

## Seven Things to Know About Loan Modifications Under Making Home Affordable (HAMP)

Below are seven things home owners should know about loan modifications. Before wasting your time trying to get a [loan modification](#) or even worse paying someone else and not get the results you want, review the seven items below and see if you will pre-qualify.

1. Determine if the home is owner occupied single-family home. The federal government is trying to assist home owners, not investors. If the home exceeds 4 units or is being rented out, this alone will disqualify a property under HAMP.
2. Determine if the home is a primary residence. The federal government is trying to exclude owner-occupied homes that are treated as second homes. The government has asked banks to verify the primary residence based on tax returns, utility bills, and credit reports.
3. Determine if the home is owned by an investor. This creates a slight redundancy since the federal government has already required that the property is owner occupied.
4. Determine if the home is vacant or condemned. The federal governments to use HAMP money towards homes that people are actually living in, and that the living conditions are satisfactory.
5. Determine if the first lien loan amount is less than \$729,750. The federal government wants to offer modifications on homes that are not considered excessive loan amounts. The \$720,750 value for a first lien on a single family residence and \$934,200 is acceptable.
6. Determine if the front-end Debt-to-Income ratio is at 31%. The federal government wants to ensure that primary residence mortgages considered under Making Home Affordable have first mortgages not exceeding the 31% of the home owners monthly gross income.
7. Will the Making Home Affordable (HAMP) Program end? Yes. The federal government current plan will be allowing for new borrowers to be accepted until December 31, 2012.

The items listed above are based on the Making Home Affordable (HAMP) program established by the federal government. There are additional items outlined by HAMP, and your lender may have other modification programs that may differ slightly from the items. So it is encouraged to contact your lender directly or a [real estate attorney](#). If you find that you do not qualify for a loan modification or would prefer to [short sale](#) your property, there are many realtors and [attorneys](#) who may be willing to assist you as well.