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A SUMMARY OF GOVERNMENT MORTGAGE LOAN RELIEF PROGRAMS

The following federal government programs are summarized herein:

- Home Affordable Modification Program (“HAMP”)
- Home Affordable Unemployment Program (“UP”)
- Home Affordable Foreclosure Alternatives Program (“HAFA”)
- Second Lien Modification Program (“2MP”)

HAMP provides eligible borrowers with a chance to modify their first / primary mortgage loans to make them more affordable on a monthly basis. This program has written guidelines which servicers (the organizations which actually handle the day to day processing and maintenance of most residential mortgage loans) are supposed to follow. Qualified borrowers who apply and are able to make it through the challenging process should be rewarded by one or more of the following: an interest rate reduction, a loan term extension, a principal forbearance and/or a reduction in the actual principal of the loan (extremely rare).

UP is designed to help borrowers unable to make their mortgage payments because of unemployment. This program grants qualified borrowers a 3 month or longer period during which their mortgage payments are reduced or suspended.

HAFA may allow borrowers who can't afford their mortgage to utilize a short sale or deed-in-lieu (DIL) of foreclosure to avoid foreclosure. This program grants financial incentives to servicers, investors, and borrowers that utilize a short sale or a DIL to avoid a foreclosure on a HAMP-eligible loan.

2MP is intended to work only in combination with HAMP to offer borrowers with secondary mortgages even greater affordability. If a borrower's primary mortgage loan is modified under HAMP, a loan servicer who participates in 2MP must offer to modify the secondary mortgage and offer to accept a lump sum payment in exchange for full or partial extinguishment of the secondary mortgage.

McGrath & Spielberger helps borrowers try to find solutions to their mortgage issues.

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