

Horicon Bank Home Affordable Foreclosure Alternative (HAFA)

Matrix

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All servicers that have signed Servicer Participation Agreements (SPAs) 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 or for other foreclosure prevention options including Home Affordable Foreclosure Alternatives (HAFA) which include short sales and deeds-in-lieu. 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 **Horicon 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 **Horicon Bank**.

ELIGIBILITY REQUIREMENTS

HAFAs Basic Eligibility:

- Borrower is HAMP-eligible, but:
 - Does not qualify for a HAMP Trial Period Plan; or
 - Does not successfully complete a Trial Period Plan; or
 - Is delinquent on a HAMP modification by missing at least two consecutive payments
- Borrowers will be considered for HAFAs within 30 calendar days of the applicable date of the particular outcome that applies to the borrower.
- If the Borrower's intention is to retain ownership of the home, the Borrower will first be considered for other loan modification or home retention programs prior to being evaluated for HAFAs.
- Borrowers must be 60 or more days delinquent at time of HAFAs consideration, or be determined to be in imminent danger of default per HAMP guidelines, if less than 60 days delinquent.
- Pending foreclosure sale: Loans currently in the foreclosure process are considered eligible for HAFAs, subject to the proximity of the foreclosure sale date.
- Individual investor or Mortgage Insurance requirements: If applicable, the mortgage insurer must approve the HAFAs sale including waiving any rights to collect additional sums from the Borrower.
- Subordinate lien status-the Borrower must be fully released from all liability for subordinate liens.

Mortgages ineligible for HAFAs are not limited to, but include the following:

- Mortgages secured by Investment Properties or second homes
- Cooperative Share Mortgages
- Leasehold Mortgages
- Mortgages otherwise ineligible for HAMP modifications

DOCUMENTATION REQUIREMENTS

- Borrower will not be solicited for HAFA before being evaluated for HAMP.

Preapproved Short Sale Agreement (SSA)

- Hardship Affidavit/Request for Modification and Affidavit (RMA)
- Evidence of residency
- Dodd Frank Certification
- Subordinate lien documentation
- Form of income verification, if required
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Existing Offer Submitted Using an Alternative Request for Approval of Short Sale (Alternative RASS)

Same documents as SSA and:

- A legitimate, acceptable, arms-length purchase offer.

Imminent Default:

- The hardship and financial condition of the borrower must be verified through documentation.

Income Documentation:

- The Borrower must continue to provide up-to-date income documents when requested.

VALUATIONS

Establishing Property Value –the property value will be initially established by:

- Interior Broker’s Price Opinion or Appraisal at **Horicon Bank** discretion. These valuations will require the Borrower’s cooperation in allowing access to the home. We may, at our discretion, order another valuation if the lapsed time period or market conditions warrant it.

Minimum Acceptable Net Proceeds (MANP) – **Horicon Bank** reserves the right to establish a minimum acceptable net proceeds to protect the investor’s investment. **Horicon Bank** will make that determination as a percentage of the property valuation. This value will not be shared with the borrower, or any real estate broker/agents involved in the transaction so as not to influence the purchase price.

Disputed Valuations –

Horicon Bank will periodically re-evaluate property value (as necessary) during the marketing period to reconcile discrepancies, if any, between **Horicon Bank** independent assessment of the property value and market value data provided by the Borrower or the Borrower’s real estate broker.

If the borrower disputes **Horicon Bank** property valuation, the Borrower or the Borrower’s real estate broker must provide a timely, acceptable and verifiable market value determination consistent with market conditions at the time of the HAFA marketing period. The valuation must be done by an independent appraiser, and be an arms-length valuation.

- Contact names, email and phone number of the appraiser must be provided to **Horicon Bank**, if requested.
- Estimated reconciliation period is 14 calendar days from date the market value documents are received by **Horicon Bank**.

Price Reduction Review During Marketing Period:

- **Horicon Bank** will review the list price during the marketing period if it facilitates an improved reflection of the marketing value for the marketing period.
 - A new list price will be communicated to the Borrower and Real Estate Agent, as applicable.
 - The SSA will be amended to reflect the same.

