



An overview prepared by Neighborhood Housing Services of Richland County
Loan options for homeowners who cannot refinance conventionally, are delinquent on their mortgage or in foreclosure:

Option 1 - Refinance

Current mortgage interest rates are lower than they have been in years. Many homeowners are taking advantage of the market and are refinancing their loans. To qualify for a refinance under conventional terms, the homeowner must re-qualify. That generally means there must be 20% equity in the home, the borrower must have good credit, limited debt, and be able to verify their income.

Some homeowners cannot take advantage of the refinancing opportunity because they do not meet those requirements. Making Home Affordable will help borrowers whose loans are held by Fannie Mae or Freddie Mac refinance into a more affordable mortgage. See "Refinances" to determine if you may be eligible for this option.

Option 2 - HAMP

Homeowners who do not qualify for a refinance may be able to apply for a loan modification to provide them with mortgage payments that they can afford. They may qualify even if they are delinquent or are currently in the foreclosure process. See "HAMP- Making Home Affordable Modifications" for further information.

Option 3 – UP for Unemployed Borrowers

Unemployed borrowers meeting eligibility criteria will have an opportunity to have their mortgage payments temporarily reduced for a minimum of 3 months, and up to 6 months for some borrower, while they look for a job. If the homeowner does not find a job, they will be evaluated for HAMP or may be eligible for HAMP's alternatives to foreclosure. See "Home Affordable Unemployment Program".

Option 4 – Emergency Homeowner Loan Program

Not available until the end of 2010, certain states including WI will have funds available to qualifying homeowners who have had a reduction in income to bring their mortgage current (through a 5 year declining balance, zero interest loan). Homeowner must have likelihood to be able to resume repayment of first mortgage within 2 years and meet other housing expenses and debt obligations.

Option 5– HAFA (Home Affordable Foreclosure Alternatives)

Making Home Affordable will not help everyone. If you do not qualify for the above options or your servicer is not participating in the program, you still may have some options. Your servicer may have individual plans and will work with you to make your mortgage affordable or provide a Short Sale and Deed-in-Lieu of foreclosure. See "What if I Don't Qualify for a Making Home Affordable Refinance or Modification?"

2MP – Second lien modifications See 2nd Lien Modification Program for details.

NOTE: All the above options have eligibility criteria. Not all borrowers or loans may qualify.

Refinances

Many homeowners pay their mortgages on time but are not able to refinance to take advantage of today's 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 a more affordable mortgage.

If you are a homeowner who is current on your mortgage payments but unable to refinance to a lower interest rate because your home value has decreased, you may be able to refinance.

Do I qualify for a Making Home Affordable Refinance? Answer these questions:

1. Is your home your primary residence?
2. Do you have a Fannie Mae or Freddie Mac loan? If you don't know contact:
 - Fannie Mae,
 - 1-800-7FANNIE (8am to 8pm EST).
 - www.fanniemae.com/homeaffordable
 - Freddie Mac
 - 1-800-FREDDIE (8am to 8pm EST)
 - www.freddiemac.com/avoidforeclosure/
3. Are you current on your mortgage payments?
 - *"Current" means that you haven't been more than 30-days late on your mortgage payment in the last 12 months.*
4. Do you believe that the amount you owe on your first mortgage is about the same or less than the current value of your house? (Loan to value may be up to 125% for a "Relief Refinance".)

If you answered "yes" to **all** of these questions, you may qualify for a Home Affordable Refinance. The next step is to gather the information you will need to provide to your lender. This includes:

- Information about the monthly gross (before tax) income of your household, including recent pay stubs if you receive them or documentation of income you receive from other sources.
- Your most recent income tax return.
- Information about any second mortgage on the house.
- Account balances and minimum monthly payments due on all of your credit cards.
- Account balances and monthly payments on all your other debts such as student loans and car loans.

After you have this information, you should **call your mortgage servicer or lender** (the organization to whom you make your monthly mortgage payments) and ask about the Home Affordable Refinance application process. The number is on your monthly mortgage bill or coupon book. Also visit www.makinghomeaffordable.gov for more information.

HAMP – Making Home Affordable Modifications

If you can no longer afford to make your monthly loan payments because your interest rate has increased, you have less income or you are experiencing a hardship that has increased your expenses (like medical bills), you may qualify for a loan modification to make your monthly mortgage payment more affordable. Millions of borrowers who are current but having difficulty making their payments, and borrowers who have already missed one or more payments or are in foreclosure may be eligible.

Do I qualify for a Home Affordable Modification? Answer these questions:

1. Is your home your primary residence?
2. Is the amount you owe on your first mortgage equal to or less than \$729,750?
3. Are you having trouble paying your mortgage? For example, have you had a significant increase in your mortgage payment **OR** reduction in your income since you got your current loan **OR** have you suffered a hardship that has increased your expenses (like medical bills)?
4. Did you get your current mortgage before January 1, 2009?

What do I do next?

