

HAF A

New - Home Affordable Foreclosure Alternative



The new HAF A program becomes effective April 5, 2010. Every participating Loan Servicer must develop a written policy consistent with investor guidelines, describing the basis of how HAF A is being offered. This policy must include the severity of the loss, local market conditions, timing of pending foreclosure actions, along with the motivation and cooperation of the borrower. Borrowers must be evaluated for HAMP (Home Affordable Modification Program) PRIOR to being considered for HAF A. Those borrowers that meet the eligibility criteria for HAMP, but are not offered a trial period plan, did not successfully complete a trial period plan, or defaulted on a HAMP modification plan, should first be considered for other loan modification or retention programs offered by the Loan Servicer PRIOR to being evaluated for HAF A.

The following terms must be met for a loan to meet HAF A eligibility criteria:

- Property is the Borrower's primary residence.
- Mortgage loan is a first lien mortgage originated on or before January 01, 2009.
- Current unpaid mortgage balance (1st mortgage) is equal to or less than \$729,750; and
- Borrower's total monthly mortgage payment (1st mortgage) exceeds 31% of the Borrower's gross income.

There are other HAF A considerations that must be met by the Borrower and time frames that must be documented and met by the Loan Servicer for the HAF A offer to be extended to the Borrower.

Upon an *acceptable* Short Sale agreement to the Loan Servicer, the Borrower will be entitled to receive \$3,000.00 (amount changed March 26, 2010) which will be deducted from the gross sale proceeds at closing. The Loan Servicer will allow a portion of the gross sale proceeds to be paid to subordinate lien holders in exchange for ***release and full satisfaction*** of their lien. **The Borrower will be released from ALL liability for repayment of their mortgage debt.** As long as the Borrower follows the terms of the Short Sale Agreement, the Loan Servicers agree not to foreclose.

A Short Sale may have income tax consequences and /or may have a derogatory impact on the Borrowers credit score. It is recommended that the Borrower seek competent professional advice.

Please contact me directly for additional details of timelines and/or considerations of a HAF A Short Sale. Upon request, you can be added to my monthly email market update, which providse current market values for your property. Simply provide the requested contact information.