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February 20, 2014

Mr. Steve Brown  
2014 President  
National Association of REALTORS®  
500 New Jersey Ave., N.W.  
Washington, D.C. 20001

Dear President Brown:

I want to thank you and your members for informing me of the confusion in the marketplace regarding the execution of our short sales auction pilot. We have heard from some of your members, including the California Association of REALTORS®, about issues that REALTORS® are facing in the marketplace because of this pilot. It is clear that our initial responses to REALTOR® inquiries did not provide the needed information about the pilot. I want to offer additional information for you to share with your members that I hope will help address their concerns.

### **What makes the Freddie Mac short sale pilot different**

This pilot is to test if an auction process will promote multiple-offer transactions on our short sales, thereby increasing our sale proceeds without undermining our efforts to prevent families from falling into foreclosure.

The pilot is limited to seven states: Arizona, California, Florida, Illinois, Nevada, New Jersey and New York, and its size remains very small.

We have heard from some of your members that they have experienced difficulty distinguishing between the Freddie Mac short sale (pilot) program and private label submissions, communications and requirements - the welcome letter/short sale instructions. An important distinction regarding the Freddie Mac pilot is that **borrowers are not required to participate.**

### **Understanding Freddie Mac versus Nationstar**

We understand that the letters sent to Freddie Mac borrowers look similar to the letters sent to Nationstar borrowers, and that Nationstar is communicating that it will not entertain purchase offers for Freddie Mac short sales if consent to publish on Auction.com is not provided by the borrower and agent. This may be the process for Nationstar's private label program, but our pilot does not make an auction mandatory for a borrower to be approved for a short sale.



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Freddie Mac and Nationstar are working to ensure the Freddie Mac approved short sale pilot communications/requirements/materials are making it to the appropriate line staff and short sale submitters. Moreover, we are analyzing the Freddie Mac "welcome letter short sale instructions" and servicer internal talking points to ensure there is a distinction between Freddie Mac's short sale submission criteria and the criteria of other programs (such as the borrower's ability to submit a short sale without publication on Auction.com).

Finally, as a reminder, I want to assure you that Freddie Mac's policy of paying a 6 percent sales commission for approved short sales remains intact for properties sold through this pilot. We continue to evaluate this pilot, and are actively seeking input to improve its execution. We want to ensure that we receive the best return on these assets for the consumer selling the property, and ultimately, for the taxpayer.

Thank you again for reaching out to us and please let me know if you have any other questions or concerns.

Sincerely,

A handwritten signature in dark ink that reads "Tracy Hagen Mooney".

Tracy Hagen Mooney  
Senior Vice President  
Single Family Servicing