

## Making Home Affordable Servicing Guidelines

- (1) Know the programs
  - a. HAMP – loan modification
  - b. UP – HAMP Unemployment; forbearance, then modification
  - c. 2MP – second lien modification
  - d. HAFA – foreclosure alternatives (deed in lieu and short sale)
  - e. HARP – refinance underwater house while still current on mortgage payments
  
- (2) HAMP Tier 1 – still the same
  - a. Goal: REDUCE PITI payment to 31% of gross HH income
  - b. interest reduced as low as 2%, fixed for 5, then adjusts 1% annually until up to market
  - c. Benefits – reduces interest, resolves delinquencies, and reduces long-term payment
  - d. Limitations
    - i. Doesn't help those with payments already at or below 31%
    - ii. Doesn't help those who owe too much and cannot get pymt low enough with interest reductions
  
- (3) HAMP Tier 2
  - a. For those that “fail” under Tier 1
  - b. Available for people who were approved under Tier 1 and then failed (at least 12 months of good pymts between prior mod an new application)
  - c. Also allowable for rental properties & second homes
  - d. Allows PITI payment as low as 10% HH gross, no more than 55% HH gross
  - e. Modification must accomplish 10% reduction of P&I pymt
  - f. Same interest reductions, fixed for 5, then adjusts 1% annually until up to market
  - g. Limitations – PI doesn't include escrow, so those struggling with high escrow but small P&I may still be ineligible for this program
  
- (4) UP – getting better
  - a. Forbearance mortgage payment set to no more than 31% of current HH income
  - b. Servicer has discretion to suspend payments altogether
  - c. Forbearance may go as long as servicer wishes, but UP only requires 12 months
  - d. Cannot be more than 12 months behind at time of UP application
  - e. Once re-employed, servicer evaluates for HAMP modification
  - f. Homeowners with previous HAMP TPP or mod can go into UP if they become unemployed

### Resources:

For the masses - [www.makinghomeaffordable.gov](http://www.makinghomeaffordable.gov)

For us lawyers - <https://www.hmpadmin.com/portal/programs/hamp.jsp>