

# Home Affordable Foreclosure Alternatives Program (HAFA)

Your Guide to Completing a Short Sale  
Under the Federal Government's HAFA Program

December 2012

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# HAFA Short Sale Program

## Home Affordable Foreclosure Alternatives (HAFA)

### A Federal Government Program to Help Homeowners Who:

- Can't afford their first mortgage.
- Want to avoid foreclosure.
- Have exhausted all modification attempts and can't keep their home.

### Program

- Allows homeowners to sell their home through a short sale and settle mortgage debt with many benefits.
  - Offers relocation assistance to occupants who must vacate after completing a HAFA short sale or a deed in lieu of foreclosure.

### Timeline

Program ends **Dec. 31, 2013.**

- The HAFA short sale or deed in lieu of foreclosure must have a transaction closing date on or before Sept. 30, 2014.

### Investor Participation

- Fannie Mae and Freddie Mac programs ended **Dec. 31, 2012.**
  - Files must have a transaction closing date on or before Sept. 30, 2013.
- FHA, VA and Ginnie Mae loans are not yet covered by a HAFA-type program.

# HAFA Short Sale Program

## Homeowner Benefits

- Quickest option for a short sale decision when there is no offer.
  - A suggested list price is provided before listing the home.
  - Decision in as few as **10 business days** once an offer is submitted.
- Deficiency is waived.
  - The mortgage debt, of the first and subordinate liens, will be settled through the program.
  - No legal action can be taken on/against the outstanding mortgage debt.
- \$3,000 to primary resident at closing for relocation assistance.
  - Additional incentives up to \$30,000 may apply to eligible borrowers.\*
- No cash contribution or promissory note required to release any lien.
- Foreclosure process put on hold subject to investor guidelines.

\* Specific investor participation and eligibility criteria applies.

## When to Consider

- During initial discussions of alternatives to avoid foreclosure.
- When the homeowner wants to leave the property and owes more on the mortgage than current fair market value.
- Either before or after a short sale offer is received.

## Service Release

- During the short sale process, loan servicing may be transferred to a different loan servicer. Servicing refers to collecting principal, interest, and escrow payments, if any, as well as sending monthly or annual statements, tracking account balances, and handling other aspects of the loan. We may assign, sell, or transfer the servicing of a loan at any point when the loan is outstanding. Your client will be given advance notice before a transfer occurs. Depending on the status of the short sale when the servicing of a loan is transferred, the new servicer may not be required to accept the terms and conditions of a short sale.

# HAFA Short Sale Program

HAFA short sale program is most beneficial when started prior to marketing and offer.

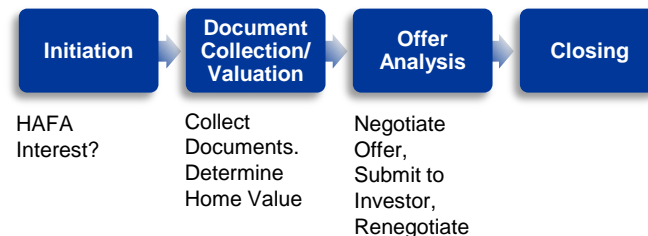
## Initiating before offer...



If the homeowner already has an offer, they may still qualify for HAFA. However, the process may take longer.

- If homeowner is eligible for HAFA, the agent and homeowner will be notified.

## Initiating after offer...



# HAFA Short Sale Program

## Requirements for HAFA Eligibility\*

[View the Eligibility Matrix](#)

### The Homeowner Has:

- Exhausted all modification options, and/or
- Decided to pursue a short sale or a deed in lieu of foreclosure.

### The Property:

- No longer has occupancy requirements (SD 12-02).
  - If the property is occupied by a tenant, the tenant may be eligible for the incentive.
  - If the property is vacant, there is not a relocation incentive.

### The Mortgage:

- Originated on or before Jan. 1, 2009 (for the first lien).
- Has an unpaid principal balance 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.
- The first mortgage cannot be made to, or secured by, properties owned by a corporation, partnership, limited liability company or other business entities.

\* HAFA eligibility doesn't represent a guarantee of qualification or approval, which is determined by the investor.

# HAFA Short Sale Program Enhancements

## SD 10-18 Enhancements

- Eliminated the requirement to verify homeowner's financial information, including debt-to-income (DTI) ratio.
- Agent commissions clarified:
  - Will not be deducted from third-party vendor fees.
  - Will be stated in the Short Sale Agreement.

