DESERT SCHOOLS
FEDERAL CREDIT UNION

Loss Mitigation Borrower Response Package - Short Sale

Instructions and Disclosures

Member Name: _____ Loan Number(s): _____

If you have received an offer to purchase your home at the current fair market value prior to a foreclosure and you would like for Desert Schools Federal Credit Union to consider the offer for approval, please complete, sign, and return the entire attached Loss Mitigation Borrower Response Package, along with all applicable documentation listed below. Your application will be evaluated and you will be informed in writing of the decision to approve or deny the proposed short sale transaction.

**If you need assistance completing the Borrower Response Package you may contact a HUD-Approved Counselor for assistance. You can find a counselor if you visit the HUD Website at www.hud.gov/offices/hsg/sfh/hcc/fc/*

Borrower Response Package Consists of:

- Signed copy of Instructions, and disclosures
- A completed and signed Uniform Borrower Assistance Form (UBAF)
- income/Asset documentation
- Hardship documentation
- IRS Form 4506-T Request for Transcript of Tax Return(s) signed by the borrower(s).
- Desert Schools Federal Credit Union Short Sale Escrow Policy Agreement

Instructions:

1. Read and sign the "Disclosures" section of the Instructions & Disclosures.
2. Read and sign the 'Borrower/Co-Borrower Acknowledgement and Agreement" section of the Uniform Borrower Assistance Form.
3. All parties on the Note must complete all sections of the Uniform Borrower Assistance Form. Additionally, all parties on the Note must provide required documentation and execute all required disclosures, agreements, and other documents which may be required.
4. Review the list of required documentation and submit all that apply in your specific situation.
5. Complete the IRS Form 4506T.
6. The BUYER must execute the Desert Schools Federal Credit Union Short Sale Policy Agreement. *Desert Schools Federal Credit Union will not evaluate the offer to purchase the subject property without receipt of an executed copy of this Agreement.*
7. Return the completed Short Sale Borrower Response Package including UBAF, 4506T,SS Escrow Policy Agreement and all required Income/asset and hardship documentation and forms to the Loss Mitigation Department at Desert Schools Federal Credit Union using one of the following methods:

US MAIL: 148 North 48th Street, Phoenix, AZ 85034; FAX: 602.335.2994; EMAIL: short.sales@desertschools.org

Required Documentation: All of the following that apply must be submitted with your completed Borrower Response Package for Short Sale Requests.

1. Fully-executed copy of the Listing Agreement and Purchase Contract for the subject property.
2. Copy of MLS listing sheet for the subject property.
3. Pre-close HUD-1 Settlement Statement prepared by a qualified title company.
4. Copy of the Earnest Money Deposit check and proof that it has been cashed/deposited and is being held by a qualified title/escrow company.
5. Verification that escrow has been opened with a qualified title company.
6. Hardship Affidavit: a written explanation describing the specific nature of your hardship.
7. Most recent paystubs reflecting at least 30 days of income and Year to Date earnings.
8. Most recent two years' IRS W-2 forms.
9. Most recent two years' Federal Tax Returns with all schedules (signed copies).
10. Homeowners' insurance declarations page verifying current insurance coverage and annual premium amount.
11. Homeowners' Association Statement.
12. Most recent retirement/401k statement.
13. Most recent two months' bank statements for all deposit accounts (checking, savings, money market, mutual funds, equities, etc.).
14. Current lease agreement(s) (for rental properties) with either bank statements or cancelled rent checks demonstrating receipt of rent.
15. Divorce or separation agreement including order of child support (if applicable).
16. Unemployment benefit award letter (if unemployed).
17. Notice of layoff, termination or, furlough from employer (if unemployed).
18. Most recent Social Security and/or pension/retirement benefit award letter(s), indicating the amount and duration of the monthly benefit. (If applicable)
19. Most recent Social Security Disability and/or private-pay benefit award letter(s), indicating the amount and duration of the monthly benefit. (if applicable)

Self Employed members are required to provide the following additional documents:

20. A signed copy of the most recent two years' corporate or partnership tax returns, including all schedules and forms including K-1 forms if applicable, or a Transcript of Tax Return resulting from an executed IRS Form 4506-T.
21. The most recent signed and dated quarterly or year-to-date profit/loss statement.
22. Copies of bank statements for the business account(s) for the last two months evidencing continuation of business activity.

