role

- Upon receipt of an offer, initiate the short sale in Equator, completing all required fields.
- Submit 3rd Party Authorization.
- Complete the "Borrower Contact Information" task.
- If you receive a "HAFA Action Required" message, the homeowner must call Short Sale Customer Care at 1.866.880.1232.
- Begin negotiation for release of additional liens if not serviced by Bank of America.

Bank of America

- Contact the homeowner to determine if they are eligible.
- Review 3rd Party Authorization.
- Assign a short sale specialist to be the principal negotiator and the homeowner's representative.

Get outside liens released as soon as possible

- The homeowner and the agent are responsible for:
 - Identifying all liens.
 - Obtaining a release of any non-Bank of America liens.
- Begin discussions with outside lien holders quickly
 - This helps you resolve issues before they delay the overall process.
- Bank of America does not run a title search to identify other liens
- If the homeowner has a Bank of America Home Equity Loan/Line of Credit:
 - There's a separate process for obtaining a release.
 - Home equity expertise is required.
 - Talk with your short sale specialist about contacting Bank of America Home Equity or call Customer Service number on monthly statement.

About Equator: To set up a free account, register at [www.equator.com](#)

Timeline: n/a



Initiating After There Is an Offer

Path No. 2: A Closer Look at the Steps in the Process (continued)

Step 2: Submit Offer & Documents

Agent Role	Bank of America Role	Homeowner Role
<ul style="list-style-type: none">• Contact your short sale specialist to determine the required homeowner documents and upload them to the Equator Library under Property Files within 14 days.• Complete the “Submit Short Sale Offer” task, the “Upload Offer Documents” task and the “Upload Supporting Documents” tasks.	<ul style="list-style-type: none">• Determine the required homeowner documents.• Validate the offer and supporting documents.	<ul style="list-style-type: none">• Provide the required homeowner documents.

Note: If the supporting documents are not uploaded within 14 days, the process will be delayed.

Timeline: 1 to 14 Days



Initiating After There Is an Offer

Path No. 2: A Closer Look at the Steps in the Process (continued)

Step 2: Submit Offer & Documents	
Agent Role	Bank of America Home Loans Role
<ul style="list-style-type: none">• Contact your short sale specialist to determine the required homeowner documents and upload them to the Equator Library under Property Files within 14 days.• Complete the "Submit Short Sale Offer" task, the "Upload Offer Documents" task and the "Upload Supporting Documents" tasks.	<ul style="list-style-type: none">• Determine the required homeowner documents.• Validate the documents.
Note: If the short sale supporting documents are not uploaded, the process will grind to a halt.	
Timeline: 1 to 14 Days	

Your short sale specialist may ask you for the following documents:

- Two most recent months' bank statements for the homeowner(s).
- Two most recent pay stubs (or income/expense reports, if self-employed) for the homeowner(s).
- IRS Form 4506-T, Request for Tax Return, specifying homeowner tax returns for the past two years.
- Signed hardship letter.
- Short Sale Addendum



Initiating After There Is an Offer

Path No. 2: A Closer Look at the Steps in the Process (continued)

Step 3: Valuation

Agent Role	Bank of America Role	Homeowner Role
<ul style="list-style-type: none">• If requested, respond to your short sale specialist's request to assist with the valuation.	<ul style="list-style-type: none">• Determine the home's value.• If required, order the home valuation (through an independent third party to help protect from fraud). Depending on the investor, we may need a "fresh value" every 90-120 days.• Order additional internal information.	<ul style="list-style-type: none">• Allow access to the property, if requested.
Timeline: 7 to 21 Days		



Initiating After There Is an Offer

Path No. 2: A Closer Look at the Steps in the Process (continued)

Step 3: Valuation

About valuations

- We order valuations through an independent third party to help protect from fraud.
 - We have no influence in determining value.
- Realize that valuations DO expire.
 - Depending on the investor, we may need a “fresh value” every 90-120 days.
 - Re-ordering a valuation may result in a delay.

Bank of America Role

- Determine the home's value.
- If required, order the home valuation (through an independent third party to help protect from fraud). Depending on the investor, we may need a “fresh value” every 90-120 days.
- Order additional internal information.

About reassessments of value

If the buyer's valuation is significantly different than the valuation we've obtained, we may consider a reassessment.

- For the reassessment, we must have solid proof of the disputed value (buyer's appraisal, comps, etc.)
- You must work through your short sale specialist to request reassessment .
- The short sale specialist will forward the request to the valuation company and/or the investor for a decision.
- Reassessment of value can add a considerable amount of time to the process.
- Reassessment is not guaranteed.



