



**South Puget Sound Habitat for Humanity
Mortgage Policies
Effective November 1, 2015**

1. Payment Policies

- 1.1. **Due Date and Late Fees.** Mortgage payments are due the first day of each month. Mortgage payments received after 5:00pm on the 15th day of the month are late. Except as provided hereafter, all late payments shall be charged a late fee. When the 15th day of the month falls on a weekend, holiday, or outside of regular business hours, the payment shall be considered on time if it is received during regular business hours on the next business day and the payment shall be considered late if it is received anytime thereafter. If a full payment is made on time as provided above, then no late fee will be charged. For delinquent accounts, "full payment" does not include any additional payment required under a forbearance agreement. "Full payment" is the regular monthly payment amount.
- 1.2. **No Partial Payments.** Partial payments are not accepted. Partial payments may be refused and returned. Late fees may be assessed if full payment is not made on time as provided above.
- 1.3. **Payment Methods.** Payments may be made in person during regular business hours, sent via regular first class mail, or any other acceptable method of delivery, at 711 Capitol Way S, Suite 401, Olympia, WA, 98501. Acceptable forms of payment are cash, personal check, cashier's check, money order, and automatic withdrawal.
- 1.4. **Automatic Withdrawal.** Automatic withdrawal (ACH) the preferred payment method. Homeowners must submit an authorization form to participate in ACH. ACH payments are processed on or about the 5th of each month depending on holidays and weekends. To cancel an ACH payment, homeowners must submit a request to cancel the payment by noon on the business day preceding the 5th day of the month. For example, if the 5th day of the month falls on a Saturday, then homeowners must submit a request to cancel the payment by noon on the 4th day of the month, provided that the 4th day is not a holiday or otherwise outside of regular business hours. For example, if the 5th day of the month falls on a Sunday, then homeowners must submit a request to cancel the payment by noon on the 3rd day of the month, provided that the 3rd day is not a holiday or otherwise outside of regular business hours. Homeowners may call or email mortgage servicing staff, or submit a written request to stop payment.
- 1.5. **Waiver of Late Fees.** Homeowners may formally request that late fees be waived. Formal requests must be in the form of a written letter, signed and dated by homeowner, sent via mail or hand delivered. E-mail and phone requests will not be considered. No late fee will be waived after the 15th day of the month the late fee is

assessed. No more than two late fees may be waived in a calendar year. Late fees will not be waived for accounts subject to the terms of a forbearance agreement. See Exhibit A for a template letter request to waive a late fee.

- 1.6. **Excess Funds.** If an account is current and payment is more than the amount due, excess funds will be applied to principal. If an account is delinquent and payment is made, then the payment will be applied to any late fees owed, then to escrow, and then to principal.

2. Delinquency Procedure

- 2.1. An account is delinquent when an unpaid balance remains past due according to the payment schedule established by the mortgage documents. An account may become delinquent if no payment is made, if a partial payment is made and an unpaid balance remains, or if the account accrues late fees or other fees and an unpaid balance remains. An account is not delinquent if a full payment is made on time, as describe heretofore.
- 2.2. If an account becomes delinquent, SPSHFH will send an initial letter requesting immediate payment plus any additional fees by the end of the same month the account became delinquent, or within 30 days of the initial delinquency.
- 2.3. If an account remains delinquent for 45 days, SPSHFH will send a second letter requesting immediate payment plus any additional fees by the end of the next month after the account became delinquent, or within 60 days of the initial delinquency. This letter will state the homeowner is “at-risk” of default and foreclosure, the homeowner may be eligible for loss mitigation options, and provide contact information for local housing counseling agencies.
- 2.4. If an account remains delinquent for 75 days, SPSHFH will send a final letter requesting immediate payment plus any additional fees by the end of the second month after the account became delinquent, or within 90 days of the initial delinquency. This final letter will state the homeowner is “at-risk” of default and foreclosure, the homeowner may be eligible for loss mitigation options, and provide contact information for local housing counseling agencies.
- 2.5. If an account remains delinquent for 105 days, SPSHFH will send via regular first class mail, and by certified mail, a notice of default demanding immediate full payment by the end of the third month after the account became delinquent, or within 120 days of the initial delinquency. SPSHFH will also attempt to personally serve the notice of default.
- 2.6. If full payment curing the existing default is not received 30 days from the date of the notice of default, SPSHFH will cause a notice of trustee sale to be issued and recorded with Thurston County.

- 2.7. The property may be sold at public auction 90 to 120 days after a notice of trustee sale is recorded.

