

## U.S. DEPARTMENT OF THE TREASURY

## Press Center



## Treasury and HUD Announce Enhancements to Housing Program

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### *Changes Will Provide Greater Relief to Struggling Homeowners and Communities*

**WASHINGTON** – The U.S. Department of the Treasury and the U.S. Department of Housing and Urban Development (HUD) today announced enhancements to programs under Making Home Affordable (MHA) to better assist struggling homeowners and communities still recovering from the effects of the financial crisis. The enhancements are designed to motivate homeowners in MHA to continue making their mortgage payments on-time, strengthen the safety net for those facing continuing financial hardships, and help homeowners in MHA programs build equity in their homes, an important factor in stabilizing neighborhoods.

“While the housing sector has strengthened in recent years, there are still many homeowners struggling to make their mortgage payments,” said Secretary of the Treasury Jacob J. Lew. “The changes we are announcing today offer meaningful incentives for borrowers to stay current in their modifications, increase their opportunity to build equity in their homes, and provide vital safety nets for those facing greater financial strains.”

“Today’s announcement signals our commitment to helping more hardworking families continue the American dream of homeownership,” said Secretary of Housing and Urban Development Julián Castro. “These enhancements will expand the opportunity for more folks to stay in their home, stabilizing local communities and continuing our nation’s positive economic momentum.”

Treasury and HUD established HAMP (Home Affordable Modification Program<sup>®</sup>) in 2009 to provide relief to homeowners facing financial hardship. Through a combination of lowered interest rates and modified loan terms, monthly payments are reduced to affordable levels. In addition, many homeowners who remain current following their modification are eligible to earn up to \$5,000 over the first five years of their modification, which is applied in repayment of their outstanding principal balance.

Under the revised guidelines announced today, all homeowners in HAMP will now be eligible to earn \$5,000 in the sixth year of their modification, which will reduce their outstanding principal balance by as much as \$10,000. Homeowners will also be offered an opportunity to re-amortize the reduced mortgage balance, which will have the effect of lowering their monthly payment. As of today, approximately one million homeowners with HAMP modifications are eligible to earn the increased HAMP incentive.

In addition, in an effort to bolster the safety net for homeowners who face difficulty making their payments in HAMP Tier 1 or similar non-HAMP modifications, Treasury and HUD have introduced enhancements to HAMP Tier 2 and the Home Affordable Foreclosure Alternatives<sup>®</sup> (HAFA) Program.

HAMP Tier 2 is an alternative modification that provides a low fixed rate for the life of the loan to homeowners who do not qualify for or cannot sustain a HAMP Tier 1 modification. The enhancements announced today include reducing the interest rate for HAMP Tier 2 by 50 basis points, which will enable more homeowners to qualify for a modification, and extending the \$5,000 pay-for-performance incentive to HAMP Tier 2 borrowers in good standing at the end of the sixth year of their modification.

HAFA assists homeowners who need to transition to a more affordable living situation through a short sale or deed-in-lieu. Treasury and HUD announced today that they have increased the amount of relocation assistance provided to homeowners to \$10,000 to better reflect increased rents and the cost of moving in many parts of the country.

If you are a homeowner in need of mortgage assistance, please visit [MakingHomeAffordable.gov](http://MakingHomeAffordable.gov) to explore all options available to help you avoid foreclosure.

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