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March 28, 2012



Re: Mortgage Loan #:  
Property Address:



Dear Flagstar Customer(s):

Flagstar Bank reviewed the pending sales contract on the above mortgage loan in accordance with the terms of the Pre-Foreclosure Sale Program.

This letter will confirm our approval of the pre-foreclosure sale of this property, which is contingent on the conditions listed below. If any of the conditions listed below cannot be met, Flagstar Bank will not discharge its lien. Please make sure that all instructions are followed per our request to prevent any delays and further interest accruals.

- THE SALE PRICE IS TO BE NO LESS THAN \$226,000.00.
- REALTOR COMMISSIONS ARE NOT TO EXCEED \$13,560.00.
- SELLER'S CLOSING COSTS ARE NOT TO EXCEED \$7,849.17.
- SETTLEMENT TO JUNIOR LIEN IS NOT TO EXCEED \$1,946.22.
- BUYERS PREPAIDS ARE NOT TO EXCEED \$6,780.00.
- NET SALES PROCEEDS ARE TO BE NO LESS THAN \$195,864.61 AND SHOULD BE MADE PAYABLE TO FLAGSTAR BANK. THIS FIGURE SHOULD BE REFLECTED AS THE **DISCHARGE** TO THE FIRST MORTGAGE. NET PROCEEDS ARE TO BE RECEIVED BY EXPRESS MAIL THE NEXT BUSINESS DAY, ALONG WITH A SIGNED COPY OF THE SETTLEMENT STATEMENT.
- SELLERS ARE TO NET \$ 0.00.
- SALE IS TO CLOSE NO LATER THAN 04/06/2012.
- A COPY OF THE HUD-1 SETTLEMENT STATEMENT IS TO BE SENT FOR OUR REVIEW AT LEAST 48 HOURS BEFORE CLOSING TO THE FOLLOWING EMAIL ADDRESS:  
LMHUDAPPROVALS@flagstar.com.
- APPROVAL IS VOID IF BANKRUPTCY IS FILED.
- NO MODIFICATIONS CAN BE MADE TO THESE TERMS WITHOUT WRITTEN APPROVAL.

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5151 Corporate Drive  
Troy, Michigan 48098-2639  
Phone: (248) 312-2000  
www.flagstar.com

**After closing, please send via FedEx a copy of the HUD-I Settlement Statement, Net Proceeds Check, Original Promissory Note (if required), Assignment of Escrow Disclosure Statement, and the release of liens, if any. Short sale package MUST be delivered to Flagstar the next business day. Failure to do so could result in the funds being returned and the short sale being cancelled.**

It is the responsibility of the title company to fax Flagstar Bank the documents from the closing as well as a copy of the proceeds check prior to sending the information to us via overnight delivery. Please ensure the title company complies with this request immediately after the closing.

Please be aware that Flagstar Bank will be responsible for executing the required release of lien and reconveyance immediately after receiving the net sales proceeds and ensuring all other closing conditions are met. Flagstar is also responsible for filing any cancellation of Notice of Trustee's Sale that has been recorded, rescission of any foreclosure that may have occurred, or cancellation of any other pending foreclosure action that is already in process.

For your convenience, we have provided the complete mailing address and a contact person at Flagstar:



**IMMEDIATELY FOLLOWING CLOSING:** Forward a copy of the HUD-I Settlement Statement and Net Proceeds Check by fax to my attention at 866-234-9845.

**Notwithstanding our approval of this short payoff, Flagstar Bank reserves the right to withdraw approval at any time and demand full payoff prior to funding.**

There may be possible tax consequences if any portion of the outstanding debt is "forgiven." Borrowers should refer to a tax professional for assistance in determining the extent, if any, of the liability.

Should you have any questions, or require additional information, please call us at (800) 393 - 4887 Monday–Friday 8:30 a.m.–5 p.m. Eastern time.

Sincerely,

Flagstar Bank  
Loss Mitigation Department

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**ASSIGNMENT OF ESCROW DISCLOSURE STATEMENT**

LOAN NUMBER: 

BORROWER NAME: 

I/We transfer my/our interest in the escrow account associated with the above referenced loan, which includes funds received by Flagstar Bank for, among other items, the payment of property taxes, hazard insurance and, in some cases, private mortgage insurance and flood insurance. I/We also transfer my/our interest in any funds currently held by Flagstar Bank but not yet applied to the outstanding principal balance on this loan, including, but not limited to, insurance proceeds from an insurance claim, funds received pursuant to a loan modification plan or short sale, and funds received pursuant to an escrow agreement between us and the purchasers of the property.

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

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**SETTLEMENT AGENT, ATTORNEY, OR CLOSING AGENT ADDENDUM**

The settlement agent, settlement attorney or closing agent acknowledges all conditions of the affidavit of the "Arms Length" transaction.

The following additional responsibilities are required of the settlement agent, settlement attorney or closing agent:

1. If the settlement agent, settlement attorney, closing agent or any party to this transaction becomes aware of a simultaneous closing (commonly known as flip/flop) on the above mentioned property, they will immediately advise Flagstar Bank and cancel the closing of this short sale transaction.
2. If the settlement agent, settlement attorney, closing agent or any party to this transaction becomes aware of any unrecorded deeds on the above mentioned property, they will immediately advise Flagstar Bank and cancel the closing of this short sale transaction.
3. The Seller(s) shall not receive any proceeds from the sale of the Property reflected in the Agreement.
4. All fees collected by any party to this transaction have been disclosed properly on the HUD-1 Settlement Statement and there have not been any changes or additions to the HUD-1 Settlement Statement previously reviewed by Flagstar Bank.
5. Beyond any contractual sales commissions owed to the Seller's Agent and/or Buyer's Agent, no party to this short sale transaction will receive any proceeds from the sale of the above mentioned property except as is reflected in the final estimated HUD-1 Settlement Statement which shall be provided to Flagstar Bank for approval prior to close.
6. Each signatory to this Affidavit expressly acknowledges that any misrepresentation made by him or her may subject him or her to civil liability.