3. Alternatives to Foreclosure

- 3.1. Homeowners may formally request an alternative to foreclosure. Formal requests must be in the form of a written letter, signed, dated and sent via mail or personally delivered.
- 3.2. Homeowners are strongly encouraged to consult an attorney or HUD-certified housing counseling agency to explore other loss mitigation options and alternatives to foreclosure. A list of HUD-certified housing counseling agencies can be found online at consumerfinance.gov/mortgagehelp, or by calling the U.S. Consumer Financial Protection Bureau at 1-855-411-CFPB (2372). The counseling agencies on this list are approved by the U.S. Department of Housing and Urban Development (HUD), and they can offer independent advice about whether a particular set of mortgage loan terms is a good fit based on your objectives and circumstances, often at little or no cost to you.

4. Forbearance Policy

- 4.1. Description: forbearance is a formal written agreement where SPSHFH agrees to forbear its rights and remedies against homeowner's default if and only if homeowner makes payments to cure his or her existing default in addition to the regular monthly mortgage payment and meets the terms and conditions of the forbearance agreement.
- 4.2. Eligibility
 - 4.2.1. The existing default must be less than three regular mortgage payments.
 - 4.2.2. The existing default must amortize over 24 consecutive months.
 - 4.2.3. SPSHFH will consider homeowner's payment history to assess homeowner's ability to pay and willingness to partner. Homeowners with a history of late or delinquent payments, including previous forbearance agreements or notices of default, may not qualify. SPSHFH will assess payment history on a case-by-case basis.
- 4.3. General Terms
 - 4.3.1. Homeowner must make payments to cure the existing default in addition to and on the same date as regular monthly mortgage payments.
 - 4.3.2. Homeowner must continue to make regular monthly mortgage payments during the entire forbearance period.

- 4.3.3. Homeowner must comply with the terms and conditions of the forbearance agreement. See Exhibit B for a sample forbearance agreement.
- 4.3.4. Any violation of the terms and conditions of the forbearance agreement will cause a notice of default to be issued. If a notice of default is issued because homeowner has violated the terms of a forbearance agreement, homeowner is ineligible for subsequent forbearance agreements.

4.4. Procedure

- 4.4.1. Homeowner may receive three letters: initial letter (2.2), first at-risk letter (2.3), and second at-risk letter (2.4).
- 4.4.2. Homeowner requests forbearance before a notice of default is sent.
- 4.4.3. After requesting forbearance, staff will assess homeowner's eligibility.
- 4.4.4. If homeowner is eligible for forbearance, then staff will prepare forbearance agreement.
- 4.4.5. If homeowner is ineligible for forbearance, then staff will prepare a notice denying the request which shall also state a deadline to cure the existing delinquency before a notice of default is prepared and sent to the homeowner.
- 4.4.6. Once notice of default is sent, homeowner is ineligible for forbearance.

5. Deed-in-lieu Policy

- 5.1. Description: deed-in-lieu is short for deed in lieu of foreclosure. It is a formal written agreement where homeowner agrees to surrender possession of the home and conveys ownership of the property to SPSHFH in lieu of SPSHFH's rights and remedies against the homeowner's default.

5.2. Eligibility

- 5.2.1. Homeowner may qualify for deed-in-lieu up to 11 days before the trustee sale date.

5.3. Procedure

- 5.3.1. Homeowner may receive four letters: initial letter (2.2), first at-risk letter (2.3), second at-risk letter (2.4), and notice of default (2.5).
- 5.3.2. Homeowner requests deed-in-lieu up to 11 days before the trustee sale date.

5.3.3. SPSHFH and homeowner will negotiate an acceptable move-out timeline and date. See Exhibit C for a sample deed-in-lieu agreement.

5.3.4. After the 11th day before the trustee sale date, homeowner is ineligible for deed-in-lieu.

6. Amendment and Revision

6.1. SPSHFH may amend and revise the policies herein at any time. SPSHFH will notify homeowners of any amendments and revisions.

6.2. SPSHFH will notify homeowners of these policies at least once each year.

6.3. The policies and procedures described herein do not join, amend, supersede or replace any term or condition of any deed of trust, promissory note(s) or any other security instrument signed by any homeowner and SPSHFH. Exhibits are attached hereto solely as examples; specific terms and conditions may vary.

Exhibit A
Template Letter Request to Waive Late Fee

Letter Request to Waive Late Fee

Dear South Puget Sound Habitat for Humanity,

I will not be able to make my mortgage payment by the 15th of this month. The reason I will not be able to make my mortgage payment is:

I understand South Puget Sound Habitat for Humanity's late fee policy:

- 1. No late fee will be waived after the 15th day of the month the late fee is assessed.
2. No more than two late fees may be waived in a calendar year.
3. Late fees will not be waived for accounts with existing delinquencies or default, or accounts subject to the terms of a forbearance agreement.

