

(HAFA) Short Sale Update

HAFA Supplemental Directive 12-02, effective June 1, 2012, impacts short sales with loans from non-government-sponsored enterprises in which the homeowner is eligible for the HAFA program.

Key enhancements include:

Time frame extended: The program has been extended to Dec. 31, 2013. 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 updated: Occupancy requirements for HAFA eligibility have been removed; however, the property can't be owned or secured by a business entity.

The second lien maximum has been increased from \$6,000 to \$8,500.

HAFA relocation assistance of \$3,000 will be paid only to the primary resident (borrower or occupant) of the property at time the agreement is executed. The resident must vacate upon closing. Vacant properties are not eligible for HAFA relocation assistance.

Nonborrowers (tenant, legal dependent, parent or grandparent) can now qualify if occupying the property and must vacate upon closing.

Additional information:

- This policy is effective June 1, 2012, for new HAFA-eligible short sales initiated. It also applies to current HAFA short sales prior to closing.
- Tenants will be eligible only for the \$3,000. Any money available from additional incentive payout opportunities must be paid to the borrower. The HUD-1 must reflect the breakdown.
- The borrower will be responsible for requesting and managing the tenant relocation assistance, including submitting required proof of occupancy and other documentation.