Home Affordable Foreclosure Alternatives (HAFA) Program

A Quick Overview

▶ Took effect **April 5, 2010**

▶ Aids eligible homeowners by pre-approving short sales before listing and releasing them from future liability of mortgage debt

▶ 1st Lien Non-Fannie or Freddie Mortgages Apply

▶ Used as a follow up if HAMP modifications are not possible

Requirements

▶ Loan is eligible if all the following conditions are met:

- Property is borrower's principal residence
  - Exception: 90 day rule
- Loan is a 1st lien mortgage
- Originated before Jan 1, 2009
- Mortgage is delinquent or default is reasonably foreseeable
- Current unpaid balance is equal to or less than $729,750
- Borrower's total monthly mortgage payment exceeds 31 percent of borrower's gross income

*Solving the foreclosure crisis
one homeowner at a time.*

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Incentives

- ▶ $3,000 to Borrowers for Relocation Assistance
  - Will be deducted from gross sale proceeds at closing
  - May classify as taxable income
- ▶ $1,500 to Servicers for administration and processing fees
  - Servicer may not charge borrower any processing fee and MUST pay all out-of-pocket expenses
- ▶ $2,000 to Investors for subordinate lien holder payoff
  - For every three dollars spent to release liens buyer or investor is reimbursed one dollar – capped at 6,000

Highlights

▸ Lender waives rights to deficiency judgment

▸ Servicer must assess the property value and cannot charge the borrower in advance

- May be added to outstanding debt if transaction is not completed

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Participating Lenders

▶ Lenders and loan servicers participating in HAFA must sign a servicer participation agreement with Fannie Mae to participate in HAMP by October 3, 2010

- For a full list of servicers participating in HAMP, visit Making Home Affordable's Participating Servicers List.