

"HOPE for Homeowners" to Provide Foreclosure Relief

Homeowners feeling the pinch with the ongoing economic crisis and struggling with their current monthly mortgage payments can now get help. "HOPE for Homeowners" is a new program launched on October 1 to help families refinance under a more affordable loan insured by the U.S. Department of Housing and Urban Development's (HUD) Federal Housing Administration (FHA).

How Does It Work?

Under the program, lenders holding the troubled mortgage must agree to accept, as payment-in-full, an amount equal to 87 percent of the current value of the property. A new FHA-insured mortgage will be given to the borrower which represents 90 percent of the home's current value. The three percent difference is paid to FHA by the lender to cover the borrower's up-front FHA mortgage insurance premium.

The homeowner is then responsible for an annual mortgage insurance premium of one and one-half percent, which, like current FHA-insured loans, is paid monthly as part of the mortgage payment.

Other provisions in the plan include:

- The new FHA loan amount may not exceed a maximum of \$550,440.
- Mortgage lenders must waive prepayment penalties and late payment fees.
- The borrower cannot take out a second mortgage for the first five years of the loan, except under certain circumstances for emergency repairs.
- Borrowers need to be aware, however, that in exchange for taking advantage of this program they must agree to share with FHA both the equity created at the beginning of this new mortgage and any future appreciation in the value of the home.

Do I Qualify?

According to HUD, borrowers are eligible if:

- The home is their primary residence, and they have no ownership interest in any other residential property, such as second homes.

- Their existing mortgage was originated on or before January 1, 2008, and they have made at least six payments.
- They are not able to pay their existing mortgage without help.
- As of March 2008, their total monthly mortgage payments due were more than 31 percent of their gross monthly income.

Homeowners should contact their lenders to be sure they meet these and other program qualifications. To apply, contact an FHA-approved lender or housing counselor. A list is available online at www.fha.gov.

"One year ago, FHA expanded refinancing into its FHASecure program. Since that time, we have helped more than 360,000 families keep their homes by refinancing with FHA, and we will assist a total of 500,000 families by the end of this year," said FHA Commissioner Brian Montgomery.

For more information, including a consumer fact sheet and frequently asked questions, visit HUD's Web site www.hud.gov/hopeforhomeowners.

Take advantage of the resources that are available to you to help you keep your family's biggest asset. For more information on foreclosure help, go to the "Financing Your Home" link at www.nahb.org/forconsumers.