

## HAMP UPDATE

November 30, 2009

### HAMP Update – New Program Offers Borrowers Foreclosure Alternatives

Today, November 30, 2009, [Supplemental Directive 09-09: Introduction of Home Affordable Foreclosure Alternatives – Short Sale and Deed-in-Lieu of Foreclosure](#) was published.

#### Overview

Supplemental Directive 09-09 provides guidance to servicers on the Home Affordable Foreclosure Alternatives Program (HAFA) and includes the general terms and conditions, evaluation process, documentation, and reporting requirements. As part of the Home Affordable Modification Program (HAMP), HAFA provides financial incentives to servicers and borrowers who utilize a **short sale** or a **deed-in-lieu (DIL)** to avoid foreclosure on a HAMP-eligible loan.

See below for more information and review the complete Supplemental Directive 09-09 on [HMPAdmin.com](#).

#### Foreclosure Alternatives

The HAFA program simplifies and streamlines the use of short sale and DIL options by incorporating the following unique features:

- Complements HAMP by providing viable alternatives for borrowers who are HAMP eligible.
- Utilizes borrower financial and hardship information collected in conjunction with HAMP, eliminating the need for additional eligibility analysis.
- Allows the borrower to receive pre-approved short sale terms prior to the property listing.
- Prohibits the servicer from requiring, as a condition of approving the short sale, a reduction in the real estate commission agreed upon in the listing agreement.
- Requires that borrowers be fully released from future liability for the debt.
- Provides financial incentives to borrowers, servicers, and investors.

#### Timing & Eligibility

- **Servicers** – Supplemental Directive 09-09 is effective April 5, 2010, but participating servicers may elect to implement HAFA prior to April 5, 2010, in accordance with the Supplemental Directive. In order to participate in HAFA, a servicer must have executed a HAMP Servicer Participation Agreement (SPA) by December 31, 2009. (The HAMP SPA is available for review on HMPAdmin.com.)
- **Borrowers** – Servicers must consider a HAMP-eligible borrower for HAFA in accordance with their policies within 30 calendar days of the date the borrower:
  - Does not qualify for a HAMP Trial Period Plan,
  - Does not successfully complete a HAMP Trial Period Plan,
  - Is delinquent on a HAMP modification by missing at least two consecutive payments, or
  - Requests a short sale or DIL.

**Note:** A borrower must be considered for a HAMP modification and other retention programs offered by the servicer prior to being considered for HAFA.

#### Questions?

Please contact the HAMP Support Center at [support@hmpadmin.com](mailto:support@hmpadmin.com) or 1-866-939-4469.