

From: Housing.Counseling  
Sent: Friday, April 09, 2010 1:42 PM  
To: 'SF-Housing-Counseling-L@hudlist.hud.gov'  
Subject: HUD - Home Affordable Foreclosure Alternatives (HAFA)

Housing Counseling Agencies:

A new federal program that took effect this last week, making it easier to process a short sale for people unable to keep their homes. Home Affordable Foreclosure Alternatives (HAFA) streamlines the process for doing a short sale or deed in lieu of foreclosure for distressed homeowners who do NOT qualify for a federal home loan modification through the Home Affordable Modification Program (HAMP) or have missed consecutive payments after a modification.

Besides avoiding the costly foreclosure process, borrowers, servicers and investors who take part in the program also will receive financial incentives:

- » Borrowers will be eligible for \$3,000 in borrower-relocation assistance.
- » Servicers will receive \$1,500 for administrative and processing costs.
- » Investors can get as much as \$2,000 if they allow up to \$6,000 in short sale proceeds to be distributed to subordinate lien holders on a one-for-three matching basis.

Federal rules require servicers participating in HAMP to implement HAFA. The new program also requires borrowers to be released fully from future liabilities related to their first mortgage, including cash contributions, promissory notes and deficiency judgments. For more information on HAFA, go to the following link:

[https://www.hmpadmin.com/portal/programs/foreclosure\\_alternatives.html](https://www.hmpadmin.com/portal/programs/foreclosure_alternatives.html)

This message has gone out to the email addresses provided by all active Housing Counseling Agencies in HUD's Housing Counseling Program. All Parent Agencies should make sure their sub-agencies have received this information.

Please direct questions or comments to your HUD point of contact or email [Housing.Counseling@hud.gov](mailto:Housing.Counseling@hud.gov)

Sincerely,

Director, Program Support Division  
Office of Single Family Housing  
Department of Housing and Urban Development