**Additionally, I/we fully understand that it is a Federal crime punishable by fine or up to 30 years of imprisonment, or both, to knowingly and willfully make any false statements concerning any of the above facts as applicable under the provisions of Title 18, United States Code, Section 1001, et seq.**

Signature: \_\_\_\_\_  
Print Agent's Name: \_\_\_\_\_  
Print Company Name: \_\_\_\_\_

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### **AFFIDAVIT OF "ARM'S LENGTH TRANSACTION"**

Pursuant to a residential purchase agreement ("Agreement"), the parties identified below as "Seller(s)" and "Buyer(s)," respectively, are involved in a real estate transaction whereby the real property commonly known as \_\_\_\_\_ ("Property") will be sold by Seller(s) to Buyer(s).

Flagstar Bank holds a deed of trust or mortgage against the Property. In order to complete the sale of the Property, Seller(s) and Buyer(s) have jointly asked Flagstar Bank to discount the total amount owed on the loan which is secured by the deed of trust or mortgage. Flagstar Bank, in consideration for the representations made below by Seller(s), Buyer(s), and their respective agents, agrees to a short sale on the express condition that Seller(s), Buyer(s), their respective agents (including, without limitation, real estate agents, escrow agents, title agents, settlement attorneys, short sale companies, short sale negotiators and any other party associated to this transaction) each truthfully represents, affirms, and states as follows:

1. The purchase and sale transaction reflected in the Agreement is an "Arm's Length Transaction," meaning that the transaction has been negotiated by unrelated parties, each of whom is acting in his or her own self-interest, and that the sale price is based on fair market value of the Property. With respect to those persons signing this affidavit as an agent for either Seller(s), Buyer(s), or both, those agents are acting in the best interests of their respective principal(s).
2. No Buyer(s) or agent of Buyer(s) is a family member, business associate or share a business interest with the Seller(s) or the mortgagor(s) or the mortgagee(s).
3. There are no hidden terms or hidden agreements or special understandings between the Seller(s) and the Buyer(s), their respective agents, short sale company/negotiator(s), or settlement agent, closing agent or settlement attorney or any other parties associated to this transaction which are not reflected in the Agreement or the escrow instructions associated with this transaction. It is further stipulated that this purchase agreement is not assignable. Simultaneous closings (commonly known as flip/flop) are not allowed under any circumstances.
4. At the time of this closing there are not any other pending transactions or pending offers for the purpose of resale of the subject property.
5. All parties realize that any resale of the property within 180 days of this closing date, where the sale was consummated under any type of misrepresentation, may be subject to funds being returned to the lender or the lender may be allowed to seek restitution from any parties that could have caused additional losses to Flagstar Bank.
6. There is no agreement, whether oral, written, or implied, between the Seller(s) and the Buyer(s) and/or their respective agents which allows the Seller(s) to remain in the property as tenants or to regain ownership of the Property at any time after the consummation of this sale transaction.
7. The Seller(s) shall not receive any proceeds from the sale of the Property reflected in the Agreement.
8. All fees collected by any party to this transaction have been disclosed properly on HUD-1 Settlement Statement and there have not been any changes or additions to the HUD-1 Settlement Statement previously reviewed by Flagstar Bank.
9. Beyond any contractual sales commissions owed to the Seller's Agent and/or Buyer's Agent, no party to this short sale transaction will receive any proceeds from the sale of the above mentioned property except as is reflected in the final estimated HUD-1 Settlement Statement which shall be provided to Flagstar Bank for approval prior to close.



10. Each signatory to this Affidavit expressly acknowledges that Flagstar Bank is relying upon the representations made herein as consideration for discounting the payoff on the loan(s) which is/are secured by a deed of trust or mortgage encumbering the Property.

11. Each signatory to this Affidavit expressly acknowledges that any misrepresentation made by him or her may subject him or her to civil liability.

**Additionally, I/we fully understand that it is a Federal crime punishable by fine or up to 30 years of imprisonment, or both, to knowingly and willfully make any false statements concerning any of the above facts as applicable under the provisions of Title 18, United States Code, Section 1001, et seq.**

IN WITNESS WHEREOF, the undersigned hereby execute these Representations of Seller and Buyer regarding Short Sale as of \_\_\_\_\_.

SELLER

BUYER

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Notary as to Seller:

Notary as to Buyer:

\_\_\_\_\_  
Notary Public, \_\_\_\_\_ County  
State of \_\_\_\_\_  
Acting in \_\_\_\_\_ County, \_\_\_\_\_  
My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public, \_\_\_\_\_ County  
State of \_\_\_\_\_  
Acting in \_\_\_\_\_ County, \_\_\_\_\_  
My commission expires: \_\_\_\_\_

SELLER'S AGENT

BUYER'S AGENT

Signature: \_\_\_\_\_  
Print Agent's Name: \_\_\_\_\_  
Print Company Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Agent's Name: \_\_\_\_\_  
Print Company Name: \_\_\_\_\_  
Date: \_\_\_\_\_

SHORT SALE NEGOTIATOR

Signature: \_\_\_\_\_  
Print Agent's Name: \_\_\_\_\_  
Print Company Name: \_\_\_\_\_  
Date: \_\_\_\_\_

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