



Home Refinance and Loan Modification Plan

On March 4, 2009, the Obama Administration released detailed guidelines for homeowners to help them determine if they qualify for the Administration's new Making Home Affordable plan. This is a follow up to the Administration's announcement on February 18 outlining their plan to stem the current tide of foreclosures and stabilize the nation's housing markets.

The plan has two primary goals:

1. To help homeowners in existing Fannie Mae or Freddie Mac loans that are current on their mortgage payments to refinance and take advantage of today's lower interest rates. Many of these homeowners are unable to refinance because of lost appreciation in their homes due to the continuing decline in home prices. These homeowners still have equity in their home, just not the necessary 20% to get a refinance. Under the Administration's plan, Fannie and Freddie will be allowed to refinance qualified homeowners up to a 105 percent loan-to-value of the current value of the home.
2. To help homeowners who are at risk of foreclosure. The Administration is offering loan servicers and investors government assistance to help offset the cost of modifying qualified homeowners into affordable mortgages that will allow them to keep their homes. This may be done by reducing the mortgage interest rate, extending the term of the loan, principal forbearance, and/or principal cram down. This program is voluntary and the servicers must agree to contracts with the Treasury to participate.

In addition, the Government warns homeowners to beware of foreclosure rescue scams:

* There should never be a fee charged for information or assistance regarding the Making Home Affordable Program.



* Beware of anyone who says they can "save" your home if you sign or transfer over the deed to your home. Do not sign over the deed to your property to any organization or individual unless you are working directly with your mortgage company to forgive your debt.

* Never make your mortgage payment to anyone other than your mortgage company without their approval.

Source: CAR.org