Initiating After There Is an Offer

Path No. 2: A Closer Look at the Steps in the Process (continued)

Step 4: Analyze Offer

Agent Role	Bank of America Role	Homeowner Role
<ul style="list-style-type: none">Respond if the initial offer needs to be negotiated.Adjust the closing date during any counter offers.Complete the "Upload a New HUD-1" task during counter offers.	<ul style="list-style-type: none">Analyze the collected information and negotiate the offer to be presented to investors.For delegated loans: Bank of America can make a decision on the investor's behalf without sending the investor a complete package for review.For non-delegated loans: A complete document review must be made by the investor.Submit the offer to Mortgage Insurance and investors as needed.	
Timeline: 7 to 28 Days		



Initiating After There Is an Offer

Path No. 2: A Closer Look at the Steps in the Process (continued)

Step 4: Analyze Offer

Agent Role

- Respond if the initial offer needs to be negotiated.
- Adjust the closing date during any counter offers.
- Complete the "Upload a New HUD-1" task during counter offers.

Bank of America Role

- Analyze the collected information and negotiate the offer to be presented to investors.
- For delegated loans, Bank of America can make a decision on the investor's behalf without sending the investor a complete package for review.
- For non-delegated loans: A complete document review must be made by the investor.
- Submit the offer to Mortgage Insurance and investors as needed.

Homeowner Role

The goal: achieve fair market value

- In preparing an offer for investor approval, your short sale specialist will counter offer to get the best fair market value.
 - Offers that do not represent fair market values are less likely to be approved by investors.

Timeline: 7 to 28 Days



Initiating After There Is an Offer

Path No. 2: A Closer Look at the Steps in the Process (continued)

Step 5: Investor Decision

Agent Role	Bank of America Role	Homeowner Role
<ul style="list-style-type: none">• Work with the homeowner and the buyer if investors stipulate changes to the deal.	<ul style="list-style-type: none">• Receive approval, decline or renegotiation stipulations per the investor decision.• Notify the agent and the customer of the FINAL decision from the investor.• Issue approval letter.• Assign the closing officer.	
Note: Timing will vary depending on the investor of the loan and whether Bank of America, as the servicer acting on behalf of the investor, has been delegated to make decisions on the loan.		
Timeline: 7 to 21 Days		



Initiating After There Is an Offer

Path No. 2: A Closer Look at the Steps in the Process (continued)

Step 6: Closing

Agent Role	Bank of America Role	Homeowner Role
<ul style="list-style-type: none">• Close by the date noted on the approval letter.• Notify Bank of America of any post-approval deal changes or closing delays.• Complete the “Is Closing on Schedule?” task 5 days prior to close.• Give Bank of America 72 hours’ notice prior to closing.• Upload the updated HUD-1.• Complete the “Supply Settlement Statement” task 3 business days before the settlement date reflected on the HUD-1.• Complete the “Closing Complete” task.	<ul style="list-style-type: none">• Manage any post-approval changes.• Work with the agent and the title company to facilitate closing.	

Timeline: Average time from investor decision to closing is 43 days



Two Paths to a Successful Short Sale

Three Key Steps for Real Estate Agents

1

Engage Homeowners Early

- Find out if the homeowner owes more than the home's fair market value.
- Discuss short sale opportunities during initial conversations with the homeowner.
 - If the homeowner would like to better understand their options or initiate the short sale themselves, encourage them to call Customer Care at **1.866.880.1232**.
- Explain the short sale process and how it can help avoid foreclosure.

2

Contact Bank of America **Before** the Home Is Listed

- Initiate the short sale in Equator – even if you don't yet have an offer.
 - The homeowner may be required to contact Customer Care to discuss participation in one of our pre-offer programs, such as HAFA. If the homeowner isn't eligible for a pre-offer program, then next action is to market the home, obtain an offer and initiate new short sale in Equator.

3

Complete Required Tasks on Time

- Make sure all tasks are completed ASAP in Equator.
- Provide necessary documents ASAP to keep the process moving forward.
- Communicate with your short sale specialist via Equator to reduce delays.



Two Paths to a Successful Short Sale

Commitment to Continued Improvement

Bank of America clearly recognizes the need for continued improvement in the short sale process and is committed to identifying new and different ways to make the process transparent and efficient.

New Approaches To Reduce Processing Times

- Ongoing collection of feedback on process, people and technology
- Right-sized staff to meet service-level expectations; dedicated team of short sale professionals
- Enhanced our technology; monthly upgrades ongoing
- Resources for short sale education

Where to Locate Additional Information

Real Estate Agent Resource Center

bankofamerica.com/realestateagent

Dedicated Customer Care

1.866.880.1232

Monday – Friday 8 a.m. to 10 p.m.; Saturday 9 a.m. to 5:30 p.m. Eastern.

For homeowners:

Bank of America Home Loan Assistance

bankofamerica.com/homeloanhelp