

Making Home Affordable Program – eligibility details for Refinance and Modification

Refinance:

- Your loan must be owned or guaranteed by Fannie Mae and Freddie Mac.
- You must be current on your mortgages, have an acceptable mortgage payment history. You haven't been more than 30-days late on your mortgage payment in the last 12 months.
- You have been unable to refinance because your home has decreased in value pushing your current loan-to-value ratio above 80%. Your first mortgage is about the same or slightly less than the current value of your house. In some cases an appraisal will not be necessary.
- Only for the owner occupant of a one to four unit home.
- Refinance only into a **30** or **15** year, fixed rate loan.
- Your current mortgage was originated with a loan-to-value ratio of 80% or less.
- Only the first mortgage is eligible for refinance. The new first mortgage (including any refinancing costs) will not exceed 105% of the current market value of the property
- Borrowers who have more than one mortgage (1st and 2nd) may be eligible. You must obtain an agreement by the lender that has your 2nd mortgage.
- The rate will be based on market rates at the time of the refinance. Rates may vary across lenders and over time.
- Borrowers are responsible for paying lender fees, points and other closing costs.
- Refinancing will not reduce the loan amount.
- You can not get cash out to pay other debts.
- Only for full documentation loans. You must have a stable income sufficient to support the new mortgage payments.
- Loans will have no prepayment penalties or balloon notes.
- You should call your mortgage servicer or lender and ask about the Home Affordable Refinance application process.
- The Home Affordable Refinance program ends in June 2010.

Modification:

- Only for loans originated on or before January 1, 2009.
- You can be current or behind on your mortgage payments.
- You may be eligible if your income is not sufficient to continue to make your mortgage payments. Every borrower must be screened for financial hardship.
- Only for primary residence properties with unpaid principal balance up to \$729,750 for single family residence, \$934,200 for a two-unit home, \$1.129 million for a three-unit home, and \$1.403 million for a four-unit home.
- Only the first mortgage is eligible for a modification
- There is no minimum or maximum loan-to-value ratio.
- Lender will reduce the monthly payment (principal, interest, R/E tax, insurance, condo fee) to no more than 31% of gross monthly income (DTI)
- The modification sequence requires first reducing the interest rate (as low as 2%), then if necessary extending the term of the loan up to 40 years.
- At your lender's discretion modifications may include upfront reductions of loan principal.
- Borrowers who pay on time for five years can have up to \$5,000 applied to reduce their debt. For every month you make a payment on time, Treasury will pay an incentive.
- Lenders will keep the modified payments in place for 5 years.
- After five years, the rate increases 1 percent per year up to a cap that is intended to reflect market rates at the time the loan was modified.
- There is no cost to borrowers for a modification. Borrowers should beware of any organization that attempts to charge a fee for housing counseling or modification of a delinquent loan, especially if they require a fee in advance.
- Your lender is not required to modify your loan. Lenders participate in the program on a voluntary basis.

- Lenders will send letters to potentially eligible homeowners.
- If you think you qualify for a modification and do not receive a letter within several weeks, contact your mortgage servicer.
- Loans can be modified only once under the program.
- Modifications can start from now until December 31, 2012.