

ACT NOW TO GET THE HELP YOU NEED! ►



Need Help With Your Mortgage?

Learn how you may be able to make your mortgage payment more affordable.



 SM
MAKING HOME AFFORDABLE.gov

Beware of Foreclosure Rescue Scams

Assistance from a HUD-approved housing counselor is FREE.

Beware of anyone who asks you to pay a fee in exchange for counseling or a loan modification.

Beware of people who pressure you to sign papers immediately.

Do not sign your deed over to anyone unless you are working directly with your mortgage lender to forgive your debt.

Never make a mortgage payment to anyone other than your mortgage lender without their approval.

What are the options?

Home Affordable Refinance and Home Affordable Modification

What is the Making Home Affordable Program?

The Obama Administration's Making Home Affordable Program was created to help millions of homeowners refinance or modify their mortgage payments to a level that is more affordable.

Home Affordable Refinance

Many homeowners pay their mortgages on time but are unable to refinance to take advantage of lower mortgage rates, perhaps due to a decrease in the value of their home. A Home Affordable Refinance will help borrowers whose loans are held by Fannie Mae or Freddie Mac refinance into more affordable mortgages.

Home Affordable Modification

Many homeowners are struggling to make their monthly mortgage payments. The Home Affordable Modification will help provide them with mortgage payments they can afford.

If you think you may be among the millions of homeowners who will benefit from these programs, please read on.



Meet Julie.
She owns her home.
She needs an affordable mortgage.

Julie, a single mother with a small child, works as a secretary in a law firm. Recently, the firm downsized. Julie's hours were cut and she has much less money coming in each month. Julie is struggling to keep up with her bills and missed her last mortgage payment.



Julie heard about the Home Affordable Modification and wanted to know if she would be eligible to apply. She called 1-888-995-HOPE (4673) where a HUD-approved housing counselor helped her answer a few simple questions. Good news! Julie can apply for a loan modification under the President's program because she meets the following requirements:

- She owns a single-family home that is her primary residence (one- to four-unit properties are eligible).
- She took out her loan on or before January 1, 2009.
- She has an unpaid principal balance that is equal to or less than \$729,750 (the loan limit is higher for two- to four-unit properties - consult your mortgage lender).
- Her mortgage payment (including taxes, insurance, and homeowners association dues) is more than 31% of her gross (pre-tax) monthly income.
- She has a mortgage payment that is not affordable.

The housing counselor explained that only Julie’s mortgage lender – the company that collects her monthly payment – could tell her for sure if she would qualify for the modification and encouraged Julie to call her mortgage lender right away. The counselor helped Julie analyze her income and expenses and organize the financial documents that she would need to give to the mortgage lender. The counselor also answered questions that she had about the process and other options available to her.

Julie’s mortgage lender reviewed her financial information and found that she was currently paying more than 40% of her monthly income for her mortgage. The mortgage lender put Julie on a three month trial modification plan at a lower interest rate which resulted in a payment that was only 31% of her gross monthly income. This saved Julie hundreds of dollars per month. After Julie successfully made three payments, the mortgage lender approved the modification which converted Julie’s adjustable interest rate loan to a fixed rate loan.

Not only did Julie get an affordable loan modification, but also every month that she makes her mortgage payment on time, she is earning a borrower incentive paid by the government that will reduce her mortgage balance. Over the next five years, Julie’s on-time payments can reduce the amount she owes on her mortgage by as much as \$5,000.

Like Julie, you may be struggling to pay your mortgage because your income has decreased, your interest rate has increased or you have experienced another type of financial hardship. If so, here are answers to some of the questions you may have about the Home Affordable Modification Program.

Do I need to be behind on my mortgage payments to be eligible for a loan modification?

No. If you are struggling to stay current on your mortgage you may be eligible if you don’t have the financial ability to make your payments.

The mortgage I’d like to modify is on a second home or rental property. Is this mortgage eligible for modification?

No. Only the mortgage on your primary residence — whether it is a house or a condo — may be eligible.

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

Yes. Mortgages on 2-, 3-, and 4-unit properties are eligible as long as you live in one unit as your principal residence and meet the other eligibility requirements.

I have two mortgages on my one home. Can I still apply?

Yes, borrowers may be eligible for a Home Affordable Modification even if they have other loans on their home. Also, some second liens can be modified or even paid off through the Home Affordable Second Lien Program. Your mortgage lender can tell you if your second lien is eligible.

I owe more than my house is worth. Will the program reduce what I owe?

Maybe. The main goal of the program is to help homeowners avoid foreclosure by modifying their loans to make payments more affordable. Mortgage lenders are likely to lower payments mainly by reducing interest rates. However, your mortgage lender may reduce your principal amount in certain cases.

Is there a fee to modify my loan?

There is no fee to modify your loan, just as there is no fee to get help from a HUD-approved housing counselor. If anyone asks you to pay a fee in connection with the Home Affordable Modification Program – just say no!

Is my mortgage lender required to modify my loan?

