

# MAKING HOME AFFORDABLE MODIFICATION PROGRAM

## FACTS/STATISTICS/COMPLICATIONS



# HAMP ELIGIBILITY

- To qualify for HAMP, the Debtor must:
  - Be the owner of a one-to four unit home
  - Have an unpaid principal mortgage balance that is equal to or less than \$729,750
  - Have a first lien mortgage that originated one or before January 1, 2009
  - Have a mortgage which is not affordable due to documented financial hardship



# TIER ONE MODIFICATIONS

- HAMP Tier One
  - Servicers apply the modification steps in sequence until the homeowner's post modification front-end DTI ratio is 31%



# TIER TWO MODIFICATIONS

- HAMP Tier Two

- Servicers apply the modification steps simultaneously to achieve a post-modification DTI ratio acceptable to investors.
- Only applies to non-GSE mortgages



# TARP

- TARP devoted \$46 billion to homeowners facing foreclosure



# HAMP BY THE NUMBERS

- From April 2009 to May 2015, more than 9.6 million mortgage modifications and other forms of mortgage assistance were completed with 1.5 million permanent HAMP modifications



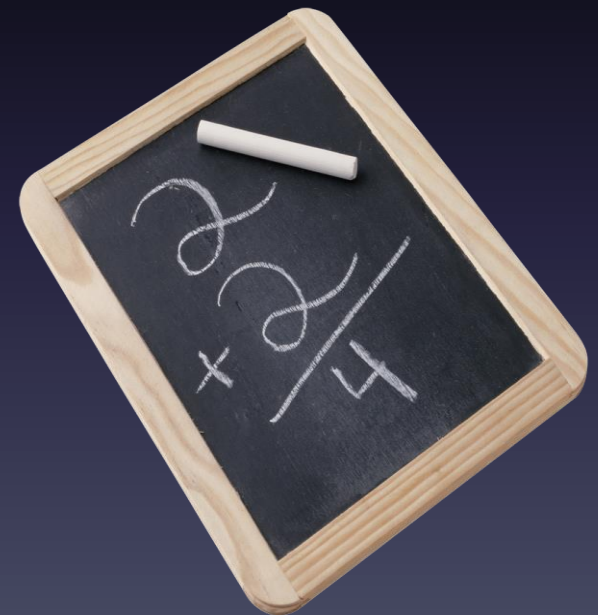
# HAMP APPLICATION ACTIVITY BY SERVICER AS OF FEBRUARY 2016

- Total Requests: 9,235,255
- Requests Processed: 9,055,191
- Requests Approved: 2,825,475
- Requests Denied: 6,229,716



# TOTAL HAMP TIER ONE AND TIER TWO MODIFICATIONS BY SEPTEMBER 2015

- HAMP Tier One Modifications:  
1,409,972
- HAMP Tier Two Modifications:  
132,071





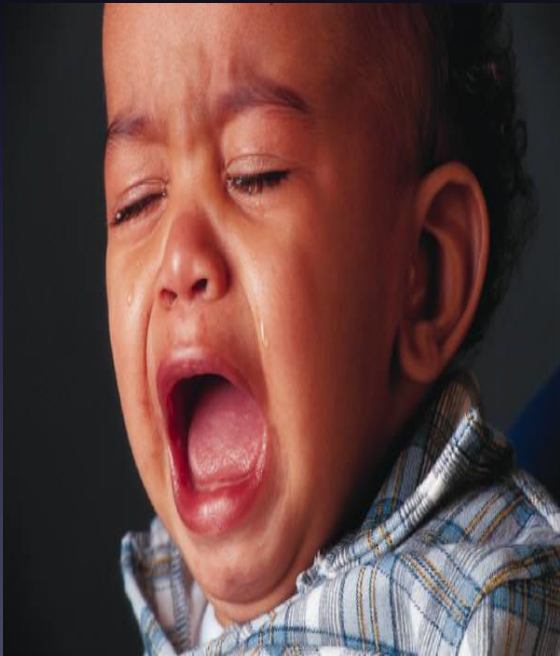
# HAMP ACTIVITY DALLAS-FORT- WORTH-ARLINGTON, TEXAS METROPOLITAN STATISTICAL AREA



- 16,017 permanent modifications started
- \$297.33 median monthly payment reduction
- 33% median monthly payment reduction  
% of pre-modification payment

# HAMP DEFAULT RATES

- 28% of HAMP modified loans have been disqualified from the program because the borrower missed three consecutive payments on the modified loan



# PAY FOR PERFORMANCE

- Debtors who receive a loan modification under HAMP could earn up to \$10,000 in principal reduction for making mortgage payments on time and in full



# HOME AFFORDABLE FORECLOSURE ALTERNATIVES

- Through HAFA, homeowners may leave their homes and be relieved of the remaining mortgage debt through a short sale or deed-in-lieu of foreclosure



# RELOCATION ASSISTANCE

- HAFA offers \$10,000 relocation assistance to homeowners
  - Is relocation assistance taxable?
  - Is relocation assistance property of the estate?

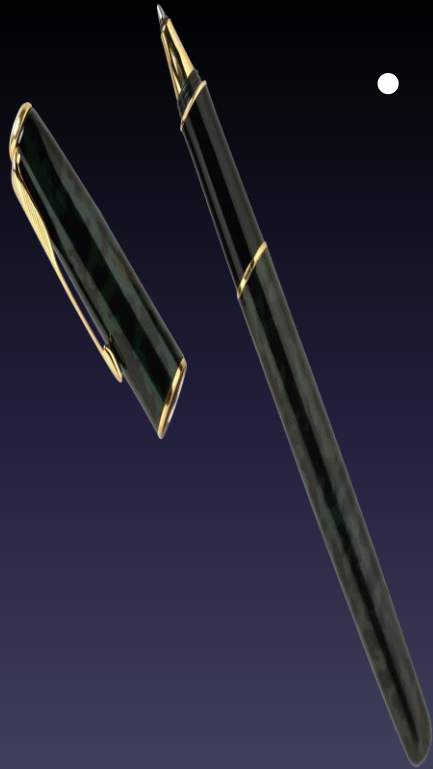


# IS THE GAIN FROM SHORT SALES TAXABLE?



- The Mortgage Forgiveness Tax Relief Act amends the Internal Revenue Code to exclude the discharge of certain debts on a principal residence from gross income

# ACT DOES NOT APPLY TO TITLE 11 CASES



- However, the Act does not apply to Title 11 because Bankrupt Debtors already have relief under the Internal Revenue Code. Debtor may send form 982 with his tax returns if the lender sends a 1099 following a short sale.

# PITFALLS OF HAMP

- HAMP applications are due December 31, 2016.





# PRACTICE TIPS



- Clients may be refused a loan modification for the following reasons:
  - Failure to make ongoing mortgage payments
  - Failure to submit additional paperwork
  - Income is too low to support the desired mortgage