Disclosures:

1. I understand that the U.S. Treasury's Making Home Affordable Program applies only to certain mortgages secured by owner-occupied principal residences.
2. I understand that if the type of real estate loan that I have is not eligible under the Making Home Affordable Program, or I do not occupy the property that secures the loan for which I am seeking assistance, Desert Schools Federal Credit Union may offer other loan workout options for which I may be eligible.
3. I agree that it is my sole obligation and responsibility to provide all of the necessary required documentation. Failure to do so may cause a delay in the processing of my request or may prevent Desert Schools Federal Credit Union from processing it altogether, as incomplete files will not be evaluated.

4. I understand I may be contacted during the course of the review of my Borrower Response Package if there are questions that must be addressed or additional documentation is required to evaluate my request.
5. I understand that is my responsibility to continue making my regularly scheduled monthly payments while my request is in line to be evaluated. I further understand that if I fail to make such monthly payments, normal collection activity, including telephone calls and late notices, will continue.
6. Failure to submit all the required documentation or information may result in ineligibility for a foreclosure prevention alternative and the foreclosure proceedings will continue, including referral to foreclosure if the mortgage loan was not previously referred. If the necessary information or documentation is not received within a timely manner there is no guarantee of an evaluation for a foreclosure prevention alternative and/or suspension of foreclosure proceedings.
7. Desert Schools Federal Credit Union is not required to evaluate cases if they have been submitted to the Loss Mitigation Department less than 37 days prior to a scheduled foreclosure sale however may expedite a decision if the case is complete and there is sufficient time before the sale.
8. I understand a "Short" or "Negotiated" payoff of my mortgage loan may have tax consequences. To determine the extent of any tax liability I will need to contact a tax professional.
9. I understand that upon completion of the short sale transaction, certain member banking functions will be restricted.
10. I understand that , Desert Schools will:

- Accurately report information about this Account to the three major credit reporting agencies (i.e., Experian, Trans Union, and Equifax).
- If you agree to/execute a Promissory Note (settlement loan) as a condition of approval for a short sale, the disposition of the loan will be reported to the credit reporting agencies as *"LEGALLY SETTLED FOR LESS THAN BALANCE OWED"* once the charge off of the remaining deficiency balance is completed. If no settlement was made with respect to the deficiency balance, the loan will be reported to the credit reporting agencies as *"CHARGED OFF"*. Late payments previously reported to the credit reporting agencies with respect to this account will remain on your credit history.

Important Information: Once settlement loan documents have been executed and funded, and the short sale transaction has been completed, you will no longer be responsible for any remaining balances, late fees, or accrued interest. However, you may continue to receive monthly statements and late notices, if the remaining deficiency balance is past due, until the remaining deficiency balance is charged off. In such instances, Desert Schools Federal Credit Union's loan servicing systems may assess late fees and past due interest may continue to accrue until the remaining deficiency balance is charged off. Desert Schools Federal Credit Union is unable to suppress monthly statements and assessments of late fees and accrued interest UNTIL the charge off of the deficiency balance is completed. You should disregard any such monthly statements and late notices. If your SS case is approved your *Short Sale Approval Agreement* will provide the terms of the settlement and any remaining deficiency balances will no longer be your responsibility.

By signing the Instructions and Disclosures, I/we acknowledge that I/we understand the Loss Mitigation Short Sale application and fulfillment process and that all information submitted is true and accurate. Further, I/we agree to cooperate with any subsequent requests for documentation that may be necessary to complete the evaluation of the Borrower Response Package for Short Sale Request.

_____ _____

Member (Borrower) Signature Date

Co-Member (Co-Borrower) Signature Date