



## **Making Home Affordable Program and Home Affordable Modification Program Frequently Asked Questions for Bankruptcy Filers**

### **1. What do these FAQs cover?**

These FAQs provide information on the Home Affordable Modification Program (HAMP), which is one option under the government's Making Home Affordable Program. These FAQs are designed primarily for homeowners who have filed bankruptcy or are considering filing bankruptcy. For detailed information on HAMP and other options under the Making Home Affordable Program, including an extensive list of Frequently Asked Questions, please visit [www.MakingHomeAffordable.gov](http://www.MakingHomeAffordable.gov).

### **2. What is the Making Home Affordable Program, and what is HAMP?**

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. HAMP helps homeowners who are struggling to keep their loans current or who are already behind on their mortgage payments. By providing mortgage loan servicers with financial incentives to modify existing first lien mortgages, the Treasury hopes to help homeowners avoid foreclosure regardless of who owns or guarantees the mortgage.

The Making Home Affordable Program includes the following programs:

- Home Affordable Refinance Program (HARP)
- Home Affordable Modification Program (HAMP)
  - Principal Reduction Alternative (PRA)
  - Home Affordable Unemployment Program (UP)
- Second Lien Modification Program (2MP)
- Home Affordable Foreclosure Alternatives (HAFA)
- Options for government-insured mortgages: FHA-HAMP, VA-HAMP, USDA-HAMP

For more information about these programs please visit [www.MakingHomeAffordable.gov](http://www.MakingHomeAffordable.gov).

### **3. Who is eligible for a loan modification under HAMP?**

To be eligible for a loan modification under HAMP, you must:

- Be the owner-occupant of a one- to four-unit home.
- Have an unpaid principal mortgage balance that is equal to or less than:
  - One unit: \$729,750
  - Two units: \$934,200
  - Three units: \$1,129,250
  - Four units: \$1,403,400
- Have a first lien mortgage that was originated on or before January 1, 2009.
- Have a monthly mortgage payment (including taxes, insurance, and homeowners' association dues) greater than 31 percent of your monthly gross (pre-tax) income.
- Have a mortgage payment that is not affordable due to a financial hardship that can be documented.

These are the basic eligibility requirements. After you apply for HAMP, your mortgage servicer will be able to tell you if you qualify.

#### **4. Can I be considered for a HAMP modification if I am in bankruptcy?**

Yes, if you are in an active (open) chapter 7 or chapter 13 bankruptcy case, you must be considered for a HAMP modification if you, your attorney, or the bankruptcy trustee submits a request to the servicer. With your permission, the bankruptcy trustee may contact the servicer to request a HAMP modification.

#### **5. How do I apply for a modification under HAMP?**

To apply for a modification under HAMP, you must submit an "Initial Package" to your mortgage servicer that includes:

- A complete Request for Modification and Affidavit (RMA).
  - This form captures information on your income, expenses, subordinate liens on the property, and liquid assets.
  - It also includes a Hardship Affidavit and fraud notice.
- A complete Tax Authorization Form (IRS Form 4506T-EZ).
  - This form gives permission for your servicer to request a copy of the most recent tax return you have filed with the IRS.
- Proof of Income.
  - A checklist explaining what documents can be used as evidence of income is available at <http://www.MakingHomeAffordable.gov/checklist.shtml>.

If you are in an active (open) chapter 7 or chapter 13 bankruptcy case, some servicers may accept copies of your bankruptcy schedules and tax returns (if returns are required to be filed) in place of the RMA and Form 4506T-EZ. You should consult with your servicer to clarify the documents required. If your bankruptcy schedules are more than 90 days old when the mortgage servicer receives them, you must provide updated proof of income to determine HAMP eligibility.

The mortgage servicer's phone number and email address is on your monthly mortgage bill or coupon book. Please be patient yet persistent. Your servicer may be handling a large volume of inquiries about the program and it may take some time before your servicer is able to process your application.

For more details on the required information and forms, visit the "Request a Modification" section of [www.MakingHomeAffordable.gov](http://www.MakingHomeAffordable.gov). You may also obtain copies of these forms from your bankruptcy trustee.

