

# Home Affordable Foreclosure Alternatives (HAFA) Short Sale Program: Guide for Agents

Your resource to help you complete a Short Sale under the federal government's HAFA program.



# Table of Contents

<b>What is HAFA? .....</b>	<b><a href="#">Page 3</a></b>
<b>HAFA Eligibility .....</b>	<b><a href="#">Page 4</a></b>
<b>HAFA Investor Participation .....</b>	<b><a href="#">Page 5</a></b>
<b>HAFA Compared to Traditional Short Sale .....</b>	<b><a href="#">Page 6</a></b>
<b>HAFA Short Sale Process Milestones .....</b>	<b><a href="#">Page 7</a></b>
<b>Timeline on Decision .....</b>	<b><a href="#">Page 8</a></b>
<b>HAFA Short Sale In Equator .....</b>	<b><a href="#">Page 9</a></b>

# What is HAFA?

The federal government's Home Affordable Foreclosure Alternatives (HAFA ) program was designed for homeowners who:

- are unable to afford their first mortgage,
- want to avoid foreclosure, and
- have exhausted all modification attempts and continuing to own their property is not an option.

The federal government specifies many of the aspects of the program such as:

- customer qualification requirements,
- the process used by the servicer, and
- decision timeframes.

The program offers financial incentives to servicers and borrowers who successfully complete a HAFA Short Sale or Deed-in-Lieu of Foreclosure.

Additional benefits of HAFA for the customer include:

- a lender recommended list price PRIOR TO listing the home, and
- waived deficiency — meaning that the mortgage debt will be settled through the program and no legal action can be taken on/against the outstanding mortgage debt.

**On June 1<sup>st</sup>, Fannie Mae and Freddie Mac announced their own versions of HAFA which will be implemented on August 1<sup>st</sup>.** Note: To date, FHA, VA and Ginnie Mae loans are not yet covered by a HAFA-type program.





# HAFA Eligibility

Under the direction of the U.S. Treasury, the HAFA program has extensive requirements. Download the Treasury Department's Supplemental Directive 09-09 for specific details.

**A customer will be HAFA eligible if they meet ALL of the following criteria:**

1. A customer :
  - has exhausted all modification options and/or
  - has decided to pursue a Short Sale or Deed-in-Lieu of Foreclosure.
2. The property is the customer's principal residence (exception for job move >100 miles).
3. The first lien mortgage originated on or before 1/1/09.
4. The mortgage is at least 60 days delinquent or default is reasonably likely (homeowner will need to contact us to determine likelihood of imminent default).
5. The unpaid principal balance is less than \$729,750 for 1 unit properties. (Higher balances are available for 2-4 unit properties. No properties with more than 4 units allowed.)
6. The monthly mortgage payment (PITI) exceeds 31% of the borrower's gross monthly income.

**Customers will work with Bank of America Home Loans to determine eligibility.  
Agreement details will be sent separately.**

# HAFA Investor Participation

**In addition to the eligibility requirements for the customer's loan, investor considerations must be taken into account to determine if the customer can pursue a HAFA Short Sale.**

1. The customer's first mortgage loan **MUST** be owned by an investor participating in HAFA.
2. Subordinate mortgage/lien holders will have to agree to release the liens.  
The HAFA program provides incentives to help assist with lien releases.
  - **Lien payoffs are capped at 6% or \$6,000 accumulative maximum. If the borrower or anyone on behalf of the borrower makes payments in excess of 6% or the \$6,000 accumulative maximum, the transaction is no longer eligible for incentive payments to the borrower, servicer or investor.**
3. Agent commissions will be documented and agreed upon in the Short Sale Agreement.
  - Most investors support a 6% commission for a HAFA Short Sale. However, it is up to the investor, and they do have the ability to reduce the commission per their internal policies.

# HAFA Compared to Traditional Short Sale

This is a high level overview for illustrative purposes only and does not show all required steps.

