



PREVENTIVE LAW SERIES
MORTGAGE RELIEF



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HOMEOWNERS ASSISTANCE PROGRAM

At this time, there is currently no HAP approved for BRAC Impacted Personnel; applications are only being accepted from Wounded, Injured, and Ill or Surviving Spouse applicants. If an applicant is eligible and money is available, HAP may provide financial assistance under one of the following three scenarios: Private Sale, Government Acquisition, or Foreclosure. Applicants must meet the following minimum requirements:

1. Wounded, Injured, or Ill members of the Armed Forces – Any member of the Armed Forces in medical transition who 1) incurred a wound, injury, or illness in the line of duty during a deployment in support of the Armed Forces on or after September 11, 2001; 2) is disabled to a degree of 30% or more as a result of such wound, injury, or illness, as determined by the Secretary of Defense; and 3) is reassigned in furtherance of medical treatment or rehabilitation, or due to medical retirement in connection with such disability. In addition, the home for which HAP benefits are being requested must have been the applicant's primary residence at the time of the wound, injury, or illness; or
2. Wounded, Injured, or Ill Civilian Employees of DoD or the U.S. Coast Guard – Any civilian employee of the DoD who 1) was wounded, injured, or became ill in the performance of his or her duties during a forward deployment occurring on or after September 11, 2001, in support of the Armed Forces; and 2) is reassigned in furtherance of medical treatment, rehabilitation, or due to medical retirement resulting from the sustained disability. Also, the home for which HAP benefits are being requested must have been the applicant's primary residence at the time of the wound, injury, or illness; or
3. Surviving Spouses - A spouse of a member of the Armed Forces or a civilian employee of the DoD may be eligible when 1) the member or employee was killed in the line of duty or in the performance of his or her duties during a deployment on or after September 11, 2001, in support of the Armed Forces or died from a wound, injury, or illness incurred in the line of duty during such a deployment; and 2) the spouse relocates from such residence within 2 years after the death of such member or employee.

MAKING HOME AFFORDABLE PROGRAM

The Making Home Affordable Program includes what are essentially two separate programs, one aimed at making homes affordable through refinancing, and another aimed at making homes affordable through loan modification.

1. **Making Home Affordable Refinance Program (HARP)**. HARP is the only refinance program that enables eligible borrowers with little to no equity in their homes to take advantage of low interest rates and other refinancing benefits. There have been several changes to HARP, but the primary enhancement removed the limit on the amount that homeowners could be "underwater" (owe more on their mortgage than their home is worth). With that change, many homeowners who were not eligible will now qualify. HARP ends December 31, 2016. The basic eligibility requirements for the refinance programs are:
 - a) You have had a good payment history for the past 12 months. That means having no late payments in the last 6 months and no more than one 30-day late payment from 6 to 12 months ago.
 - b) Your home is your primary residence, 2nd home or investment property.
 - c) Your home value has decreased.
 - d) You have limited equity or your first mortgage exceeds the current market value of the home (i.e., your loan-to-value ratio must be > 80% to be eligible).

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FOR LEGAL ADVICE IN A PARTICULAR SITUATION, ALWAYS CONSULT WITH AN ATTORNEY.

- e) Your loan is owned or guaranteed by Fannie Mae or Freddie Mac.
- f) Your loan was closed on or before May 31, 2009

2. **Making Home Affordable Modifications Program (HAMP):** The second part of the program is targeted at homeowners who are already behind on their mortgage payments or “are struggling to keep their loans current.” Unlike the refinance program, this is NOT limited to Fannie Mae or Freddie Mac loans, and those with VA, FHA, or other mortgages may qualify for relief. With HAMP, your loan is modified to make your monthly mortgage payment no more than 31% of your gross (pre-tax) monthly income. If eligible, the modification permanently changes the original terms of your mortgage. To apply for a Home Affordable Modification, a homeowner must:

- a) Be an owner-occupant in a one- to four-unit property, and have an unpaid principal balance that is equal to or less than \$729,750 (for one-unit properties; higher for two to four-unit properties);
- b) Have a loan that originated before January 1, 2009;
- c) Have a mortgage payment (including taxes, insurance, and homeowners association dues) that is more than 31% of gross (pre-tax) monthly income; **AND**
- d) Demonstrate that the mortgage payment is no longer affordable--perhaps because of a significant change in income or expenses.

ADDITIONAL PROGRAMS

- 1. **Streamlined Loan Modification Program:** Effective December 15, 2008, this is a streamlined loan modification program that builds on the mortgage modification protocol developed by the FDIC for IndyMac. The adoption of this streamlined modification framework is an additional tool that servicers now have to help avoid preventable foreclosures. Contact at (888) 995-HOPE or visit www.hopenow.com.
- 2. **Department of Veterans Affairs Loan Relief:** The VA Home Loans can help those with financial difficulties. Visit <http://www.benefits.va.gov/homeloans/>.

BANKRUPTCY

Before considering bankruptcy, you should consult with a Legal Assistance attorney and a Defense Service Office Attorney for related security clearance issues. Also see Legal Assistance Preventative Law Handout #14.

FORECLOSURE SCAMS

Beware of foreclosure rescue scam companies. California law prohibits upfront fees from foreclosure rescue companies. See Legal Assistance Preventative Law Handout #83 or talk to an attorney for more information.

LEGAL ASSISTANCE SERVICES

The Legal Assistance Department, as part of Region Legal Service Office Southwest, is separate from DSO West. A legal assistance attorney is available by appointment Monday from 0800 - 1100 and 1300 - 1500, Tuesday through Thursday from 0900 - 1100 and 1300 - 1500, and Friday from 0900 - 1045. Powers of attorney and notaries are available Monday through Friday at the same times. For more information, please contact the Legal Assistance Office, located in Building 56, 32nd Street Naval Station, San Diego, CA, by telephone at (619) 556-2211, or our office at Naval Air Station North Island – Coronado, Building 318 – Second Deck, above the Fleet and Family Support Center, Saufley Road, by telephone at (619) 545-6437.

REFERENCES

Department of Veterans Affairs Home Loans: <http://www.benefits.va.gov/homeloans/>
Department of Defense Homeowners Assistance Program: <http://hap.usace.army.mil/>
Making Home Affordable Program: <http://www.makinghomeaffordable.gov/pages/default.aspx>
Fed. Trade Commission: (877) FTC-HELP; <http://www.consumer.ftc.gov/features/feature-0009-military-families>
• Consumer Information: www.consumer.ftc.gov
• File a Consumer Complaint: www.ftccomplaintassistant.gov
Better Business Bureau San Diego Field Office: (858) 496-2131; www.sandiego.bbb.org
Legal Aid Society of San Diego, 110 S. Euclid Ave., San Diego, CA 92114; (877) 534-2524; <http://www.lassd.org/>
HOPE Line: (888) 995-HOPE; www.hopenow.com

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