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Your Mortgage?

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CERTIFIED DISTRESSED  
PROPERTY EXPERT™

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## Find Out How the Government's HAFA Program Could Put Thousands of Dollars In Your Pocket to Eliminate Your Mortgage Debt!

When the housing market crashed in 2008, millions of homeowners suddenly found themselves in danger of losing their homes to foreclosure. To help these homeowners, in 2009 the U.S. Treasury launched the Making Home Affordable (MHA) program, which is comprised of several subprograms designed to help distressed homeowners avoid foreclosure.

One of the most talked about MHA programs is the Home Affordable Foreclosure Alternatives (HAFA) program, which helps homeowners avoid foreclosure through a short sale or deed-in-lieu of foreclosure. The HAFA program provides struggling homeowners with a number of benefits that help homeowners escape an unmanageable mortgage and move forward with their lives.

This report outlines the HAFA program, the benefits it provides to homeowners, and who is eligible for the program.

## WHAT IS HAFA?

As mentioned earlier, Making Home Affordable (MHA) provides struggling homeowners with assistance to help them either keep their home, or if remaining in the home simply isn't possible, to provide alternatives to foreclosure.

For some homeowners, a loan modification can lower the monthly mortgage payments enough to make them affordable. Under MHA, this is done through the Home Affordable Modification Program (HAMP). However, not all homeowners qualify for or can complete a HAMP modification. That's where HAFA comes in.

Created in 2009, the Home Affordable Foreclosure Alternatives (HAFA) Program assists HAMP-eligible homeowners avoid foreclosure, specifically through short sales or deeds-in-lieu of foreclosure. This government-sponsored initiative is overseen by the U.S. Treasury Department and administered by Fannie Mae.

## What is a Short Sale?

In a short sale, a lender accepts the sales price of the home even if that price is less than the amount owed on the home. Short sales are becoming an increasingly popular solution. Banks love this option because they end up getting more money than if they foreclose, and they don't have to worry about selling a house at auction. Short sales generally have less impact on someone's credit score and give one a chance at a fresh start, allowing him or her to walk away with dignity.

## What is a Deed-In-Lieu of Foreclosure

In a deed-in-lieu of foreclosure, the homeowner signs the deed back to the lender, which allows the lender to sell the home and make back some of its investment after the home is vacated. This may prevent the banks from having to go through a lengthy foreclosure process, and in exchange they will sometimes forgo their right to a deficiency judgment. If an owner has equity in the property, a deed-in-lieu is not a good option since they give up all rights to the property and equity.

Once a homeowner qualifies, HAFA sets a structured timeline on the short sale process, eliminating unnecessary delays, which can cause short sales to fail. HAFA also offers cash incentives to both the homeowner and lender on completion of a successful short sale.

Ultimately, the goal of HAFA is to keep as many homeowners as possible out of foreclosure and to help ease the transition out of a home for the homeowner.

## HOW DOES HAFA HELP HOMEOWNERS?

HAFA benefits homeowners facing foreclosure in a number of ways, including:

- For homeowners who can't complete a loan modification it provides additional options to help homeowners through a short sale or deed-in-lieu.
- In many cases, homeowners may be eligible for \$3,000 in financial incentives, called "Relocation Assistance." These are funds provided to homeowners from HAFA to assist in the transition out of their home.
- Homeowners can receive guidance and help from both licensed real estate agents and HUD-approved housing counselors.
- In some cases when a homeowner completes a foreclosure alternative, they can still be responsible to pay back the difference between what they owed on the mortgage and what they were ultimately able to pay the bank. This is called a "Deficiency Judgment." HAFA completely releases homeowners from their mortgages and any future liability or deficiency judgments.
- By creating uniform guidelines and timeframes, HAFA makes the short sale process easier and more efficient for both the homeowner and the lender. This gives the short sale a higher likelihood of success and eliminates much of the uncertainty that can come with a typical short sale.

- In a HAFA short sale, your mortgage company works with you to determine an acceptable sale price.
- HAFA can have less of a negative effect on your credit score than a foreclosure.

## WHO IS ELIGIBLE FOR HAFA?

If you or someone you know is facing foreclosure and is interested in HAFA, the best course of action is to contact a real estate agent specially trained to handle distressed properties. A trained agent will be able to guide you and help you find the best solution. However, some general qualification criteria apply for HAFA:

- The homeowner must owe more on their mortgage than the current value of the property.
- The mortgage must have been established before Jan. 1, 2009.
- The homeowner must be late on their payments or in imminent danger of default. This is called a "hardship." If the home is already in foreclosure or if the homeowner is going through bankruptcy, they may also be eligible for HAFA.
- The homeowner must be determined to be ineligible for HAMP or other foreclosure avoidance options.
- The unpaid principal balance of the mortgage cannot be greater than \$729,750.
- HAFA approval must be established by December 31, 2013.

## ARE YOU OR SOMEONE YOU KNOW FACING FORECLOSURE?

If so, you are not alone. Today, approximately 10 million homeowners are falling behind every month because of unmanageable mortgage payments. That is one out of every seven mortgages not being paid. Fortunately, struggling homeowners have more support than ever, as seen in the ongoing attention and improvement of programs such as HAFA from the federal government, as well as special support programs from state agencies and major banks.

You have options, and foreclosure doesn't have to be one of them.

As a real estate agent and Certified Distressed Property Expert (CDPE), I am specially trained to help homeowners in danger of losing their home to foreclosure. I'm dedicated to helping my clients understand the options available to them and finding the best possible solution.

**So if you or someone you know is struggling with mortgage payments, contact me for a private consultation. It's my mission to help as many homeowners as possible avoid foreclosure.**

## WHAT DOES "CDPE" MEAN?

As a Certified Distressed Property Expert, I have received extensive training on all the options that are available to homeowners in danger of losing their home to foreclosure. I am tapped into major lenders, up to date on federal and local government assistance programs, and a member of the real estate industry's most recognized network of professionals demonstrating the highest standards of professionalism and ethics.

This training has taught me how to recognize the best option for every homeowner's unique situation, as well as how to complete the processes involved in the most efficient way possible.



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