No. Mortgage lenders participate in the Making Home Affordable Program on a voluntary basis. Loans are evaluated for modification on a case-by-case basis after a borrower’s eligibility is determined. However, the program offers substantial incentives to mortgage lenders and it is expected that millions of borrowers will get an affordable loan modification through the program. To find out if your mortgage lender is participating go to MakingHomeAffordable.gov and click on the section – Contact Your Mortgage Servicer.



How do I apply for a modification under the program?

If you think you qualify for a Home Affordable Modification, you may contact your mortgage lender – the company that collects your monthly mortgage payment – or a HUD-approved counselor by visiting www.HUD.gov or by calling 1-888-995-HOPE (4673).

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

Contact your mortgage lender or a HUD-approved counselor immediately. Participating mortgage lenders will determine if you meet the minimum eligibility requirements and, if so, will delay foreclosure.

Meet Brian & Lisa.
**They need to refinance
their mortgage.**

Brian and Lisa have good jobs – Brian is a high school teacher, Lisa is a nurse. They pay their bills on time, including their monthly mortgage payment. Like many homeowners, Brian and Lisa are unable to refinance to a lower interest rate because their home value has decreased. They owe \$258,000 but the value of their home has dropped to \$250,000.



Brian and Lisa used the internet to log on to www.MakingHomeAffordable.gov, an official website of the U.S. government. There, they learned about the Making Home Affordable Program and took a simple self-assessment test to determine if a Home Affordable Refinance would help them. They were happy to learn that they were eligible to apply because they meet the following requirements:

- They own a two-unit house (one- to four-unit properties are eligible).
- Their mortgage is owned or guaranteed by Fannie Mae or Freddie Mac – on the website, Brian and Lisa were able to find out this good news within minutes.
- They are current on their mortgage payments and have not been more than 30 days late making a payment within the past 12 months.
- Their first mortgage does not exceed 125% of the current market value of their home.

The website encouraged Brian and Lisa to gather the documents that their mortgage lender would need to verify their income and expenses and even helped them find out how to contact their mortgage lender. Because of their good payment history, Brian and Lisa were able to refinance the entire amount of their first mortgage at a lower, fixed interest rate. The reduced monthly payment has given them the ability to catch up on some other bills and put some money in savings.

Like Brian and Lisa, you may be able to refinance your mortgage even if you owe slightly more than your home is worth. Here are answers to some of the questions you may be asking.

How do I know if I have a Fannie Mae or a Freddie Mac loan?

The best way to find out is to contact Fannie Mae or Freddie Mac.

- Call Fannie Mae at 1-800-7FANNIE (Monday - Friday, 8 a.m. - 8 p.m. ET) or visit their website at www.fanniemae.com/loanlookup.
- Call Freddie Mac at 1-800-FREDDIE (Monday - Friday, 8 a.m. - 8 p.m. ET) or visit their website at www.freddie.mac.com/mymortgage.

I have both a first and second mortgage. Do I still qualify to refinance under the program?

Yes. If your first mortgage does not exceed 125% of the current market value of the property, you may qualify. Your eligibility will depend on whether you are able to make the new payments on the first mortgage. Also, the mortgage lender on your second mortgage must agree to remain in the second position and may be able to work with you on lowering the monthly payment of your second mortgage – contact your mortgage lender to find out.

Will refinancing lower my payments?

If your interest rate is much higher than the current market rate, you should see an immediate reduction in your payments. If you are paying interest only, or if you have a low introductory rate that will increase in the future, you may not see your current payment go down after refinancing into a fixed rate mortgage. However, refinancing into a more traditional, fixed-rate loan could save a great deal of money over the life of the loan.

What is the interest rate of a Home Affordable Refinance?

The interest rate will be based on the market rate at the time of the refinance and any associated points and fees quoted by the mortgage lender.

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

No, refinancing will not reduce the amount you owe on your loan or any other debt you may have. However, you should save money over time because the refinance will reduce the amount of interest that you will pay over the life of the loan; and may give you more spendable income now.



What information should I gather before talking to my mortgage lender?

Information about the monthly gross (before tax) income and expenses of all the borrowers who signed your mortgage (for example, your spouse or a co-signer) including,

- Your most recent income tax return; if it is available.
- Your two most recent pay stubs (if you receive them) or documentation of income you receive from other sources.
- Information about other mortgages on your home, if applicable.
- Account balances and minimum monthly payments due on all of your credit cards, and,
- Account balances and monthly payments on your other debts (such as student loans and car loans).



For more information about the Making Home Affordable Program, visit www.MakingHomeAffordable.gov. There, you can determine your eligibility, access additional resources, and learn how to get the help you may need.



To speak with a housing counselor:

- Call the Homeowner's HOPE™ Hotline at 1-888-995-HOPE (4673). (Available 24/7 in English and Spanish. Other languages by appointment.)
- Find a Local HUD-Approved Housing Counselor at www.hud.gov.

These services are free!