## SD 11-08 Enhancements

- Relocation assistance may be used to pay for transaction costs, such as the cost of legal representation, overdue utility bills or minor repairs.
- Property values may be re-evaluated after the 120-day marketing period for extension.
- The list price and/or the counter offer that is based on the servicer's assessment of value may be disputed by providing current comps and a written rationale.

Fannie Mae and Freddie Mac are not participating in supplemental directive policy enhancements.

# HAFA Short Sale Program Enhancements

## SD 12-02 Enhancements

- **Time frame extended:** The HAFA short sale or deed in lieu of foreclosure can be initiated up to Dec. 31, 2013; however, the transaction must have a closing date on or before Sept. 30, 2014.
- **Eligibility:** Occupancy requirements have been removed; however, the property can't be owned or secured by a business entity.
- **Increase from \$6,000 to \$8,500** cap available to satisfy subordinate liens; \$8,500 applies only to those secured by a mortgage on the subject property.
- **Relocation assistance:** Limited to the primary resident (borrower or occupant) of the property who must vacate upon closing.
  - Tenant can be eligible if occupying the property as his principal residence and must vacate upon closing.
  - Vacant properties will not be eligible.

## SD 12-05 Enhancements

- Regardless of whether or not a borrower, or tenant, is receiving the HAFA relocation assistance, the borrower or tenant must execute a Dodd-Frank Certification to participate in HAFA.
- If a rental property is occupied by a tenant or a nonborrower, the entire \$3,000 relocation assistance must be paid to the tenant or other nonborrower (once all conditions of payment have been met) and listed on the HUD-1. It may not be used to pay any costs and expenses of the tenant or other occupant. No portion may be retained by the borrower. The borrower may allocate the incentive among tenants or other occupants who otherwise satisfy the conditions of payment.

Fannie Mae and Freddie Mac are not participating in supplemental directive policy enhancements.

# HAFA Relocation Assistance

For \$3,000 HAFA Relocation Assistance paid at closing, see requirements below:

## Eligibility

- Primary resident of property at time of signed agreement who must vacate upon closing
- **Vacant properties will not qualify**
- Applies to HAFA short sales and deeds of lieu of foreclosure
- Tenant would be eligible only for the HAFA \$3,000. Any further relocation assistance available from [additional incentive payout opportunities](#) must be paid to the borrower

## Additional Considerations

- Proof of residence will be required
- Social Security number and date of birth will be required
- Borrower is responsible for requesting and managing tenant relocation assistance
- The HUD-1 must be updated

## Tenant Relocation Actions

- **Borrower**
  - Request Tenant Package from Bank of America when agreement is signed
  - Deliver package to occupant
  - Ensure documents are completed/signed and submitted by agent prior to 15 days before closing date
- **Agent**
  - Upload signed/completed documents into Equator
  - Send an Equator message to short sale specialist with subject line "Tenant Package submitted"
  - Ensure HUD-1 is updated



# HAFA Short Sale Program

## HAFA Investor Participation

Take investor considerations into account to determine if homeowners can pursue a HAFA short sale.

- The homeowner's first mortgage loan must be owned by an investor participating in HAFA. Fannie Mae and Freddie Mac programs ended **Dec. 31, 2012**.
- Subordinate mortgage/lien holders must agree to release their liens.
  - The homeowner and the agent are responsible for identifying all liens and obtaining their release.
  - Subordinate mortgage liens are capped at \$8,500; does not apply to mechanic's and/or HOA liens. See SD 12-02 for details.
- Participation in HAFA is on a loan-by-loan basis, not an investor-by-investor basis.
  - An investor may participate in HAFA on some loans and not on others.
  - HAFA eligibility doesn't represent a guarantee of qualification or approval, which is determined by the investor.
- Agent commissions will be documented and agreed upon in the Short Sale Agreement.
  - Most investors support a 6% commission for a HAFA short sale.
- Agents and/or homeowners can call Customer/Agent Care at **1.866.880.1232** to find out if their investor is participating.

