

HOME AFFORDABLE FORECLOSURE ALTERNATIVES (HAFA) PROGRAM

Many homeowners may feel that they can no longer afford their home, but want to avoid the negative effects of foreclosure. The Home Affordable Foreclosure Alternatives (HAFA) Program offers homeowners, their mortgage servicers, and investors an incentive for completing a short sale or deed-in-lieu of foreclosure. With these options, under HAFA, a homeowner leaves their home to transition to more affordable housing and alleviate the mortgage debt they owe.

These options are available for homeowners who: 1. do not qualify for a trial mortgage modification under the Making Home Affordable Program; 2. do not successfully complete the trial period for their modification; 3. miss at least two consecutive payments during their modification period; or 4. request a short sale or deed-in-lieu of foreclosure.

Short Sale

In a short sale, the servicer allows the homeowner to list and sell the mortgaged property with the understanding that the net proceeds from the sale may be less than the total amount due on the first mortgage.

Deed-in-Lieu of Foreclosure

Generally, if the borrower makes a good faith effort to sell the property but is not successful, a servicer may consider a deed-in-lieu of foreclosure. With a deed-in-lieu, the borrower voluntarily transfers ownership of the property to the servicer— provided the title is free and clear of mortgages, liens, and encumbrances.

The HAFA Program streamlines both of these options to make them easier for a homeowner to work with their servicer. Under the program, a homeowner can receive \$3,000 to help with relocation costs.

Mortgage servicers and investors write their own guidelines under the Federal requirements to determine how to implement the program. For more information about your options, you should [contact your mortgage servicer](#). If you have questions about the program, or want guidance about how these options may impact your personal situation, you may wish to speak to a [HUD-approved housing counselor](#) for free.

Your Graceful Exit

[Watch a video](#) to learn more about the Home Affordable Foreclosure Alternatives Program.

Making Home Affordable and Other Options to Remain in Your Home

Mortgage servicers who participate in the Making Home Affordable Program are required to evaluate homeowners for a Home Affordable Modification before evaluating them for other options. If you [request a modification](#) from your mortgage servicer, and are determined to be

eligible, you will enter into a [trial period plan](#).

If it is determined that you are not eligible for a Home Affordable Modification, your mortgage servicer will evaluate you for other alternatives they offer to keep you in your home, such as their own modification programs or a forbearance.

A [HUD-approved housing counselor](#) can work with you for free to help you understand your options.

Avoid Foreclosure: Know Your Options

[Watch a video](#) to learn more about the Making Home Affordable Program and other options your mortgage servicer may provide.

> [Frequently Asked Questions](#)

Beware of Foreclosure Rescue Scams – Help Is Free!

- There is never a fee to get assistance or information about Making Home Affordable from your lender or a [HUD-approved housing counselor](#).
- Beware of any person or organization that asks you to pay a fee in exchange for housing counseling services or modification of a delinquent loan. *Do not pay – walk away!*
- Beware of anyone who says they can “save” your home if you sign or transfer over the deed to your house. Do not sign over the deed to your property to any organization or individual unless you are working directly with your mortgage company to forgive your debt.
- Never submit your mortgage payments to anyone other than your mortgage company without their approval.

The Obama Administration has launched a coordinated effort across federal and state government and the private sector to target mortgage loan modification fraud and foreclosure rescue scams that threaten to hurt American homeowners and prevent them from getting the help they need during these challenging times. [Click here for more information](#)