If you would like to speak to a housing counselor approved by the Department of Housing and Urban Development (HUD), call the Homeowner's HOPE™ Hotline at 888-995-HOPE (4673). HUD-approved housing counselors can help you evaluate your income and expenses, understand your options, and apply to your servicer for HAMP. This counseling is FREE.

If you have already missed one or more mortgage payments and have not yet spoken to your mortgage servicer, call your servicer immediately.

## **6. How much will a HAMP modification cost me?**

If you qualify for HAMP, you will never be required to pay a modification fee or past-due late fees. If there are costs associated with the modification, such as payment of back taxes, your mortgage servicer will give you the option of adding them to the amount you owe on your mortgage or paying some or all of the expenses in advance. Paying these expenses in advance will reduce your new monthly payment and save interest costs over the life of your loan.

If you would like assistance from a housing counseling agency approved by HUD or are referred to a HUD-approved counselor as a condition of the modification, you will not be charged a counseling fee. Beware of any organization that attempts to charge an up-front fee for housing counseling or modification of a delinquent loan, or any organization that claims to guarantee success.

## **7. How will the HAMP modification affect my loan?**

Your mortgage servicer may offer various options to you, including:

- Reducing your interest rate to as low as 2 percent.
- Extending the term of your loan up to 40 years.
- Deferring a portion of the principal payment to a balloon payment at the end of the loan term.
- Forgiving a portion of the principal.

Before you agree to a HAMP modification, consult with your attorney for information about the effect of the modification.

## **8. Do I have to go through a trial period for a HAMP modification?**

Generally, if you are eligible for HAMP, your mortgage servicer will put you on a three-month trial plan to demonstrate your ability to make timely payments at the new monthly payment level. If you successfully make all required payments during the trial period and the income and expense information you provided is determined to be accurate, your servicer will execute an official modification agreement. You will be required to sign the modification agreement and other documents and attest that all of the information you provided to your servicer was true and accurate. Misrepresenting any required information is a violation of Federal law and has serious legal consequences.

At the discretion of the mortgage servicer, if you are in an active (open) chapter 13 bankruptcy case and you are determined to be eligible for HAMP, you might not have to complete a trial period plan. For more information about waiver of the trial period, consult with your attorney or, if you do not have an attorney, consult with the bankruptcy trustee.

## **9. What if my home is scheduled for a foreclosure sale?**

Contact your mortgage servicer immediately and ask to be considered for HAMP. Servicers participating in the HAMP program are not allowed to proceed with a foreclosure sale while you are being evaluated for HAMP. In order to conduct the HAMP evaluation, your servicer must receive all the required documents prior to seven business days before the scheduled foreclosure sale date. You may also contact a HUD-approved housing counselor for help by calling 888-995-HOPE (4673).

**10. Will I be able to get a modification if I am in a HAMP trial period plan and subsequently file bankruptcy?**

Yes, if you are in a HAMP trial period plan and subsequently file bankruptcy, you may not be denied a HAMP modification on the basis of the bankruptcy filing. The mortgage servicer must work with you or your attorney to obtain any required court and/or trustee approvals. The servicer should extend the trial period plan as necessary to accommodate delays in obtaining court approvals or receiving your trial period payments when they are made to a trustee. However, servicers are not required to extend the trial period beyond two months, resulting in a maximum five-month trial period. If the trial period is extended, you must make a trial period payment for each month of the trial period, including any extension month.

**11. What happens in chapter 13 bankruptcy if I'm in a trial period plan under HAMP?**

If you are in an active (open) chapter 13 bankruptcy case and, after filing bankruptcy, you made payments as required by a HAMP trial period plan, the mortgage servicer may not do any of the following: (1) object to confirmation of your chapter 13 plan, (2) move for relief from the automatic bankruptcy stay, or (3) move for dismissal of your chapter 13 case on the ground that you paid only the amounts due under the trial period plan.

**12. Am I eligible for HAMP if I have received a chapter 7 bankruptcy discharge?**

Yes, even if you have received a chapter 7 bankruptcy discharge, you are eligible for HAMP. If you did not reaffirm your mortgage debt, the following language must be inserted in the Home Affordable Modification Agreement:

"I was discharged in a chapter 7 bankruptcy proceeding subsequent to the execution of the Loan Documents. Based on this representation, Lender agrees that I will not have personal liability on the debt pursuant to this Agreement."