

Everything you need to know about the Homeowner Affordability and Stability Plan.

Borrowers who are at risk of foreclosure

What help is available for borrowers who are at risk of foreclosure either because they are behind on their mortgage or are struggling to make the payments?

The Homeowner Affordability and Stability Plan offers help to borrowers who are already behind on their mortgage payments or who are struggling to keep their loans current.

For example TODAY a family's home value has fallen to \$189,000 from \$230,000 and its loan balance is \$214,016. Job loss has reduced household income and loan payments can't be made. UNDER THE PROPOSAL the family could modify the mortgage for five years, so that payments are manageable. This would save \$406 a month or \$4,870 a year.

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

No. Borrowers who are struggling to stay current on their mortgage payments may be eligible if their income is not sufficient to continue to make their mortgage payments and they are at risk of imminent default. This may be due to several factors, such as a loss of income, a significant increase in expenses, or an interest rate that will reset to an unaffordable level.

How do I know if I qualify for payment reduction under the Homeowner Affordability and Stability Plan?

In general, a borrower may qualify for a mortgage modification if (a) they occupy the house as a primary residence; (b) their monthly mortgage payment is greater than 31% of their monthly gross income; and (c) their loan is not large enough to exceed current Fannie Mae and Freddie Mac loan limits.

I do not live in the house that secures the mortgage I'd like to modify. Is this mortgage eligible for the Homeowner Affordability and Stability Plan?

No. For example, if you own a house that you use as a vacation home or that you rent out to tenants, the mortgage on that house is not eligible. If you used to live in the home but you moved out, the mortgage is not eligible. Only the mortgage on your primary residence is eligible. The mortgage lender will check to see if the dwelling is your primary residence.

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 primary residence.

I have two mortgages. Will the Homeowner Affordability and Stability Plan reduce the payments on both?

Only the first mortgage is eligible for a modification.

I owe more than my house is worth. Will the Homeowner Affordability and Stability Plan reduce what I owe?

Lenders may lower payments mainly by reducing loan interest rates. However, at your lender's discretion modifications may include upfront reductions of loan principal.

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

Yes. To encourage borrowers who work hard to retain homeownership, the Homeowner Affordability and Stability Plan provides incentive payments as a borrower makes timely payments on the modified loan. The incentive will accrue on a monthly basis and will be applied directly to reduce your mortgage debt. Borrowers who pay on time for five years can have up to \$5,000 applied to reduce their debt by the end of that period.

How much will a modification cost me?

There is no cost to borrowers for a modification under the Homeowner Affordability and Stability Plan. If you wish to get assistance from a HUD-approved housing counseling agency or are referred to a counselor as a condition of the modification, you will not be charged a fee. 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.

Is my lender required to modify my loan?

No. Mortgage lenders participate in the program on a voluntary basis and loans are evaluated for modification on a case-by-case basis.

I'm already working with my lender / housing counselor on a loan workout. Can I still be considered for the Homeowner Affordability and Stability Plan?

Ask your lender or counselor to be considered under the Homeowner Affordability and Stability Plan.

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

You may not need to do anything at this time. Most mortgage lenders will evaluate loans in their portfolio to identify borrowers who may meet the eligibility criteria.

Letters will be sent to potentially eligible homeowners, a process that may take several weeks. If you think you qualify for a modification and do not receive a letter within several weeks, contact your mortgage servicer or a HUD-approved housing counselor. Please be aware that servicers and counseling agencies are expected to receive an extraordinary number of calls about this program.

What should I do in the meantime?

Gather the information that you will need to provide to your lender for the modification program. This includes...

- Information about the monthly gross 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.
- Payments on each of your credit cards if you are carrying balances from month to month.
- Payments on other loans such as student loans and car loans.

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

Many mortgage lenders have expressed their intention to postpone foreclosure sales on all mortgages that may qualify for a modification in order to allow sufficient time to evaluate the borrower's eligibility. We support this effort. Contact your mortgage servicer, Guaranty Bank at 1-800-741-4605 or contact a HUD approved credit counselor at 1-800-569-4287 for assistance. You may visit the HUD website to choose a counseling agency by using the Link below.

<http://portal.hud.gov/portal/page/portal/HUD>

