

New Government Program Helps Struggling Home Owners

As the recession causes hardships for families across the country, one of the most stressful thoughts is the possibility of losing your home. Home owners may no longer be able to afford monthly mortgage payments due to a change in personal finances or an interest rate increase, and tightened lending standards make it difficult to refinance. According to the Mortgage Bankers Association, the share of mortgages in foreclosure hit an all-time high at the end of 2008.

But struggling home owners can get help. Recognizing the critical role housing plays in America's economic stability, President Obama created a new government program called Making Home Affordable. Up to 9 million home owners may be eligible to refinance or modify their loans and reduce their monthly mortgage payments to more affordable levels.

Mortgage Refinancing

The Home Affordable Refinance Program helps home owners who are making their payments on time, but are not able to take advantage of today's lower interest rates and refinance their loan because their home's value has decreased. You may be eligible if you:

- have a loan owned or guaranteed by Freddie Mac or Fannie Mae; and
- own a one- to four-unit home; and
- are current on your mortgage payments; and
- the amount you owe on your mortgage is about the same or slightly less than the current value of your home.

Mortgage Modifications

The Home Affordable Modification Program seeks to prevent avoidable foreclosures. It is for borrowers who are

having difficulty keeping their loans current or who are already behind on their payments, regardless of who owns or services the mortgage. You may be eligible to have your loan terms modified if:

- you are having trouble paying your mortgage due to a change in your personal circumstances or an interest rate increase; and
- the home is your primary residence; and
- the outstanding balance on your first mortgage is equal to or less than \$729,750; and
- you got your mortgage before Jan. 1, 2009; and
- your total payment on your first mortgage is more than 31 percent of your current gross income.

The government set up www.makinghomeaffordable.gov, a consumer Web site that provides detailed information about the programs, self-assessment tools and calculators to help home owners determine if they are eligible, links to free counseling resources and contact information for major mortgage servicers.

In April, changes were made to the program to make it easier for home owners who have second mortgages to modify or refinance their loans. If you weren't able to work with your loan servicer before because of ineligibility due to your second mortgage, you might want to contact them again to see if you are now eligible.

To apply for either Home Affordable program, home owners need to contact their mortgage servicer or lender. Struggling home owners who need help understanding their options can call 1-888-995-HOPE (4673) to get free counseling from HUD-approved housing counselors.

For more information on financing your home and resources to help you avoid foreclosure, go to the "Financing Your Home" section at www.nahb.org/forconsumers.