PAYMENTS DURING MARKETING PERIOD

- Borrower will be required to make full monthly payments during the marketing period, unless;
- **Horicon Bank** agrees to establish a short-term forbearance payment plan during the marketing period. (If the borrower qualifies, the payment will not exceed 31% of gross household income.)

AVERAGE TIMELINES

Horicon Bank establishes these timeframes for processing various aspects of a HAFA short sale, for example:

- Submission of required income/eligibility documentation: Borrower has 14 calendar days to submit these documents.
- Eligibility Review to Issuance of SSA: **Horicon Bank** will have up to 30 calendar days to evaluate the borrower's eligibility for an SSA.
- Borrower's return of SSA: The borrower will be allowed 14 calendar days from the date of the notification to contact the servicer by verbal or written communication and request consideration under HAFA.
- Marketing period: Shall be 90-120 days from time the SSA was issued. A one-time extension may be issued to accommodate a closing date for an approved sales contract.
- Submission of purchase contract: Borrower must submit within 1 business day of approval.
- **Horicon Bank** will review and if acceptable, approve the purchase contract: Review will occur within 7 calendar days of receipt of the offer.
- Escrow and Closing: Closing must occur within an acceptable market period of time. All pending escrows that need to be paid must be paid by the borrower no later than the closing date.

DEED-IN-LIEU POLICY

Deed-In-Lieu:

- Borrowers must make a good faith effort to list and market the property throughout the entire marketing period before **Horicon Bank** will consider a deed-in-lieu of foreclosure from the Borrower.
- If a deed-in-lieu occurs, it will require a clean title to the property.

CONTACT INFORMATION

Horicon Bank provides the Borrower a “Single Point of Contact” who will act as a HAFA liaison for the Borrower (when needed) to facilitate timely communication regarding various aspects of the HAFA process, such as:

- General HAFA questions, or
- Property Valuation appeals, or
- Transaction status updates, or
- Escalation of complaints:
 - **Horicon Bank** will evaluate and resolve complaints in a timely fashion. All complaints will be reviewed and generally resolved within 30 calendar days of receiving the written complaint from the Borrower or Borrower’s representative (i.e. a Requestor).
 - Escalated Cases will be date stamped upon receipt. Within five business days following receipt of an Escalated Case from a Requestor, **Horicon Bank** will acknowledge the inquiry in writing via e-mail, fax or mail and will provide the Requestor and, as applicable, the Borrower:
 - A case reference name or number:
 - A date by which **Horicon Bank** will resolve the Escalated Case and provide a response (Resolution Date), which will not exceed 30 calendar days from the later of:
 - (i) the date the inquiry was received or
 - (ii) if authorizations (including any necessary third party authorizations) are required, the date on which the authorizations are received by the servicer
 - A toll-free escalation contact phone number: 1.888.343.3040.
 - If the issue cannot be resolved by the Resolution Date, **Horicon Bank** will send an updated status in writing to the Requestor and, as applicable, the Borrower, on the Resolution Date and every 15 calendar days thereafter until the Escalated Case is resolved.
 - The HOPE™ Hotline, a 24-hour telephone help-line operated by the non-profit, Homeownership Preservation Foundation, provides homeowners with free foreclosure prevention information and housing counseling referrals. Specially trained personnel at Making Home Affordable (MHA) will help handle Escalated Cases by evaluating the circumstances and status of a borrower’s request for assistance under an MHA Program and working with **Horicon Bank** to identify and resolve the case in a manner consistent with MHA program guidelines.
 - **Horicon Bank** HAFA Liaison:
 - Collections Department, 920.485.7333; collections@horiconbank.com

THIRD PARTY ASSISTANCE

Grid Financial Services provides the Horicon Bank with assistance throughout the HAMP modification process. Horicon Bank chooses to enlist the assistance of Grid Financial with the HAFA process as well. Among other services, Grid Financial will:

- Assist in the collection of documents and act as an extension of Horicon Bank in coordinating the various aspects of the HAFA process.

Grid Financial Services:

- 2724 Discovery Drive Raleigh, NC 27616 (877) 882-3865
- help@gridfinancialservices.com

Servicer Disclaimer – Servicer may provide a disclaimer related to any limitations of the information provide in the matrix as it relates to individual investor or mortgage insurance restrictions or additional program requirements.