If you answered yes to **all** of these questions, you may qualify for a Home Affordable Modification. The next step is to gather the information you will need to provide to your lender. This includes:

- RMA – (Request for Modification and Affidavit). This form can be downloaded from your Servicer's website or at www.makinghomeaffordable.gov, or sent to you by your Servicer.
- Information about the monthly gross (before tax) income of your household, including recent pay stubs if you receive them or documentation of income you receive from other sources.
- Information about your assets
- Information about any second mortgage on the house.
- Account balances and minimum monthly payments due on all of your credit cards.
- Account balances and monthly payments on all your other debts such as student loans and car loans.
- A brief letter or statement describing the circumstances that caused your income to be reduced or expenses to be increased (job loss, divorce, illness, etc.).

After you have this information, you should call your mortgage servicer and ask to be considered for a Home Affordable Modification. The number is on your monthly mortgage bill or coupon book. Also visit www.makinghomeaffordable.gov for more information.

IN THE MEANTIME, MANY LENDERS HAVE MADE A COMMITMENT TO DELAY FORECLOSURE ON ALL LOANS THAT MEET THE MINIMUM ELIGIBILITY CRITERIA FOR A HOME AFFORDABLE MODIFICATION.

How HAMP modifications work: reduce the total mortgage payment (principle, interest, taxes, insurance and HOA fees) to 31% of monthly gross income by reducing interest rate as low as 2%, extending the term of the loan up to 40 years if 2% interest rate cannot achieve 31% payment, and lastly, deferring a portion of the principle without interest until the loan is paid. A 3 month trial period must be successfully completed before a final modification is offered.

FHA, VA, RD have Home Affordable Modification programs that differ from the HAMP modifications, but still provide relief for the homeowner.

What if I Don't Qualify for a Making Home Affordable Refinance or Modification?

The Making Home Affordable refinance and modification options are designed specifically to allow existing homeowners to keep their homes by making mortgage payments affordable. The plan will not help everyone. For example, it is not designed to reduce mortgage balances for borrowers who have sufficient income to make their mortgage payments but owe more than their homes are worth. It also will not help investor borrowers or borrowers who have no income and cannot make any mortgage payment.

If you do not qualify for a Making Home Affordable refinance or loan modification, your mortgage servicer or [HUD-approved housing counselor](#) may have other options that are available to you. These options may include:

- **Forbearance:** The “forbearance” agreement means that you pay only a portion of your regular payment or no payment at all for a specific period of time based on your current financial status. At the end of the forbearance period, you will begin making regular payments as well as an additional amount to pay off the past-due amount.
- **Repayment Plan:** If you have missed some of your monthly payments, your mortgage servicer may be able to help you catch up by creating a schedule for repaying the past-due amounts.
- **In-house modification:** Your servicer may be able to offer a modification with terms that are different from the HAMP modification, but which makes the mortgage affordable.
- **Special mortgage relief assistance for active duty military service members.**

In certain cases, you may need to sell your home and move to more affordable housing. The Home Affordable Foreclosure Alternatives Program (HAFA) provides additional options to avoid costly foreclosures and offers incentives to borrowers, servicers and investors who utilize a short sale or deed-in-lieu to avoid foreclosure. Call your mortgage servicer or a [HUD-approved housing counselor](#) to discuss:

- **Pre-foreclosure Sale:** If you cannot sell your home for an amount that will pay off the mortgage loan, talk to your mortgage servicer about a pre-foreclosure or “short” sale. The mortgage servicer may be willing to accept a payoff amount less than what you owe on the mortgage balance in certain situations.
- **Deed-in-lieu of foreclosure:** If you cannot sell your home in a reasonable amount of time, your mortgage servicer may agree to have you voluntarily transfer the deed to the property to them to help avoid the impact of a foreclosure on your credit rating.

Home Affordable Unemployment Program (UP)

Any unemployed homeowner who requests assistance under HAMP must first be considered for UP. UP provides temporary assistance to homeowners with a hardship related to unemployment. Assistance grants homeowners a forbearance where payments are reduced or suspended.

Borrower:

- Is owner-occupant of a 1-4 unit property.
- Makes a request before seriously delinquent.
- Is unemployed at time of request and eligible for unemployment benefits.
- Has not previously received UP forbearance.

Loan:

- Amount owed on first mortgage is equal to or less than \$729,750.
- Mortgage is a 1st lien and originated on or before January 1, 2009.
- Is delinquent (but has not missed more than 3 consecutive months) or default is foreseeable.
- Loan has not been previously modified under HAMP.

The minimum forbearance is 3 months, but may be extended at servicer discretion. The payment must be reduced to no more than 31% of gross income. Servicer may suspend homeowners' mortgage payment in full. If borrower has not become employed during the forbearance, or becomes employed, but income is less than what it was prior to job loss, homeowner will be evaluated for a HAMP.

Visit www.makinghomeaffordable.gov for more information.

Fannie Mae, Freddie Mac, and FHA loans are not eligible for UP.