

Home Affordable Modification Program (HAMP) Eligibility Requirements

However, there are some eligibility requirements to be part of HAMP:

1. The loan origination date must be on or before January 1, 2009.
2. This program will not accept any new borrowers after December 31, 2012.
3. The property cannot be a rental property, and must be owner-occupied as a primary residence of one to four units.
4. The loan principal balance on a single-unit home must be less than \$729,750.
5. Borrowers must show that they do not have the funds available to make their payments without modification.
6. Borrowers must not owe more than 125% of the value of home.
7. The loan must be a Fannie Mae or Freddie Mac loan.

For those who cannot refinance their homes and cannot afford their payment, mortgage modification may be a viable option.

Plan Objectives

The goal of HAMP is to reduce borrowers' mortgage payments to below 38% of monthly income. One way to do this is by reducing the interest rate charged. However, 2% is the lowest interest rate the banks can offer under this plan. If the payment is still too high for the mortgagor, the life of the loan can be extended up to 40 years. The principal of the loan does not have to be reduced, but banks may also do that. Lenders are being given incentives in order for them to help homeowners this way in the form of \$1,000 for each modification and another \$1,000 each year for up to three years if the borrower makes his or her loan payments.