

An Overview of the Making Home Affordable Program¹

The recent economic downturn has left thousands of homeowners struggling financially. Given the fact that South Carolina has been hit especially hard by the economic downturn, members of Team Shaw may be having difficulty making their mortgage payments. The Making Home Affordable (MHA) Program is a new federal initiative designed to assist struggling homeowners. It offers a variety of services, some of which are detailed below.

1. Lower your monthly mortgage payments.

For employed homeowners struggling to make monthly mortgage payments, the Home Affordable Modification Program (HAMP) can lower monthly mortgage payments. The HAMP also offers special services for military homeowners who have changed stations. For unemployed homeowners, the Home Affordable Unemployment Program (UP) offers similar relief. The UP can reduce mortgage payments or suspend payments altogether for twelve months or more.

2. Reduce the principal you owe on your home.

If a home is worth significantly less than its owner owes on it, the Principal Reduction Alternative (PRA) may provide some assistance. The PRA encourages mortgage servicers to reduce the principal amount owed on an individual's home. Some of the largest participating servicers include Bank of America, CitiMortgage, JP Morgan Chase, and Wells Fargo.

3. Get out of homeownership but avoid foreclosure.

The Home Affordable Foreclosure Alternatives (HAFA) Program is designed to help individuals who simply cannot afford to continue owning a home. It is a transition program that provides two options for getting out from under a mortgage: (1) a short sale and (2) a deed-in-

¹ All information is taken from and available at www.makinghomeaffordable.gov. It can also be accessed over the phone by calling 888-995-4673 or 877-304-9709 (TTY). *This article is intended for informational purposes only. Do not rely on it for legal advice; nothing can substitute for discussing your situation with an attorney.*

lieu of foreclosure. Under either option, the HAFA Program offers numerous benefits such as free advice from housing counselors and up to \$3,000 in relocation assistance funds.

4. Seek state assistance.

The Hardest Hit Fund (HHF) gives state housing finance agencies money to help aid homeowners in states hit hardest by the recent economic downturn. HHF programs vary by state, but may include: mortgage payment assistance for the unemployed and underemployed; principal reduction assistance; and funding to eliminate second lien loans. In total, HHF has been responsible for allocating \$7.6 billion to eighteen states, including South Carolina, plus the District of Columbia.

5. Look for assistance offered by other agencies.

The Federal Housing Administration, the United States Department of Agriculture, and the Department of Veterans Affairs all have homeowner assistance programs available to qualifying homeowners. If a homeowner has a mortgage that is insured or guaranteed by one of the above agencies, he or she may qualify for assistance.

As can be seen from above, the MHA Program provides a variety of services aimed at helping homeowners that are in trouble. If you are in need of legal advice relating to home ownership, stop by the legal office located on the second floor of building 1118, or call 803-895-1560 or DSN 965-1560. An Air Force legal assistance attorney will further explain the MHA Program. Walk-in legal assistance is offered Mondays and Fridays from 9 to 10 a.m., and Wednesdays from 1 to 2p.m.