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<p>What is HAFAs?</p>	<p>HAFAs is a government-subsidized Home Affordable Foreclosure Alternatives program for distressed homeowners to sell their homes to avoid foreclosure, even if the sales price is not enough to pay off their existing mortgage loans. Under HAFAs, a participating lender will pre-approve the terms of a short sale and give the borrower at least 4 months to market and sell the property using a licensed real estate professional.</p>
<p>Eligibility</p>	<p>The eligibility requirements for a HAFAs short sale include the following:</p> <ul style="list-style-type: none"> • Property must be borrower’s principal residence; • Loan must be a first trust deed originated before 2009; • Loan must be delinquent or default must be reasonably foreseeable; • Current unpaid principal balance must be \$729,750 or less for single-family home (or higher amounts for 2-to-4 units); and • Borrower must be eligible for, but unable to complete, a loan modification under the Home Affordable Modification Program (HAMP).
<p>Financial Incentives</p>	<p>The government incentives under HAFAs are as follows:</p> <ul style="list-style-type: none"> • \$3,000 to borrower for relocation expenses; • \$1,500 to servicer for each successful short sale; and • \$1 reimbursement to investor for every \$3 paid to extinguish junior liens, up to \$2,000 maximum, and not to exceed 6% of unpaid balance.
<p>Effective Dates</p>	<p>April 5, 2010 to Dec. 31, 2012.</p>

HAFAs Procedures	<p>The general standardized procedures for HAFAs short sales are as follows:</p> <p>Step 1: Lender evaluates borrower for a loan modification under HAMP.</p> <p>Step 2: Lender evaluates borrower unable to complete HAMP modification for short sale.</p> <p>Step 3: Lender issues Short Sale Agreement (HAFAs SSA).</p> <p>Step 4: Borrower lists the property for sale using a licensed real estate agent.</p> <p>Step 5: Borrower and agent market and sell the property.</p> <p>Step 6: Borrower submits to lender a Request for Approval of Short Sale (RASS).</p> <p>Step 7: Lender approves RASS within 10 business days.</p> <p>Step 8: Sale closes escrow.</p> <p><i>*See Addendum for Estimated HAFAs Timeline 📄</i></p>
Lender's Evaluation	<p>Each participating lender will have its own written policy for approving or rejecting a HAFAs short sale, based on factors such as the severity of the loss, market conditions, the borrower's motivation and cooperation, property valuation, and title review.</p>
Short Sale Agreement (HAFAs SSA)	<p>The Short Sale Agreement (HAFAs SSA) will include, among other things, the following:</p> <ul style="list-style-type: none"> • Either a list price or net proceeds acceptable to the lender; • An agreement to fully release borrower from all liability for repayment of the loan; • An agreement not to complete a foreclosure sale if borrower complies with SSA; • Amount of acceptable closing costs and up to 6% real estate commission. • Notice that the sale must be an arm's length transaction; and • Notice that the buyer must agree not to resell the property within 90 days of closing.
Tax, Credit, and Other Consequences	<p>A HAFAs short sale may have serious tax, credit, financial, legal, and other consequences. A homeowner is strongly encouraged to seek the advice of a qualified professional regarding these consequences.</p>

Participating Lenders	A list of participating lenders is available at http://makinghomeaffordable.gov/contact_servicer.html . Fannie Mae and Freddie Mac have their own HAFAs guidelines for their loans.
More Information	http://makinghomeaffordable.gov/hafa.html . See also, Supplemental Directive 09-09 dated March 26, 2010 available at https://www.hmpadmin.com/portal/docs/hafa/sd0909r.pdf .

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