

## **HAFAs Post New Rules for Short Sales**

Loan servicers will have 30 days to send a borrower a short-sale agreement that includes the list price or acceptable sales proceeds under recent changes made to the Home Affordable Foreclosure Alternatives Program, aimed at distressed borrowers who don't qualify for other government loan modification programs.

Once a sales contract has been initiated, loan servicers then have 30 days to approve or reject the transaction.

The stricter timelines are believed to help speed up the short sale process, which has faced numerous complaints for how long it takes lenders to review and approve short sales often causing buyers to walk away.

The stricter timelines were part of several revisions the Treasury Department recently announced to its HAFAs program — the second major revision to the program since its launch in 2009.

Another big change: Loan servicers will no longer be restricted on paying second-lien holders, allowing them more freedom particularly when dealing with second-lien holders when borrowers owe less than \$100,000. Loan servicers used to be restricted to paying second-lien holders no more than 6 percent of outstanding loan balance (with an overall limit of \$6,000) in exchange for releasing subordinate liens. Second-lien holders have been another big obstacle to completing short sale transactions.

HAFAs' new directives also now forbid loan servicers from deducting vendor expenses from commissions paid to real estate brokers.

The rules are effective Feb. 1. It does not apply to mortgages owned or guaranteed by Fannie Mae or Freddie Mac, or insured or guaranteed by a federal agency such as the Federal Housing Administration (FHA).

*Source: "[Short-Sale Incentives Revamped Again](#)," Inman News (Jan. 10, 2011)*