



Making Home Affordable

Informational Q & A Resource Document

March 15, 2009 - Dallas

Quick Reference Guide

Follow the steps provided in this quick reference guide to find out if you are eligible for either a Home Affordable Refinance or Home Affordable Modification under the Obama plan.

The slides following the Quick Reference Guide contain answers to the most Frequently Asked Question [FAQs] asked by most borrowers.

Visit www.medic-dallas.org for additional resources, updates and information.

- Contact Freddie Mac and Fannie Mae to see if your loan is owned by either of them.
 - [Freddie Mac](#)
 - [Fannie Mae](#)
- If your loan is owned by Freddie or Fannie, you may qualify for a Home Affordable Refinance.
 - If not, you will **not** qualify for the home affordable Refinance, **but may** qualify for the Home Affordable Modification.
- To determine your eligibility for either the Home Affordable **Refinance** or **Modification** options, complete the Treasury Department's online self-assessment at
 - [Making Home Affordable Online Self-assessment](#)

What is ‘Making Home Affordable All About?’

President Obama's strategy to get the housing market back on track through a refinancing and modification program that makes loans affordable now and into the future.

REFINANCE OPTION

I'm current on my mortgage. Will the Home Affordable Refinance help me?

Eligible **borrowers who are current** on their mortgages but have been unable to take advantage of today's lower interest rates because their homes have decreased in value, may now have the opportunity to **refinance into a 30 or 15 year, fixed rate loan.**

How do I know if I am eligible or if my loan is owned or has been securitized by Fannie Mae or Freddie Mac?

www.medc-dallas.org

Who is my “loan servicer? Is that the same as my lender or investor?

Your loan servicer is the financial institution that collects your monthly mortgage payments.

Your lender or investor owns provided the funds for your loan.

**I owe more than my property is worth.
Do I still qualify to refinance under the
Making Home Affordable Program?**

Yes. With limitations.

I have both a first and a second mortgage. Do I still qualify to refinance under Making Home Affordable?

As long as the amount due on the first mortgage is less than 105% of the value of the property, borrowers with more than one mortgage may be eligible for a Home Affordable Refinance.

Will refinancing lower my payments?

The objective of the Home Affordable **Refinance** is to provide creditworthy borrowers who have shown a commitment to paying their mortgage, the opportunity to get into a safe fixed rate mortgage with payments that are affordable today and sustainable for the life of the loan.

What are the interest rate and other terms of this refinance offer?

The rate will be based on market rates in effect at the time of the refinance.

Will refinancing reduce the amount that I owe on my loan?

No.

Can I get cash out to pay other debts?

No.

How do I apply for a Home Affordable Refinance?

- First find out if your loan is owned by Freddie Mac or Fannie Mae
- Next complete the online self assessment.
- Gather all of the necessary documents.
- Then call your servicer.

- Resource: www.medic-dallas.org

I am delinquent on my mortgage. Will I qualify for a Home Affordable Refinance?

No. But you may be eligible for a Home Affordable Modification.

HOME AFFORDABLE MODIFICATION

Can Making Home Affordable help me if my loan is not owned or securitized by Fannie Mae or Freddie Mac?

Yes. Making Home Affordable offers help to borrowers who are **already behind** on their mortgage payments **or who are struggling** to keep their loans current.

How do I know if I qualify for a Home Affordable Modification?

www.medc-dallas.org

Do I need to be behind on my mortgage payments to be eligible for a Home Affordable Modification?

No. Responsible borrowers who are struggling to remain current on their mortgage payments are eligible .

I have missed some mortgage payments am I eligible?

If you have missed two or more mortgage payments and your servicer is participating in the Making Home Affordable Program, your servicer must evaluate your loan to determine if you qualify for a modification.

I have a second mortgage. Am I still eligible?

Yes, but only the first mortgage is eligible for a modification.

How do I know if my servicer is participating? Are all servicers required to participate?

Servicer participation in the program is voluntary. The treasury will publish a list shortly. Please check the MEDC site for updates or join our mailing list.

What happens after five years?

If the modified interest rate is below the market rate, the modified rate will be fixed for a minimum of five years as specified in your modification agreement. Beginning in year six, the rate may increase no more than one percentage point per year until it reaches the rate cap indicated in your modification agreement. The **cap** is equal to the prevailing market interest rate **on the date the modification** is finalized as published by Freddie Mac based on a survey of its customers. This cap means that your rate can never be higher than the market rate on the day your loan was modified. If the modified rate is at or above the prevailing market rate, the modified rate will be fixed for the life of the loan.

How low can my interest rate go?

As low as 2%, if necessary to get to a payment that you can afford based on your income.

What happens if that is not enough to get to an affordable payment?

The term of your loan may be extended.

If that is still not sufficient your servicer will defer repayment on a portion of the amount you owe until a later time. This is called a principal forbearance.

A portion of the debt could be also be forgiven. This is optional on the part of the investor. There is no requirement for principal forgiveness.

Could I end up with a balloon payment?

Yes. If your servicer determines that a principal forbearance is required.

How much will a modification cost me?

There is no cost to borrowers for a Home Affordable Modification. Your servicer will not ask you for money.

If there are costs associated with the modification, such as payment of back taxes, your servicer will add those costs on to the amount you owe.

Your servicer will also forgive any late fees.

Is housing counseling required under this program?

If the sum of all monthly expenses is equal to or more than 55% of your gross monthly income, you must agree to participate in housing counseling provided by a HUD-approved housing counselor as a condition of getting the modification.

I heard the government was providing a financial incentive to borrowers. Is that true?

Yes. Borrowers who make timely payments on their modified loans will receive success incentives. For every month you make a payment on time, Treasury will pay an incentive that reduces the principal balance on your loan. Over five years the total principal reduction could add up to \$5,000. This contribution by the Treasury will help you build equity faster.

I do not live in the house that secures the mortgage I'd like to modify. Is this mortgage eligible for a Home Affordable Modification?

No.

I have a mortgage on a duplex. I live in one unit and rent the other. Will I still be eligible?

Yes.

I have two mortgages. Will a Making Home Affordable Modification reduce the payments on both?

Only the first mortgage is eligible for a modification.

I owe more than my house is worth. Will a Home Affordable Modification reduce what I owe?

Investors may, but are not required to, offer principal reductions.

I have an FHA loan. Can it be modified under the making Home Affordable Program? Are all loans eligible?

Not under Making Home Affordable. But...there is currently legislation before Congress to provide a program of equal or greater value for borrowers who have FHA or VA loans.

What should I do if my servicer tells me that the "investor" is not participating in Making Home Affordable?

If they are participating – call back and ask for a supervisor.

If your servicer is not participating in the program, you should ask your servicer or a housing counselor about other workout options that may be available.

I'm already working with my servicer or a housing counselor on a loan workout. Can I still be considered for a Home Affordable Modification?

Yes.

How do I apply for a modification under the Homeowner Affordability and Stability Plan?

www.medc-dallas.org

My loan is scheduled for foreclosure soon. What should I do?

Many servicers have made a commitment to postpone foreclosure sales on all mortgages that meet the minimum eligibility criteria for a Home Affordable Modification until those loans can be fully evaluated.

However, borrowers whose loans have been scheduled for foreclosure or any borrower that has missed one or more mortgage payments and has not yet spoken to their servicer, should contact the servicer immediately.

Borrowers may also contact a HUD-approved housing counselor by calling 1-888-995-HOPE (4673).

Beware of Foreclosure Rescue!

Scams – Help Is Free!

Thank you.

Please join our communication list by registering on the MEDC website. We will keep you on the cutting edge of all new developments and resources available.