# Traditional Compared to HAFA Short Sale

	Traditional Short Sale	HAFA Short Sale
<b>General Qualifications</b> See Treasury guidelines for full HAFA details	Each homeowner's 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>First lien mortgage originated on or before Jan. 1, 2009</li> <li>Completed documentation per Treasury</li> </ul> <p>*Higher balances apply to 2-4 unit properties.</p>
<b>Initiate Process</b>	When you receive a valid offer	<ul style="list-style-type: none"> <li>Before marketing the property – no offer required at start of process</li> <li>HAFA is also available upon receipt of a valid offer</li> </ul>
<b>Timeline for Decisions</b>	<p>The offer starts the process, and a number of steps need to be completed prior to decision:</p> <ul style="list-style-type: none"> <li>Collect documents</li> <li>Payoff &amp; internal analysis</li> <li>Investor review</li> <li>Decision</li> </ul>	<p>Before the marketing phase:</p> <ul style="list-style-type: none"> <li>Qualified for HAFA participation</li> <li>Collect documents</li> <li>Payoff &amp; internal analysis</li> <li>Investor/insurer review</li> </ul> <p>Once an offer has been submitted, you will receive a decision in as few as <b>10 business days</b> if initiated prior to offer.</p>
<b>Cash/Promissory Note</b>	The investor/insurer may require	No
<b>Deficiency Pursued</b>	The investor may retain the right	No
<b>Foreclosure Holds</b>	Varies by investor – requires investor approval. Policies subject to change	Auto hold once Short Sale Agreement is executed
<b>Credit Impact</b>	Typically less than foreclosure — deficiency waiver will be reported to credit bureaus	Typically less than foreclosure — deficiency waiver 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	<p>HAFA \$3,000 for <b>primary resident</b>, who must vacate upon closing</p> <ul style="list-style-type: none"> <li>Additional homeowner incentives may apply up to \$30,000. Specific investor participation and eligibility criteria apply.</li> </ul>
<b>Unrealized Short Sale</b>	Optional deed in lieu of foreclosure	HAFA deed in lieu of foreclosure consideration; relocation assistance included for primary resident.

# HAFA Short Sale Process Milestones "RASS - No Offer"

**Customer/Agent Care**  
**1.866.880.1232**  
 Weekdays: 8 a.m. – 11 p.m. EST  
 Sat: 9 a.m. – 5:30 p.m. EST

	Inform the Borrower	Qualification & Home Valuation	Program Agreement	120-Day Marketing Program	Offer Received	Closing
<b>Homeowner</b>	<ul style="list-style-type: none"> <li>HAFA solicitation letter received</li> <li>Acknowledge interest in program within 14 days OR</li> <li>Call to inquire about HAFA</li> </ul>	<ul style="list-style-type: none"> <li>Return requested qualification documents within 10 days*</li> <li>Work with vendor to schedule home valuation</li> </ul>	<ul style="list-style-type: none"> <li>Engage real estate agent (if not already engaged)</li> <li>Receive and return Short Sale Agreement (SSA)</li> <li>Request Tenant Package, if applicable</li> </ul>	<ul style="list-style-type: none"> <li>Show and maintain home</li> <li>Work with agent to negotiate release of other liens (if not serviced by Bank of America)</li> </ul>	<ul style="list-style-type: none"> <li>Submit Request for Approval of Short Sale (RASS) and other documents, if applicable</li> </ul>	<ul style="list-style-type: none"> <li>\$3,000 - \$30,000 ** relocation assistance (paid after closing)</li> <li>HAFA \$3,000 is paid only to the primary resident at time of signed agreement</li> </ul>
<b>Agent</b>	<ul style="list-style-type: none"> <li>Explain HAFA benefits to homeowner</li> <li>Initiate short sale in Equator</li> <li>Tell homeowner to acknowledge interest in program ASAP</li> </ul>	<ul style="list-style-type: none"> <li>Ensure homeowner returned requested documents within 10 days*</li> <li>Work with homeowner to schedule home valuation</li> </ul>	<ul style="list-style-type: none"> <li>Sign Short Sale Agreement (SSA)</li> <li>Accept assignment in Equator (if Customer Care/Agent Care initiated)</li> <li>List home</li> <li>Upload Tenant Package, if applicable</li> </ul>	<ul style="list-style-type: none"> <li>Perform 21-day check-ins on marketing activity and home condition</li> <li>Work with homeowner to negotiate release of other liens (if not serviced by Bank of America)</li> </ul>	<ul style="list-style-type: none"> <li>Submit offer and remaining documentation</li> <li>If offer needs to be negotiated, respond by the expiration date (3 days)</li> </ul>	<ul style="list-style-type: none"> <li>Notify post approval deal changes or closing delays as necessary</li> <li>Give 72 hours notice prior to closing</li> <li>Send required documents to lender</li> </ul>
<b>Bank of America</b>	<ul style="list-style-type: none"> <li>Send HAFA solicitation letter</li> <li>Confirm HAFA eligibility has been met</li> <li>Initiate file in Equator if no agent involved</li> </ul>	<ul style="list-style-type: none"> <li>Send document request to homeowner</li> <li>Order home valuation to develop a recommended list price</li> </ul>	<ul style="list-style-type: none"> <li>Prepare and deliver Short Sale Agreement to homeowner</li> <li>Enter the agent noted on Short Sale Agreement into Equator</li> </ul>	<ul style="list-style-type: none"> <li>Perform 21-day check-ins on marketing activity and home condition</li> </ul>	<ul style="list-style-type: none"> <li>Respond to offer in as few as 10 business days</li> </ul>	<ul style="list-style-type: none"> <li>Manage post-approval changes</li> <li>Work with agent and title company to facilitate closing</li> </ul>