	Traditional Short Sale	HAFA Short Sale
<b>General Qualifications</b>  See Treasury guidelines for full HAFA details (summarized on previous pages).	Each customer situation is considered separately by investors	<ul style="list-style-type: none"> <li>• Participating Investors Only</li> <li>• Unpaid principal balance &lt; \$729,750* (1 Unit)</li> <li>• Primary residence</li> <li>• Monthly mortgage payment &gt;31% of gross monthly income</li> <li>• First lien mortgage originated on or before 1/1/09</li> <li>• Completed documentation per Treasury</li> </ul> <i>*Higher balances apply to 2-4 unit properties.</i>
<b>Initiate Process</b>	When you receive a valid offer	PRIOR TO marketing the property; HAFA is also available upon receipt of an offer
<b>Timeline for Decisions</b>	The offer starts the process and a number of steps need to be completed prior to decision: <ul style="list-style-type: none"> <li>• Offer</li> <li>• Collect documents</li> <li>• Home valuation</li> <li>• Payoff &amp; internal analysis</li> <li>• Investor review</li> <li>• Decision</li> </ul>	PRIOR TO the marketing phase: <ul style="list-style-type: none"> <li>• Qualification</li> <li>• Collect documents</li> <li>• Home valuation</li> <li>• Payoff &amp; internal analysis</li> <li>• Investor review</li> </ul> <b>10 business-day response on offer:</b> <ul style="list-style-type: none"> <li>• Offer</li> <li>• Decision</li> </ul>
<b>Cash/Promissory Note</b>	The investor may require	No
<b>Deficiency Pursued</b>	The investor retains the right	No
<b>Credit Impact</b>	Typically less than foreclosure – deficiency will be reported to credit bureaus	Typically less than foreclosure – deficiency will be reported to credit bureaus
<b>Recommended List Price Provided</b>	No	Yes
<b>Approval/Closure Rates</b>	Low-Medium	High after qualification
<b>Relocation Assistance</b>	None	\$3,000
<b>Unrealized Short Sale</b>	OPTIONAL Deed-in-Lieu of Foreclosure	AUTOMATIC Deed-in-Lieu of Foreclosure (request for exceptions will be considered if deal is imminent)

# HAFA Short Sale Process Milestones

This is a high level overview for illustrative purposes only and does not show all required steps.

	Inform the Customer	Qualification & Home Valuation	Program Agreement	120-Day Marketing Program	Offer Received**	Closing
<b>Homeowner</b>	HAFA program letter received Interest confirmed within 14 Days OR Customer calls to inquire about HAFA program	Return requested qualification documents Work with vendor to schedule home valuation	Engage Real Estate Agent Receive and return Short Sale Agreement (SSA)	Show and maintain home  Work with agent to negotiate release of other liens (if not serviced by Bank of America)	Submit Request for Approval of Short Sale (RASS) and other documents, if applicable	Get \$3,000 relocation assistance (after closing)
<b>Agent</b>			"Accept" assignment in Equator  List home  Sign Short Sale Agreement	Perform 21-day check-ins on marketing activity and home condition  Work with homeowner to negotiate release of other liens (if not serviced by Bank of America)	Submit offer and remaining documentation **  IF offer needs to be negotiated, respond	Notify post approval deal changes or closing delays as necessary  Give 72 hours notice prior to closing  Send required documents to lender
<b>Bank Associate</b>	Send HAFA program letter  Confirm program criteria has been met  Initiate loan in Equator	Send document request to customer  Order home valuation to develop a recommended list price	Prepare and deliver Short Sale Agreement to customer  Enter into Equator the agent noted on Short Sale Agreement	Perform 21-day check-ins on marketing activity and home condition	Respond to offer within 10 business days	Manage post-approval changes  Work with agent and title company to enable closing

\*\* Under the HAFA program, if the customer does not receive an offer in the 120-day marketing period, they will AUTOMATICALLY proceed to Deed in Lieu of Foreclosure per the Short Sale Agreement and Treasury guidelines.

