

# WORRIED ABOUT FORECLOSURE?

## HAFAs May Be Able to Help



National Association of REALTORS® Government Affairs Division  
500 New Jersey Avenue, NW, Washington DC, 20001

Keeping families in their homes is a top priority for REALTORS®. Unfortunately, it is not always possible to meet this goal. While there are loan modification and other programs that can help families, not everyone will qualify. For many families who are at risk of losing their home through foreclosure, a new program from the Treasury Department may be able to help you.

In February 2009, the Obama Administration introduced the Making Home Affordable Program – a plan to stabilize the housing market and help struggling homeowners stay in their homes. One of the possible ways to help families stay in their homes was to modify mortgages to make them more affordable through a program called the Home Affordable Modification Program or HAMP. While many families have received help through HAMP, far too many won't be able to keep their home even with a loan modification.

For these families, the Treasury Department has established a new short sales program called the Home Affordable Foreclosure Alternatives Program or HAFAs. HAFAs are designed to streamline short sales by providing a uniform process and standard forms, as well as incentives for families and their mortgage servicers to complete the process. It offers homeowners who sell their homes under HAFAs \$3,000 to help cover their moving costs. HAFAs may be able to help you through the difficult process of selling your home and moving to another home.

### SUMMARY OF TERMS

- **Servicer:** A servicer represents the lender that now owns your mortgage. Ordinarily you send your monthly payment to the servicer and the servicer collects your payments and maintains financial records related to your loan. If you are late, they are the ones responsible for working with you to resolve the problem if possible.
- **Short Sale:** In a short sale, the servicer allows the homeowner to list and sell the mortgaged property even if the net proceeds from the sale turn out to be less than the total amount due on the loan.
- **Deed-in-Lieu of Foreclosure (DIL):** Generally, if the borrower makes a good faith effort to sell the property but is not successful, a servicer may consider a deed-in-lieu of foreclosure. With a deed-in-lieu, the borrower voluntarily transfers ownership of the property to the servicer— provided the title is free and clear of other mortgages, liens, and encumbrances. Under HAFAs, you will have no further responsibility to the lender.

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### BENEFITS OF HAFAs

HAFAs give you several benefits:

- HAFAs streamline the short sales and DIL processes to make them easier for you to work with their servicer.
- You can receive a check for \$3,000 at closing to help with your moving costs.
- You will be fully released from future liability for your first mortgage debt (no cash contribution, promissory note, or deficiency judgment is allowed). Also, any junior lien holder who accepts a HAFAs incentive must also release you from future liability.

### HAFAs ELIGIBILITY

Mortgage servicers who participate in HAMP are required to see if you qualify for a loan modification before deciding if you qualify for HAFAs. To qualify for HAMP, you must meet these basic eligibility requirements:

- The property must be your primary residence.
- The first lien (your first loan on your home) must have been originated before January 1, 2009.
- The mortgage must be delinquent or default must be reasonably foreseeable.
- The current unpaid principal balance may not be no more than \$729,750 (there are higher limits for 2 to 4 unit dwellings).
- Your total monthly payment must exceed 31% of your gross income.

Even if you meet these threshold requirements, the servicer must consider your particular circumstances. Not everyone will qualify. Sometimes the owner of the mortgage has rules that mean you or your home may not be eligible. That's why it is so important to work closely with the servicer.

### IMPORTANT NOTE

Loans that are owned or guaranteed by Fannie Mae or Freddie Mac will be eligible under HAFAs, but only after they make changes to the rules to fit with their programs. Once these changes are issued, NAR will let people know on [www.REALTOR.org/Shortsales](http://www.REALTOR.org/Shortsales). HAFAs does not apply to FHA or VA loans.

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### HAFA Process

	<b>SERVICER/LENDER RESPONSIBILITIES</b>	<b>YOUR RESPONSIBILITIES</b>
<b>CONSIDERATION</b>	The servicer must consider you within <b>30 calendar days</b> after you do at least one of the following: <ol style="list-style-type: none"> <li>1. Do not qualify for a trial mortgage modification under the HAMP.</li> <li>2. Do not successfully complete the HAMP trial period.</li> <li>3. Miss at least two consecutive payments if your loan was modified under HAMP.</li> <li>4. Request a short sale or deed-in-lieu of foreclosure (DIL).</li> </ol>	None
<b>NOTIFICATION</b>	If the servicer has not already discussed a short sale or DIL with you, it must notify you in writing about these options.	You have <b>14 calendar days</b> to respond either orally or in writing. If you do not respond, this lack of action ends the servicer's duty to consider you for a HAFA offer.
<b>SHORT SALE AGREEMENT</b>	The servicer sends you a Short Sale Agreement (SSA) if it determines you qualify for HAFA. The SSA must give you an <b>initial period of 120 calendar days</b> to sell the house.	You have <b>14 calendar days</b> from the date of the SSA to sign and return it to servicer. Your real estate broker must also sign the SSA.
<b>PURCHASE OFFER</b>	The servicer, with your approval, may extend the period you have to sell the house for <b>up to a total of one year</b> .	Within <b>3 business days</b> of receiving an executed purchase contract, you have to sign and submit a completed Request for Approval of Short Sale (RASS) to the servicer.
<b>CLOSING</b>	Within <b>10 business days</b> after receiving the RASS, the servicer must approve or deny the request and advise you with reasons for denial. If approved, the servicer may require the closing to take place within a reasonable period but not sooner than <b>45 calendar days</b> from the date of the sales contract.	The closing may take place <b>sooner than 45 calendar days</b> if you agree.

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## **FIND OUT MORE ABOUT HAFA**

The National Association of REALTORS® (NAR) has developed this brochure to give you a better understanding of HAFA and how it may be able to help you avoid foreclosure. NAR strongly encourages you to call your servicer to tell them you are interested in this program and find out if you qualify. You may also get free advice from a HUD- approved housing counselor. The toll-free number is 1-888-995-HOPE. They can answer your questions about HAMP, HAFA, and other programs that might help and how they apply to you.

## **ABOUT NAR**

The National Association of REALTORS®, “The Voice for Real Estate,” is America’s largest trade association, representing 1.2 million members involved in all aspects of the residential and commercial real estate industries.

## **USEFUL LINKS**

National Association of REALTORS® - [www.realtors.org](http://www.realtors.org)

HouseLogic (NAR’s consumer web site) - [www.houselogic.com](http://www.houselogic.com)

Making Home Affordable - [www.makinghomeaffordable.gov](http://www.makinghomeaffordable.gov)

Short Sales Information by NAR - [www.realtor.org/shortsales](http://www.realtor.org/shortsales)

Fannie Mae - [www.fanniemae.com](http://www.fanniemae.com)

Freddie Mac - [www.freddiemac.com](http://www.freddiemac.com)