\* Number of days depends on investor. Non-GSEs require 10 days per Supplemental Directive 10-18; however, Fannie and Freddie require 14 days. Under the HAFA program, if homeowners do not receive an offer in the 120-day marketing period, they may be eligible for a deed in lieu of foreclosure per the Short Sale Agreement and Treasury guidelines.

\*\* Specific investor participation and eligibility criteria apply.

# HAFA Short Sale Process Milestones "ARASS - With Offer"

**Customer/Agent Care**  
**1.866.880.1232**

Weekdays: 8 a.m. – 11 p.m. EST  
Sat: 9 a.m. – 5:30 p.m. EST

	Initiation	Document Collection/Valuations	Offer Analysis	Closing
<b>Homeowner</b>	<ul style="list-style-type: none"> <li>Work with agent to provide necessary information and documentation</li> </ul>	<ul style="list-style-type: none"> <li>Receive HAFA Solicitation Letter, if eligible</li> <li>Provide requested documents to agent within <b>14 days</b> (recommended) or call Customer Care/Agent Care to access homeowner portal</li> <li>Sign Alternative Request for Approval of Short Sale (ARASS) and Request for Mortgage Assistance (RMA) or Hardship Affidavit and deliver to agent</li> <li>Request Tenant package, if applicable</li> <li>Coordinate access to the property, if needed</li> </ul>		<ul style="list-style-type: none"> <li>\$3,000 HAFA relocation assistance (paid after closing)</li> <li>Paid to only the primary resident at time of signed agreement</li> </ul>
<b>Agent</b>	<ul style="list-style-type: none"> <li>Create a free account at <a href="http://agent.equator.com">agent.equator.com</a></li> <li>Initiate the short sale and upload:                             <ul style="list-style-type: none"> <li><b>Signed Purchase Contract</b> with Bank of America <b>Buyer's Acknowledgement and Disclosure Form</b></li> <li>Bank of America <b>Short Sale Purchase Contract Addendum &amp; Real Estate Licensee Certification</b></li> <li><b>Estimated HUD-1</b> (prorated for 60 days)</li> <li>IRS Form <b>4506-T</b></li> <li>Bank of America <b>Third-Party Authorization Form</b></li> </ul> </li> <li>Begin offer negotiation and release of additional liens if not serviced by Bank of America</li> </ul>	<ul style="list-style-type: none"> <li>Submit short sale offer and all supporting documents including requested homeowner documents within <b>14 days</b> of solicitation letter</li> <li>Work with vendor to schedule home valuation</li> <li>Complete new assigned tasks and reload offer documents</li> <li>Upload Tenant Package, if applicable</li> </ul>	<ul style="list-style-type: none"> <li>Complete assigned tasks and upload requested documents</li> <li>Respond if initial offer needs to be negotiated</li> <li>Adjust closing date during counter offers</li> <li>Work with homeowner and buyer if investors stipulate changes to the deal</li> </ul>	<ul style="list-style-type: none"> <li>Notify Bank of America of any post-approval deal changes or closing delays</li> <li>Notify Bank of America of scheduled closing 72 hours in advance</li> <li>Send funds, documents</li> </ul>
<b>Bank of America</b>	<ul style="list-style-type: none"> <li>Review initiation docs</li> <li>Review HAFA eligibility*</li> </ul> <p>* All traditional short sales initiated will be reviewed for HAFA eligibility.</p>	<ul style="list-style-type: none"> <li>Validate offer and supporting documents</li> <li>Send solicitation letter to homeowner (if eligible) to determine interest</li> <li>Order home valuation and additional internal information</li> <li>If ARASS-qualified, inform agent of new Equator tasks</li> </ul>	<ul style="list-style-type: none"> <li>Analyze collected information; negotiate offer to present to investors</li> <li>Submit offer to mortgage insurer and investors as needed</li> <li>Receive approval, decline or renegotiation stipulations per investor decision</li> <li>Convey final investor decision to agent, customer</li> </ul>	<ul style="list-style-type: none"> <li>Manage post-approval changes</li> <li>Work with agent and title company to facilitate closing</li> </ul>

# HAFA Equator Process

## “Without Offer” Eligibility Review

After the Borrower Contact Information is provided, the homeowner will be immediately screened to determine if they are eligible to be reviewed for the Home Affordable Foreclosure Alternative (HAFA) program. You will receive the HAFA alert shown below if the homeowner is eligible for HAFA review.



