

LEGISLATIVE REPORT

Government Announces Short Sales Guidelines

The following are some new guidelines announced for short sales.

The U.S. Treasury Department announced new guidelines this week designed to make short sales go more smoothly.

To qualify under these new guidelines:

- The property must be the homeowner's principal residence.
- The homeowner must be delinquent on the mortgage or close to defaulting.
- The loan must have been made before Jan. 1, 2009, and be for less than \$729,750.
- The borrowers' total monthly mortgage payment must exceed 31 percent of their before-tax income.

Under the plan, borrowers will receive \$1,500 from the government for selling homes for less than the amount of their mortgages. Mortgage-servicing companies will get \$1,000 for each completed short sale. Second-mortgage holders can receive up to \$3,000 of the sales proceeds in exchange for releasing their liens. Investors who hold the first mortgage can collect up to \$1,000 from the government for allowing the payments.

Borrowers who complete a short sale under the program must be "fully released" from future liability for the debt, according to the guidelines.

Source: Associated Press, J.W. Elphinstone (11/01/2009) and The Wall Street Journal, Ruth Simon (11/01/2009)

Boiling Spring Lakes-update

With the changes in the Mayor and council seats in BSL, it appears that the Habitat Conservation Plan (HCP) for the Red-Cockaded Woodpecker (RCW) is in jeopardy. In an interview with the State Port Pilot, the new Mayor has signaled his reluctance to carry on with the HCP, saying it is too expensive and the citizens in BSL have told him the development is not going to add anything to the city. The Mayor promptly removed Commissioner Troscianiec from the RCW steering committee, which removes 2 and ½ years of experience and knowledge on the RCWs and the HCP. Executive Vice President and Government Affairs Director, Steve Candler, asked to be on the January agenda for the city to gather better insight into how the city plans to proceed with the HCP.