

How Does Bankruptcy Affect HAMP Eligibility?

From: Los Angeles Bankruptcy Law Monitor

Your federal government tried to help save your home by creating the [Home Affordable Modification Program](#), or **HAMP** as we have come to know it. Too bad it's not working because this program only has a 20% success rate. Many homeowners who were stuck in the log jam of the HAMP program were forced into bankruptcy, only to find the lenders reject their modification after their case was filed.

The [HAMP administration](#) has created supplemental directives that briefly support modifications for those either in bankruptcy or contemplating filing bankruptcy. These changes become effective **June 1, 2010**. [Under these new guidelines](#), servicers must consider borrowers in active bankruptcy for HAMP if a request for modification is received from the borrower, borrower's counsel or bankruptcy trustee. Borrowers who are in a trial period plan and subsequently file for bankruptcy may not be denied a HAMP modification on the basis of the bankruptcy filing. Even if you've received a discharge in your bankruptcy case, you should still be eligible for a HAMP modification.

Here is some great news for those in a chapter 13 bankruptcy. As taken directly from the [Supplemental Directive 10-02](#), "When a borrower in an active Chapter 13 bankruptcy is in a trial period plan and the borrower has made post-petition payments on the first lien mortgage in the amount required by the trial period plan, a servicer must not object to confirmation of a borrower's Chapter 13 plan, move for relief from the automatic bankruptcy stay, or move for dismissal of the Chapter 13 case on the basis that the borrower paid only the amounts due under the trial period plan, as opposed to the non-modified mortgage payments." This means that if you're in a trial modification and you subsequently file for bankruptcy under Chapter 13, you will continue to pay the modified mortgage payment.