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Modification Program receives new rules

Homeowners looking to take advantage of The Home Affordable Modification Program, or HAMP, will need to provide proof of income much earlier in the application process. Applicants will be required to provide this information before the borrower evaluation process.

Phyllis Caldwell, director of the Treasury's Homeownership Preservation Office, spoke of the change saying, "This will make it easier for servicers to determine a payment level that's affordable and sustainable." The Obama administration has put pressure on modifiers to increase the amount of modifications they're doing as well as approve more homeowners for permanent modifications.

The change in procedure was implemented to help speed the process of approval. Moreover, those who go through this updated process will have their modifications made permanent once they complete three monthly payments of the reduced amount. Homeowners and mortgage providers have blamed each other for problems in the application and modification process.

"Were there some struggles with documentation?" Caldwell asked, "Absolutely. Are we learning from those lessons? Absolutely." According to data from last month approximately 25 percent of those using the modification system are not current on their monthly mortgage.