# Timeline on Decision

**HAFA provides a recommended list price BEFORE marketing the home for Short Sale.**

For customers who qualify, the HAFA program may provide the quickest route to a Short Sale decision.



**The 10 day decision timeframe is only applicable if ALL the steps have been successfully completed prior to the customer having an offer in hand.** If a customer has an offer but has not completed the steps prior to the offer, they can still be considered for a HAFA Short Sale. However, the timeline benefits will NOT be realized, and the process COULD take longer than a traditional Short Sale due to the additional step of HAFA qualification.



# HAFA Short Sale in Equator

1. HAFA Short Sale is initiated in Equator by Bank of America's Short Sale Specialist.
2. The Short Sale Agreement will provide the homeowner's chosen agent which will be assigned in Equator.
3. The agent, which has been chosen by the homeowner, will "accept" the assignment in Equator.
4. Properties and tasks in Equator will appear as you would see them in a traditional Short Sale; however, they will be designated "BAC HAFA."

[my account](#) [\(8\) Unread Message\(s\) !](#)

Search my Properties By:

(Lender):  (Address/City/Zip):  (State):  (Status):

**My Properties** [Excel](#) 3 Records Found (Displaying 1 - 2)

Type	Address	City	State	Lender	Role	List Date	List Price	Status	Offer
	<a href="#">1523 SOUTH JACANA LANE</a>	GILBERT	AZ	BAC SHORT SALES	AGENT	07/23/09	\$110,000.00	NEGOTIATION	<div><div>0</div><div>0</div><div>0</div><div>1</div><div>0</div></div>
	<a href="#">11236 EAST STANTON AVENUE</a>	MESA	AZ	BAC SHORT SALES	AGENT	09/30/09	TBD	DOCUMENT COLLECTION	
	<a href="#">LOT 54 BRUNO CANYON DR</a>	PRESCOTT	AZ	BAC SHORT SALES	AGENT	01/31/10	\$245,000.00	VALUATIONS	<div><div>0</div><div>0</div><div>0</div><div>1</div><div>0</div></div>

For general education and information on Equator for Short Sale, please refer to the Equator Agent Education Guide at [www.bankofamerica.reo.com/shortsaletraining](http://www.bankofamerica.reo.com/shortsaletraining)

# HAFA Short Sale in Equator

1. There is no “Submit Short Sale Offer” task assigned to the agent in HAFA.
2. To submit an offer, click on “Place A New Offer” under the “My Properties & Offers” section.
3. Select the property for which there is an offer. The same page as the “Submit Short Sale Offer” task will open. This is the same page as the traditional Short Sale offer.

**Workflow**  
0 Offers Need Response  
2 Assigned Tasks  
Messages

**My Properties & Offers**  
Place A New Offer  
Post A Property  
Initiate Short Sale **NEW**

**BPO Posting Board**  
Available BPOs  
My BPOs  
Change Settings

**Manage Information**  
Edit Account Information  
My Buyer Alerts  
My Coverage Areas

**Member Center**  
Agent Certification  
View Member Only Discounts

**my account**

**All forms must be submitted online and cannot be printed, faxed in, or saved locally.**

2 Records Found

Task Name	Address	City	State	Zip	Property Status	Role	Lender	Open Date	Due/Completed Date
<a href="#">Submit Short Sale Offer</a>	77778 ZDXXVNJDB..	LUTHERVILLE TIM..	MD	21093	DOCUMENT COLLECTION	Agent	BAC Short Sales	12/16/2009 08:58 (0)	12/20/2009 08:58 (-4)
<a href="#">Supply Settlement Statement - Offer 1</a>	368 NYGGTX NFUY..	LAWRENCEVILLE..	GA	30045	CLOSING	Agent	BAC Short Sales	12/16/2009 09:59 (0)	01/25/2010 09:59 (-40)

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