

Service Release Impacts on Short Sale

Frequently Asked Questions

What is a Service Release?

- Release of servicing is a business as usual activity in the loan servicing industry. Agents should make homeowners aware of this when considering a short sale.
 - The mortgage investor on a mortgage loan contracts with a servicer (such as Bank of America) to perform mortgage loan servicing, including collecting payments, tax and collection activities, as well as default mortgage activity inclusive of short sales.
 - Throughout the contract and at the end of the contract, the mortgage investor may decide to release servicing from one company to another company.
 - The homeowner will receive notification 15 days prior to the service release date.
 - Based on the terms of the service transfer, Bank of America may be able to retain the loans through completion of the short sale.

What are the impacts to a short sale?		
Short Sale initiated but no approval letter issued	Traditional	<ul style="list-style-type: none"> • When servicing rights are released from Bank of America, the new servicer will decide how to proceed with the loan retention options.
	HAFA	<ul style="list-style-type: none"> • The new servicers may participate in Home Affordable Foreclosures Act (HAFA). • The new servicer will need to review the file documents to make a decision on the short sale.
	Cooperative	<ul style="list-style-type: none"> • The new servicers may not honor the cooperative short sale since this program is proprietary to Bank of America. • When possible, Bank of America will request to maintain servicing of loans in the cooperative short sale program through short sale completion or decline.
Short Sale with an approval letter issued and a closing date established	Traditional	<ul style="list-style-type: none"> • The new servicers will honor the approval letter terms up to the expiration date listed on the approval letter.
	HAFA	
	Cooperative	<ul style="list-style-type: none"> • The new servicers may not honor the cooperative short sale since this program is proprietary to Bank of America. • When possible, Bank of America will request to maintain servicing of loans in the cooperative short sale program through short sale completion or decline.

Next Steps: As with all short sales, the servicer completing the short sale will need to have all the documents and information within their system before the short sale can close.

- Advise the homeowner to maintain all contact information and letters from all servicers.
- Collect all servicer contact information and letters from the homeowner frequently throughout the short sale.
- If identified for release, a letter confirming the service release and new servicer will be sent around 15 days prior to release.
- Bank of America will also attempt to contact both agent and borrower with pending service release information via phone call.

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- Contact the new servicer with the homeowner to determine the options available to the homeowner. Keep in mind; it may take 30 days or more for the new servicer to access the loan.
- In case the new servicer requests documents, maintain copies of all documents on the short sale file.

What happens on the new servicer's side?

- On the service transfer date, Bank of America provides the loan information including short sale information and documents to the new servicer.
- Within three to five business days, all loans are added to the new servicer's system.
- Within 20 days of transfer, the short sale related documents are added to the new servicer's system.