

## **HomeSafe Georgia's Mortgage Payment Reduction (Recast and Modification) Program**

**Mortgage Payment Reduction (MPR) Program overview:** Mortgage assistance is available to eligible homeowners with a qualifying permanent reduction of income, by providing their lender with a onetime payment of up to \$30,000 to enable an affordable payment. HomeSafe Georgia assistance is limited to once per applicant/household and address. Program assistance is limited. Applicants who have received assistance under the Mortgage Payment Assistance program, regardless of amount received, are not eligible to receive assistance under this program.

### **Lender Participation & Loan Requirements**

The applicant should check with their lender before applying to HomeSafe Georgia for assistance. Not all lenders are participating in the MPR Program and for those that are, not all loans are eligible. Limiting factors include the type of loan, the investor of the loan, and HAMP modification of the loan. Additionally, the amount of the mortgage delinquency and the amount of applicant's household income must be considered. HomeSafe Georgia assistance will not be provided if the lender objects to the assistance or if the calculated new payment would not meet the program requirements.

### **MPR Program Applicant Requirements (must meet all requirements)**

- The applicant for assistance must have a qualifying hardship that began within the last 36 months of the application date (receipt date of application package by HomeSafe Georgia), that resulted in a permanent reduction of income.
- The applicant for assistance must be residing in the home at the time of hardship.
- The hardship must have caused a loss of income equal to or greater than 25% of the household income.
  - Household income includes all gross income from all sources for applicants.
  - Income received after the hardship such as Social Security, annuity, etc. will offset the loss.
  - Co-applicants not living in the home may have their income excluded from asset and income calculations if separate residency over 6 months has been established and can be verified.

### **MPR Program Mortgage & Property Requirements (must meet all requirements):**

- The home must have been purchased or inherited by executed deed prior to the hardship and be in the name of the applicant or spouse. Recent quit claim activity may result in loss of eligibility. Allowance for ownership may be granted in cases of inherited property resulting from a death hardship if:
  - The applicant is a spouse, child, sibling, dependent, or parent of the deceased homeowner;
  - The applicant has resided in the home for at least one year prior to the death of the homeowner;
  - The applicant does not own additional residential property (now or at the time of the death of the homeowner); and
  - The home is in the name of the applicant at the time of application.
- Applicant must currently have a 31% or greater payment to household income ratio to be considered for recast or modification of the mortgage loan through their lender.
- The lender will determine the best way to use the funds to create an affordable payment.
  - Second mortgages held by the same lender may be included at the discretion of the lender.

- Second mortgages held by a different lender are excluded from assistance.
- After the assistance, the new payment to household income ratio cannot exceed 38%.
- The new payment must include escrow for property taxes and insurance.
- The assistance cannot bring the loan to value below 80%.

**Basic Applicant and Property Requirements** (must meet all requirements listed here plus requirements specific to program)

Applicant requirements:

- The applicant for assistance is the person with the hardship; this person must be either the homeowner or the spouse of the homeowner and meet residency requirements.
  - Applicant: the person with the hardship, plus any co-applicants (if applicable) which include the spouse and any other homeowners or borrowers legally bound to the home.
  - Borrower: the person(s) listed on the Mortgage Note and responsible for the mortgage payment.
  - Homeowner: the person(s) listed on the Security Deed and on title to the property.
    - A spouse who is not a homeowner but has the hardship must have been married to the homeowner prior to the hardship.
  - All applicants are required to cooperate in the application process. Co-applicants not residing in the home will be required to provide verifiable documentation of other established residency for the last 6 months, to be excluded from income and asset calculations.
- Applicant(s) must be legal US residents.
- Applicant(s) must have filed tax returns if required. As part of the application package, the applicant(s) will be required to order the last four years of Tax Transcripts from the IRS.
- Applicant(s) cannot have an active tax lien filed on the credit report or on title unless:
  - The total outstanding amount of all liens is less than \$10,000, and
  - There is an active payment plan (for all liens) in place at the time of the application.
- Applicant(s) cannot be in active bankruptcy. We can discuss your application with you, but it cannot move forward until a bankruptcy is dismissed or discharged.
- Applicant(s) cannot have liquid assets over \$5,000 to \$10,000, based on family size. Early distributions from retirement accounts and tax refunds are excluded from the amount if verifiable documentation is provided.

Property requirements:

- Applicant's first mortgage lender must be participating in the program for which the applicant is eligible. (Second mortgages may be included for assistance depending on the type of program, the type of mortgage, and if the lender is participating.)
- The home must be located in Georgia and be the primary residence of the applicant with the hardship. The applicant must be the homeowner or the spouse of the homeowner.
- The home must meet the definition of single family real property, 1 to 4 units. Manufactured home installment loans are excluded from assistance unless a Security Deed ties the installment loan to the land.
- The home lien balance is limited to first lien conforming GSE amount; currently \$417,000 for one single family unit. Click the GSE link for more information:  
<http://www.fhfa.gov/Default.aspx?Page=185>
- The home must be unencumbered by tax lien(s) unless:

- The total outstanding amount of all liens (on title or credit report) is less than \$10,000, and
- There is an active payment plan (for all liens) in place at the time of the application.
- Super liens filed against the home title must be cleared prior to closing.
- HomeSafe Georgia assistance cannot be used to make HAMP trial modification payments. Please discuss any concerns with your lender regarding conflicting assistance.

#### **Qualifying Hardships:**

- Death of residing homeowner or spouse, within the last 36 months, who contributed 25% or more to the household income.
- Full disability of residing homeowner or spouse within last 36 months, who contributed 25% or more to household income.
- Exhaustion of unemployment benefits of residing homeowner or spouse within last 36 months, followed immediately by drawing Social Security retirement benefits.

***All program requirements and additional underwriting criteria apply.***

#### **Questions?**



**1-877-519-4443  
770-806-2100**



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