

# BANKRUPTCY IN PLAIN ENGLISH

## How Does Bankruptcy Affect Your Eligibility for HAMP? The Home Affordable Modification Program

by

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Many homeowners applied for HAMP modifications in hopes of avoiding bankruptcy. But then they discovered that mortgage servicers are horribly slow in processing the paperwork.

Plus, the mortgage companies will not even acknowledge that they received the documents, pushing homeowners closer and closer to bankruptcy.

*You're Invited to Call or E-mail.*

"If you have questions about bankruptcy, foreclosure, credit card debt, loan modifications,

tax liens or other financial problems, please send your e-mail today to

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As a result, many homeowners are considering bankruptcy because their financial situations are only getting worse. But they wonder whether a bankruptcy will affect their ability to get a loan modification.

If you're one of these homeowners, here's what you need to know:

### **IF YOU APPLIED FOR HAMP but are not yet in the trial period...**

... the mortgage company may or may not consider you eligible for a HAMP modification after you file bankruptcy. However, if your loan is owned or guaranteed by Fannie Mae or Freddie Mac, new rules may require the mortgage company to offer you a HAMP modification even if you file bankruptcy, providing you otherwise qualify for the modification. These rules have been proposed, but are not yet in effect.

If you're considering bankruptcy, ask the mortgage company whether a bankruptcy will affect your eligibility.

If the mortgage company will not offer you a loan modification if you file bankruptcy, then you and your bankruptcy lawyer need to determine whether you would benefit more from a modification or a bankruptcy.

### **IF YOU ARE IN YOUR HAMP TRIAL PERIOD and need to file for bankruptcy...**

... your final modification may need to be approved by the bankruptcy court. In most cases, HAMP guidelines require the mortgage company to work with your bankruptcy lawyer to try to get the loan modification approved by the bankruptcy court, if the court's approval is required.

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**IF YOUR LOAN HAS ALREADY BEEN MODIFIED and you need to file for bankruptcy...**

... then your bankruptcy filing could be considered a violation of the modification plan. If you may need to file bankruptcy after getting your modification, ask the mortgage company if this will void the modification.

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