

Availing A Loan Modification Under Making Home Affordable Program

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It has been observed that homeowners who have invested some time to get educated about the [federal loan modification](#) process have stood a much better chance of getting qualified for modification of their existing mortgages. Applying for a modification of loan without any prior knowledge of the subject could hamper your chances of being eligible for a government mortgage refinance program. It is with this perspective that the entire scope of federal home mortgage programs needs to be understood thoroughly well.

Factors influencing eligibility for a federal loan modification Typically, the parameters which impact your chances of getting approved for a mortgage refinance under the government scheme are:

1. Debt-to-income ratio
2. Evidence of financial hardships faced
3. Details of employment history
4. Details of monthly income
5. Filed tax returns of previous year

In case house makers are unable to produce copies of tax returns, they are required fill up 4506-T tax form and submit it to the lender so that it enables the creditor to verify its veracity with the IRS. The secured information helps the lender to determine if the applicant has sufficient income to grant an approval for a loan modification.

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Under tenets of the Making Home Affordable plan, participation of the lenders in the loan modification process is voluntary. However, struggling house makers faced with financial hardships find enhanced chances of getting an approval if:

1. The home mortgage loans are owned or insured by Freddie Mac or Fannie Mae.
2. Current monthly mortgage payments exceed 31% of the applicant's gross monthly income.

Once qualified for a modification of home mortgage loan under the [Making Home Affordable program](#), the lenders modify the terms of the existing home mortgage loan on a permanent basis. This helps the borrowers to get low mortgage rates and hence affordable monthly payments which would not be more than 31% of gross monthly income. Interestingly, the new refinance home loan takes into account principal, interest, and insurance as well as home association fees. Normally, there is no reduction in the principal loan amount but rates of interest get considerably reduced and loan terms could be extended up to 40 years.

There is win-win situation for the borrowers and the lenders participating in the Making Home Affordable program since incentives are offered by the federal government to both. While mortgage lenders could receive \$1,000 each year for a period of three years, borrowers who are regular on their monthly payments are entitled to get \$1,000 per annum for duration of five years. Thus, the federal scheme helps homeowners save their houses from foreclosure besides saving lots of dollars over the term of the mortgage loan.

To obtain proper guidance and active assistance for being eligible for a [loan modification](#) or refinance home mortgage loan, it is recommended to use the professional services offered by reputed online service providers like [www.Refinanceitt.com](#).