

Home Affordable Foreclosure Alternatives (HAFA) Short Sale Program

Your resource to help you complete a short sale under the federal government's HAFA program

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Bank of America  **Home Loans**

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**Guide enhancements are ongoing.
For the most recent version, visit
bankofamerica.com/realestateagent**

Short Sale Education

Bank of America is committed to providing:

- 1. assistance to distressed homeowners seeking to avoid foreclosure, and**
- 2. an improved experience for homeowners and agents as they navigate the complex transaction of a short sale.**

As part of this commitment, Bank of America is launching an education series to provide information on the Bank of America short sale process.

These sessions are designed to help you successfully navigate a short sale and confidently guide your clients. At the conclusion, we will provide references to other educational materials.



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.



Fannie Mae and Freddie Mac implemented their own versions of HAFA August 1.

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
General Qualifications See Treasury guidelines for full HAFA details	Each customer situation is considered separately by investors	<ul style="list-style-type: none"> Participating Investors Only Unpaid principal balance < \$729,750* (1 Unit) Primary residence Monthly mtg. pmt. >31% of gross monthly income First lien mortgage originated on or before 1/1/09 Completed documentation per Treasury <i>*Higher balances apply to 2-4 unit properties.</i>
Initiate Process	When you receive a valid offer	PRIOR TO marketing the property HAFA is also available upon receipt of an offer
Timeline for Decisions	The offer starts the process and a number of steps need to be completed prior to decision: <ul style="list-style-type: none"> Offer/Call Collect documents Payoff & internal analysis Investor review Decision 	PRIOR TO the marketing phase: <ul style="list-style-type: none"> Qualification Collect documents Payoff & internal analysis Investor review Once an offer has been submitted, you will receive a decision within 10 business days.
Cash/Promissory Note	The investor may require	No
Deficiency Pursued	The investor may retain the right	No
Foreclosure Holds	Varies by investor/Requires investor approval Policies subject to change	Auto HOLD with signed Purchase Agreement
Credit Impact	Typically less than foreclosure — deficiency charge off will be reported to credit bureaus	Typically less than foreclosure — deficiency charge off will be reported to credit bureaus
Recommended List Price Provided	No	Yes
Approval/Closure Rates	Low-Medium	High after qualification
Relocation Assistance	None	\$3,000
Unrealized Short Sale	OPTIONAL Deed-in-Lieu of Foreclosure	AUTOMATIC Deed-in-Lieu of Foreclosure (request for exceptions will be considered if deal is imminent)

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HAFA Short Sale process milestones

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	Inform the Customer	Qualification & Home Valuation	Program Agreement	120-Day Marketing Program	Offer Received**	Closing
Customer Care 1.866.888.1232 8am - 9pm Eastern Monday – Friday	Homeowner 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)
Agent			“Accept” assignment in processing system 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
Bank Of America	Send HAFA program letter Confirm program criteria has been met Initiate loan in processing system	Send document request to customer Order home valuation to develop a recommended list price	Prepare and deliver Short Sale Agreement to customer Enter into processing system 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.**

Traditional and HAFA milestones

- 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**.



If a customer has an offer but has not completed the HAFA 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 may take longer than a traditional short sale due to the additional step of HAFA qualification.



HAFA Short Sale in the processing system

1. HAFA short sale is initiated in the processing system by Bank of America's Short Sale Specialist.
2. The Short Sale Agreement will list the homeowner's chosen agent which will be assigned in the system.
3. The agent, which has been chosen by the homeowner, will "Accept" the assignment in the processing system.
4. Properties and tasks 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):
[Dropdown: (All), BAC_Short_Sales] [Text Input] [(All)] [(All Status)] [Search]

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

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

New Negotiating Rejected Held Accepted

HAFA Short Sale in the processing system

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.

The screenshot shows the EQUATOR web application interface. The top navigation bar includes links for Buyers, Agents, Sellers, Midsourcers, Vendors, About, Help, and My Account. The user is logged in as S. SALE. The main navigation area is divided into several sections: 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), and Member Center (Agent Certification, New Member Only Discounts). A notification for (4) Unread Message(s) is visible. Below the navigation is a table with 2 records found:

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

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Commitment to continued improvement

Bank of America clearly recognizes the need for continued improvement in the short sale process and is committed to identifying new and different ways to make the process transparent and efficient.

We have instituted several new approaches that are helping to reduce processing times.

- Enhanced our technology; monthly upgrades ongoing
- Right-sized staff to meet service level expectations; dedicated team of short sale professionals
- Ongoing collection of feedback on process, people, and technology
- Resources for short sale education



Additional information may be found at:

Real Estate Agent Resource Center
bankofamerica.com/realestateagent

Equator
www.equator.com

Bank of America Real Estate Center
realestatecenter.bankofamerica.com

Bank of America Home Loan Assistance
homeloanhelp.bankofamerica.com

Dedicated Customer Care 1.866.880.1232