Signature: _____

Date: _____

Name: _____

Address: _____

Phone number: _____

Email: _____

Habitat Use Only

Date Received: _____

(Circle) Approved

Not Approved

Name: _____

Signature: _____

Notes: _____

Exhibit B
Sample Forbearance Agreement

FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT (this “Agreement”) is made as of the ____ day of _____, [YEAR] by and between **SOUTH PUGET SOUND HABITAT FOR HUMANITY**, a Washington nonprofit corporation (“Habitat”) and [NAME] (“Borrower”).

RECITALS

A. Habitat made a loan to Borrower pursuant to the terms of a Promissory Note (the “Note”) dated [DATE], in the amount of \$[NUMBER], repayment of which is secured by a Deed of Trust dated [DATE], and filed of record on [DATE], in Thurston County, Washington under Auditor’s File No. [NUMBER] (the “Deed of Trust”) against the real property described therein (the “Property”).

B. The Note and the Deed of Trust shall be referred to herein as the “Loan Documents.”

C. The loan is in default because Borrower has failed to make the payments due under the terms of the Note in the aggregate amount of \$[NUMBER] (the “Existing Defaults”).

D. Borrower has asked Habitat to forbear for a period of time from exercising its rights and remedies against Borrower under the Loan Documents arising from the Existing Defaults to give Borrower the time to catch up the payments due under the Existing Defaults, and, subject to the specific terms and conditions set forth herein, Habitat is willing to agree to such forbearance.

AGREEMENT

NOW, THEREFORE, the parties agree as follows:

1. Forbearance. Subject to the terms and conditions set forth herein, during the period from the date of this Agreement until the earlier of: (i) [DATE]; (ii) any default by Borrower under this Agreement; or (iii) any additional material default by Borrower under the Loan Documents (the “Forbearance Period”), Habitat will forbear from exercising its rights and remedies against Borrower under the Loan Documents arising from the Existing Defaults.

2. Payment of Existing Defaults. During the Forbearance Period, Borrower shall make additional monthly payments to retire the Existing Defaults as follows: \$[NUMBER] due on the same day as and in addition to regular monthly mortgage payments.

3. Ratification of Loan Documents; No Other Amendments. Borrower hereby ratifies, confirms and reaffirms each and every term and provision of each of the Loan Documents, and such terms and provisions shall remain in full force and effect except as modified by this Agreement.

4. Release. Borrower, and each of them, hereby releases Habitat and its members, officers, directors, employees, consultants and attorneys, from and against any and all claims, damages, liabilities, obligations, actions and causes of action, including claims for attorneys’ fees, whether sounding in tort, contract, equity or otherwise, whether known or unknown, whether suspected or unsuspected, and whether arising directly in favor of Borrower, or by way of assignment, subrogation, or indemnification held by

Borrower, and including without limitation all of the foregoing as may have arisen from any act, failure to act, event or state of facts occurring on or prior to the effective date of this Agreement.

5. **No Representations or Warranties by Habitat.** Except as expressly set forth herein, Habitat makes no representations, warranties, promises, or commitments to loan money, extend credit, or forbear from enforcing repayment in connection with any of the Loan Documents or transactions contemplated hereunder.

6. **Attorney's Fees.** The provisions for recovery of attorneys' fees and costs upon default as contained in the Loan Documents shall be fully applicable to any default under this Agreement.

7. **Independent Counsel.** Each of the parties has read and fully understands this Agreement and has had the opportunity to consult and to be advised by independent counsel with respect to the terms hereof.

8. **Entire Agreement.** This Agreement contains the entire understanding between the parties relating to the subjects herein. This Agreement supersedes any prior negotiations, agreements, or representations, whether oral or written.

9. **NO ORAL AGREEMENTS OR COMMITMENTS. ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.**

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

Borrower:

Habitat:

[NAME]

Curt Andino
Executive Director
South Puget Sound Habitat for Humanity

[NAME]

Exhibit C
Sample Deed-in-Lieu Agreement

Return Address:

South Puget Sound Habitat for Humanity
400 Cooper Point Rd SW
Olympia, WA 98502

**STATUTORY WARRANTY DEED
IN LIEU OF FORECLOSURE**

Grantor	
Grantee	SOUTH PUGET SOUND HABITAT FOR HUMANITY
Legal Description (abbreviated)	(complete legal on page 4)
Assessor's Tax Parcel ID No.	
Reference Nos. of Related Documents	

The Grantor, [NAME] ("Grantor"), for and in consideration of cancellation of that certain Promissory Note dated [DATE], in the original amount of [NUMBER] AND [FRACTION] Dollars (\$[NUMBER]) and the release of Grantor from any liability for a deficiency judgment and in lieu of foreclosure, conveys and warrants to SOUTH PUGET SOUND HABITAT FOR HUMANITY, a Washington nonprofit corporation ("Grantee"), that certain real property, situated in Thurston County, Washington, more particularly described on Exhibit A attached hereto and by this reference incorporated herein (the "Property"), subject only to easements, restrictions, reservations, or agreements and other matters of record set forth in Exhibit B attached hereto and incorporated herein by this reference (collectively the "Exceptions").

