

FEDERAL HOUSING FINANCE AGENCY



FACT SHEET:

FHFA SHORT SALE ASSISTANCE FOR MILITARY HOMEOWNERS WITH FANNIE MAE AND FREDDIE MAC LOANS

OVERVIEW

The Federal Housing Finance Agency is announcing changes to short sale policies that will make it easier for military homeowners with Fannie Mae and Freddie Mac mortgages to honor their financial commitments when they are issued a Permanent Change of Station (PCS) order.

Currently, military homeowners with PCS orders are required to move to a new duty station under short, strict timelines. However, service members still remain bound to their financial obligations, including their mortgages. If their homes have declined in value, they may be unable to sell the home and obtain sufficient funds to pay off the mortgage debt obligating them to continue making monthly payments after relocating to a new duty station.

Changes to Fannie Mae and Freddie Mac short sale policies for military homeowners will alleviate some of the issues faced when a member of the armed forces receives a PCS order including the burden of having to sell their home in a difficult housing market. These changes dovetail with guidance issued by Fannie Mae and Freddie Mac to servicers last year establishing PCS orders as a qualifying hardship for forbearance and loan modifications.

DETAILS

Service members with PCS orders will be:

- eligible for a short sale immediately, even when they are current on their existing mortgage (the PCS order is treated as a hardship to deem them eligible);
- exempt from deficiency judgments from Fannie Mae and Freddie Mac when receiving permission for a short sale; and
- relieved of any request or requirement for a cash contribution or promissory note so long as the property was purchased on or before June 30, 2012, (to apply

personal assets to cover the shortfall after outstanding unpaid principal balance and sales price).

ELIGIBILITY REQUIREMENTS

- The person must be in the military and have a PCS order.
- The existing mortgage must be owned or guaranteed by Fannie Mae or Freddie Mac.
- The service member can be current or delinquent on their mortgage to apply for a short sale.
- The property must have been purchased on or before June 30, 2012.

EFFECTIVE DATE

FHFA will issue guidance by September 30, 2012, and it will be effective 60 days later.

IS YOUR MORTGAGE OWNED OR GUARANTEED BY FANNIE MAE OR FREDDIE MAC?

Homeowners can determine if they have a Fannie Mae or Freddie Mac loan by going to:

- www.FannieMae.com/loanlookup or calling 800-7Fannie (8 a.m. to 8 p.m. EST)
- www.FreddieMac.com/corporate/ or 800-Freddie (8 a.m. to 8 p.m. EST)

RESOURCES

- www.KnowYourOptions.com/Military or call 877-MIL-4566 (Fannie Mae)
- www.FreddieMac.com/avoidforeclosure or call 800-Freddie (8 a.m. to 8 p.m. EST)

WHAT IS A SHORT SALE?

A short sale, also known as a preforeclosure sale, is when you sell your home for less than the balance remaining on your mortgage. If your mortgage company agrees to a short sale, you can sell your home and pay off all (or a portion of) your mortgage balance with the proceeds.