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### If You Receive the HAFA Alert

The homeowner **must** contact Short Sale Customer/Agent Care at **1.866.880.1232**.

- The short sale process **cannot** move forward until this contact is made.
- Many of the initial steps require homeowner contact to determine program eligibility.

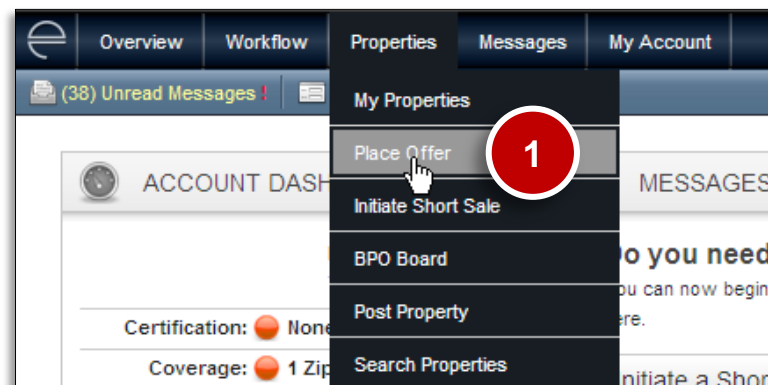
### If You Do Not Immediately Receive It

- The Equator record will be closed for this property.
- The agent and the homeowner should market the property.
- Initiate a new short sale in Equator when an offer is made on the property.
  - For steps in completing this process, see [Initiating a Short Sale After an Offer Is Received](#).

# HAFA Equator Process

## How to Submit an Offer

1. Click on **Place Offer** under the **Properties** section.
2. Choose the property for which you will enter an offer.
3. Click icon under the **Submit** column.



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My Properties										
Place Offer Initiate Short Sale BPO Board Post Property Search Properties										
Search: <input type="text"/>										
Excel Export Showing 1 to 2 of 2 entries Show 50 entries										
Type	Address	City	State	Lender	Role	List Date	List Price	Status	Offer	Submit
		ORLANDO	FL	BAC SS	Agent	11/14/2011		MARKETING		
		DALY CITY	CA	BAC SS	Agent	01/24/2012	\$485,000.00	MARKETING		

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4. The **Submit Short Sale Offer** and **Upload Initiation** will open for you to complete.

Task Name	Role
<a href="#">Submit Short Sale Offer</a>	Agent
<a href="#">Upload Initiation Documents - Offer 1</a>	Agent

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# Three Key Steps for Real Estate Agents

1

## Engage Homeowners Early

- Find out if the homeowner owes more than the home's fair market value.
- Discuss short sale opportunities during initial conversations with the homeowner.
  - If the homeowner would like to better understand their options or initiate the short sale themselves, encourage them to call Customer/Agent Care at **1.866.880.1232**.
- Explain the short sale process and how it can help avoid foreclosure.

2

## Contact Bank of America **Before** the Home Is Listed

- Initiate the short sale in Equator – even if you don't yet have an offer.
  - The homeowner may be required to contact Customer/Agent Care to discuss participation in one of our preapproved price short sales, such as HAFA. If the homeowner isn't eligible for a preapproved price short sale, the next action is to market the home, obtain an offer and initiate new short sale in Equator.

3

## Complete Required Tasks on Time

- Make sure all tasks are completed as soon as possible in Equator.
- Provide necessary documents as soon as possible to keep the process moving forward.
- Communicate with your short sale specialist via Equator to reduce delays.

# Commitment to Continued Improvement

Bank of America is committed to identifying new and different ways to make the process transparent and efficient.

## Improving the short sale process

- Ongoing collection of feedback on process, people and technology
- Dedicated team of short sale professionals
- Enhanced our technology; monthly upgrades ongoing
- Resources for short sale education

## Where to locate additional information

Short Sale Agent Resource Center  
[bankofamerica.com/shortsaleagent](http://bankofamerica.com/shortsaleagent)

Dedicated Customer/Agent Care  
**1.866.880.1232**

Monday – Friday 8 a.m. to 10 p.m.  
Saturday 9 a.m. to 5:30 p.m. Eastern

For homeowners:

Bank of America Home Loan Assistance  
[bankofamerica.com/hometransition](http://bankofamerica.com/hometransition)





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