



HAFAs - Will This Federal Government Program Help Me?

What is it?

Home Affordable Foreclosure Alternative Program (HAFAs) is a program under the Home Affordable Modification Program which is an effort by U.S. Treasury to avoid foreclosures and encourage Short Sales and Deed-in-lieu transactions.

Who Qualifies?

To be considered for HAFAs the borrower must also qualify under HAMP.

The HAMP requirements include:

- ◆ The property must be the principal residence;
- ◆ The mortgage must be a first-lien mortgage which originated on or before January 1, 2009;
- ◆ The loan must be delinquent or default is reasonably foreseeable;
- ◆ The unpaid balance on the loan must be under \$729,750; and
- ◆ The borrower's total monthly mortgage payment must exceed 31% of the borrower's gross income.

How does it help?

HAFAs institutes the following requirements:

- ◆ Requires the Borrower to sign a Short Sale Agreement which is valid for 120 days. Theoretically this is the timeframe in which the Short Sale is to be completed.
- ◆ When a buyer is found and the appropriate documents are submitted, the lender has 10 business days to approve or deny the Short Sale.
- ◆ Information provided by a borrower who has already applied for HAMP is to be shared with HAFAs to eliminate duplicate information requests.
- ◆ If a successful Short Sale is completed the borrower can receive \$1500 in relocation costs.
- ◆ Any pending foreclosure must not proceed during the term of the Short Sale Agreement.

Will HAFAs help me?

The answer to this question depends on a number of factors:

- ◆ **If you qualify under HAFAs.** You must meet each of the requirements noted above to qualify.
- ◆ **Who your lender and investor are.** HAFAs does not apply to loans owned or guaranteed by Fannie Mae or Freddie Mac. However, a servicer can "opt in" to participate in the program.
- ◆ **How many loans you have on your property.** The biggest hurdle in completing a successful Short Sale is obtaining agreement between multiple lienholders as to payoff amounts and potential deficiency issues. HAFAs provides for minimal payments to be made to junior lienholders while requiring a full release of all claims and liability relating to the lien. Unfortunately HAFAs does not address the biggest issue that impedes a successful Short Sale.

How can we help?

- ◆ We provide the attention to detail, follow-up and negotiation power to work directly with all lenders to seek resolution in the best possible terms for Short Sale sellers, whether your Short Sale is part of HAFAs or not.

For more detailed information regarding the HAFAs program, please visit:

www.makinghomeaffordable.gov