

UNDERSTANDING THE NEW FEDERAL PROGRAM MAKING HOME AFFORDABLE

Making Home Affordable offers qualified homeowners a refinance or loan modification to make mortgage payments affordable now and in the future.

This program was announced March 4, 2009 so please be patient as your mortgage servicer learns the details and develops processes for implementing this program.

Home Affordable Refinance

You may qualify for a lower interest, fixed rate, 30 or 15-year mortgage if all the following are true:

- Your loan is owned by Fannie Mae or Freddie Mac;
- You are current on your mortgage payments;
- The amount due on your first mortgage is about the same or less than the value of your home;
- You have a stable income sufficient to make new mortgage payments.

To find out if your loans is owned by Fannie Mae or Freddie Mac:

- Call your mortgage servicer and ask about Home Affordable Refinance OR
- Contact Fannie Mae 1-800-7FANNIE (8am to 8pm EST);
www.fanniemae.com/homeaffordable
- Contact Freddie Mac 1-800-FREDDIE (8am to 8pm EST);
www.freddiemac.com/avoidforeclosure/

Call your mortgage servicer to learn more and to find out if you meet all eligibility criteria. Be prepared with information about your income, expenses and second mortgage (if any).

Home Affordable Modification

You are eligible to apply for a Home Affordable Modification of your first mortgage if all the following are true:

- The house has one to four units and one of the units is your primary residence;
- Your unpaid first mortgage balance is under \$729,750 (for one unit, more for 2-4);
- Your loan originated on or before January 1, 2009;
- Your mortgage payment (including taxes, insurance and homeowners association) is more than 31% of your gross (before tax) monthly income;
- You have experienced a change in income or expenses to the point that your mortgage payment is no longer affordable.
- Your mortgage servicer chooses to participate in this program.

To determine if you qualify, your mortgage servicer will:

- Determine if your loan meets the minimum eligibility criteria above.
- Add past due charges (interest, taxes, insurance and costs – late fees must be waived) to your loan balance.
- Determine how much your interest rate must be reduced to get your mortgage payment to equal 31% of your gross monthly income.
 - The servicer may also extend the term beyond 30 years or defer some of the mortgage balance to get the payment to 31% of your gross income.
- Apply a test to determine if the modification is less costly for them than a foreclosure.

If you meet the above criteria, you will have to complete a three month trial period making payments at the new amount. If you successfully complete the trial period, the servicer will execute a permanent modification agreement that lowers your interest rate for five years. If your interest rate is below the market rate, after five years it will adjust up no more than 1% per year until it reaches the market rate.

If you make your mortgage payments on-time you may qualify for up to \$5,000 towards your mortgage balance.

To find out if your mortgage servicer is participating call the servicer or visit www.financialstability.gov. Be prepared with information about your income, assets, expenses and second mortgage (if any). You will also need to describe the circumstances that caused your income to be reduced or expenses to be increased.

Contact a Mortgage Support Advisor with questions and to help you determine if these or other options are available for addressing your mortgage concerns.

Mortgage Support Advisors offer free, unbiased advice.

To find a Mortgage Support Advisor in your area contact the Minnesota Home Ownership Center 866-462-6466 or www.hocmn.org.