

The Making Home Affordable Program Helps Homeowners in Bankruptcy

The Making Home Affordable Program is a critical part of the government's effort to stabilize the housing market and help struggling homeowners get relief and avoid foreclosure. The Program includes opportunities for homeowners in bankruptcy to modify their mortgage to make their payments more affordable through the Home Affordable Modification Program (HAMP).

Homeowners whose monthly mortgage payment exceeds 31 percent of their verified gross (pre-tax) income may apply for a HAMP modification before or after filing bankruptcy. To qualify for HAMP, a homeowner must:

- Own a one- to four-unit home that is their principal residence;
- Have received their mortgage on or before January 1, 2009;
- Have a mortgage payment (including taxes, insurance, and homeowners' association dues) that is more than 31 percent of their gross (pre-tax) monthly income;
- Owe an amount that is less than or equal to \$729,750 on their first mortgage for a one-unit property (there are higher limits for two- to four-unit properties); and
- Have a documented financial hardship.

To apply for HAMP, homeowners must submit an Initial Package to their mortgage servicer, which includes:

- A complete Request for Modification and Affidavit (RMA).*
- A complete Tax Authorization Form (IRS Form 4506T-EZ).*
- Proof of Income. *

* These forms and a Proof of Income checklist are available on the Making Home Affordable Web site -- www.MakingHomeAffordable.gov. Homeowners may also obtain copies of these forms from their bankruptcy trustee.

Mortgage servicers will determine whether homeowners qualify for a modification under HAMP. Homeowners who qualify must complete a trial period of three or four months to demonstrate that they will be able to make reduced payments on time before their mortgage will be permanently modified.

Homeowners should discuss HAMP with their bankruptcy attorney before making an application for a HAMP loan modification.

Please see www.MakingHomeAffordable.gov for additional details or call the Homeowner's HOPE™ Hotline at 1-888-995-HOPE (4673) to speak with a free HUD-certified counselor in English or Spanish.

Beware of Foreclosure Rescue Scams – Help is Free!

- Beware of anyone who asks you to pay a fee in exchange for a counseling service or modification of a delinquent loan.
- Scam artists often target homeowners who are struggling to meet their mortgage commitment or are anxious to sell their home. Recognize and avoid common scams.
- Assistance from a HUD-approved counselor is FREE.
- Beware of people who pressure you to sign papers immediately, or who try to convince you that 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 make a mortgage payment to anyone other than your mortgage company without the mortgage company's approval.