This deed and assignment is an absolute conveyance and assignment of all interests of Grantor in the Property and is executed and delivered by the Grantor in lieu of foreclosure of that Deed of Trust dated [DATE], the entire beneficial interest therein being held solely by Grantee, and recorded with the Auditor of Thurston County, Washington, under Thurston County Auditor's File No. [NUMBER] (the "Deed of Trust").

The title of the Property is hereby warranted by Grantor as against all persons, subject to the Exceptions referred to above, and Grantee agrees to accept title to the Property subject to the Exceptions. It is further warranted and covenanted by Grantor in executing this Statutory Warranty Deed in Lieu of Foreclosure (the "Deed in Lieu"), and agreed by Grantee in accepting the Deed in Lieu, as follows:

1. The consideration for the execution of this Deed in Lieu consists of the release of the Grantor from any and all personal liability under that certain Promissory Note dated [DATE], in the original amount of [NUMBER] AND [FRACTION] Dollars (\$[NUMBER]).

2. The total consideration set forth above for the execution of the Deed in Lieu is equal to or greater than the fair market value of the Property and includes the fair and reasonable value of Grantor's interest in the Property. Grantor has been unable to sell the Property for any amount greater than the secured indebtedness owing to the Grantor under the Promissory Note.

3. The Deed in Lieu is executed voluntarily by Grantor, and not pursuant to duress or threats of any kind. Furthermore, it is executed and delivered in mutual good faith between Grantor and Grantee, and is not given or intended to hinder, delay, or defraud any creditor, or to contravene any of the bankruptcy laws of the United States or any other applicable laws.

4. The Deed in Lieu is not given as security for the payment of money or indebtedness, nor as security of any kind or nature; and there is no agreement or understanding, oral or written, between Grantor and Grantee herein, or any other person, relative to a conveyance of the Property back to Grantor, or to a sale or conveyance to anyone else for the benefit of Grantor, or to any division of any proceeds realized from the Property by sale or otherwise.

5. The actual possession of the Property herein conveyed and assigned has been surrendered and delivered to Grantee and the Property and all operations thereon are under the control and direction of Grantee; and Grantor intends by this Deed in Lieu to vest the absolute and unconditional title to said Property in Grantee, and further to estop and bar Grantor, and all of Grantor's successors in interest, from having or claiming any right, title or interest of any nature whatsoever, either in law or equity, or in possession or in expectancy, in and to the Property of any part thereof. In this regard, and in reliance upon this Deed in Lieu and all of Grantor's warranties and representations made herein, Grantee shall be entitled to exercise and enjoy all of the rights, responsibilities, powers, and privileges associated with the Property at such time and on such terms as Grantee deems appropriate; paying taxes and assessments levied against the Property; and otherwise acting with respect to the Property consistent with the quiet enjoyment and ownership thereof by Grantee.

6. Grantor further warrants that no labor has been performed nor any materials delivered to the Property described herein that have not been fully paid for or in consequence of which any lien may be claimed or enforced against said Property.

7. Grantor further warrants and represents: (a) that this conveyance and assignment is freely and fairly made; (b) that Grantor is not rendered insolvent by this conveyance and assignment; and (c) that there are no agreements, oral or written, other than this Deed in Lieu between Grantor and Grantee with respect to the possession of the Property.

8. Grantor agrees that this Statutory Warranty Deed in Lieu of Foreclosure shall not operate to extinguish that Deed of Trust referred to above, that such Deed of Trust shall not be merged into or otherwise released by the recording agent, and that the Property shall remain subject to the lien of the Deed of Trust until released by Grantee.

DATED this ____ day of _____, 201_.

Grantor:

[NAME]

STATE OF WASHINGTON)
) ss.
COUNTY OF THURSTON)

On this day personally appeared before me _____ and _____, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this ____ day of _____, 2015_.

Print Name: _____

NOTARY PUBLIC in and for the State of Washington,

residing at _____

Commission expires: _____