

Foreclosure Assistance Programs Guide

Foreclosure Prevention and Assistance Programs

Making Home Affordable

In March 2009 the Obama Administration launched a plan to stabilize housing markets and help 7 to 9 million Americans reduce their monthly mortgage payments to affordable levels. The plan's various programs are detailed below:

- **Home Affordable Refinance Program (HARP)**
Also known as HARP, this U.S. Treasury program provides refinance options for borrowers who are current and whose loans are owned or guaranteed by Fannie Mae or Freddie Mac. It allows borrowers who have been unable to refinance due to falling home values the opportunity to take advantage of lower interest rates.
- **Home Affordable Modification Program (HAMP)**
The second major component of the Treasury's plan, HAMP offers modified loans for borrowers who have become delinquent or are at risk of imminent default. It aims to provide more affordable monthly payments for homeowners who have had a reduction in income, experienced financial hardship or seen a significant increase in their mortgage payment. Loan modifications may be done only through the current servicer.
- **FHA-Home Affordable Modification Program (FHA-HAMP)**
This program provides lower monthly mortgage payments for FHA borrowers who have missed at least one mortgage payment. A partial claim is used to defer the repayment of principal through an interest-free subordinate mortgage that is not due until the first mortgage is paid off, and the remaining balance is modified into a 30 year, fixed rate loan.

Program	Who Can Participate?
HARP	Any Fannie Mae or Freddie Mac affiliated lender
HAMP	Only the current servicer of the loan
FHA-HAMP	Only the current servicer of the loan

Hope for Homeowners

Originally a Bush Administration initiative, the Helping Families Save Their Homes Act signed by President Obama brought this program under the Making Home Affordable umbrella in May 2009. It provides refinancing opportunities for borrowers who are underwater and are having difficulty making payments but can afford a new FHA 30-year fixed rate loan (program is currently not being used and waiting for new guidelines to be implemented).

Ohio Home Rescue Fund

This statewide assistance program provides qualifying Ohio homeowners who are at risk of foreclosure zero-interest deferred loans to assist in making mortgage payments. Administered through numerous NeighborWorks

organizations, the program is targeted at borrowers who have experienced a temporary financial setback and offers assistance up to \$3,000-\$5,000 depending on income level.

VA Streamline Refinance (Interest Rate Reduction Refinancing Loan)

This program for borrowers with VA guaranteed mortgages provides the opportunity to refinance to a loan with a lower interest rate or from an adjustable rate to a fixed rate, potentially with no out-of-pocket expenses.

Federal Home Loan Bank- Preserving the American Dream

Depending on the availability of funds, member institutions of the Federal Home Loan Bank of Cincinnati may offer their borrowers assistance of up to \$3500 for foreclosure prevention counseling, mortgage payment assistance including late fees and foreclosure mitigation activities.

*Disclaimer: This is not an exhaustive list

Making Home Affordable – HARP

The Home Affordable Refinance Program provides an opportunity for all Fannie Mae and Freddie Mac affiliated lenders to refinance loans, whether or not they originated the loans, in order to improve long-term affordability or sustainability.

Borrower Eligibility Criteria	Which Loans Qualify?
Must be owner-occupant of a 1-4 unit property	Must be owned or guaranteed by Fannie Mae or Freddie Mac
Must be current on the mortgage and have reasonable ability to pay the new mortgage payment	Amount of the first loan does not exceed 125% of the property's current market value*

*Currently, the 125% limit applies to loans refinanced by the lender who originated the loan. Beginning September 19 for Fannie Mae loans, and October 1 for Freddie Mac loans, any affiliated lender will have the capability to refinance loans with LTVs up to 125%, up from the current limit of 105%.

How Does HARP Differ from Other Refinances?

- No equity requirement
- No combined loan-to-value requirement
- Mortgage insurance flexibilities for loans with higher LTVs
- Faster to qualify and may be less expensive to process
- Limited cash-out to cover closing costs only; no debt consolidation

Making Home Affordable – HAMP

The Home Affordable Modification Program allows qualifying at-risk borrowers to stay in their homes through affordable monthly payments that are sustainable in the long-run.

Borrower Eligibility Criteria	Which Loans Qualify?
Must be owner-occupant of a 1-4 unit property	Amount owed on a first mortgage does not exceed \$729,750 for a single-family home
Must have sufficient, documented income to support the modified payment	Must have been originated on or before January 1, 2009
Must be delinquent or at risk of imminent default, or have suffered a financial hardship	First mortgage payment must be greater than 31% of borrower's gross income

Servicer Incentives to Participate in HAMP

- \$1000 payment for each successful modification
- Additional \$500 payment for each modification for which the borrower is not yet delinquent
- Incentive to reduce monthly payments by 6% or more

Additional Resources

Making Home Affordable

www.makinghomeaffordable.gov

Fannie Mae

www.fanniemae.com

Fannie Mae Business-to-Business site

www.efanniemae.com

Freddie Mac

www.freddiemac.com

U.S. Department of Housing and Urban Development

www.hud.gov

U.S. Department of Veterans Affairs Home Loans

www.homeloans.va.gov

Ohio Housing Finance Agency

www.ohiohome.org

Federal Home Loan Bank of Cincinnati

web.fhlbcin.com

Sources

<http://web.fhlbcin.com>

<http://www.development.ohio.gov>

<http://www.efanniemae.com>

<http://www.fanniemae.com>

<http://www.fhfa.gov>

<http://www.freddiemac.com>

<http://www.homeloans.va.gov>

<http://www.hud.gov>

<http://www.makinghomeaffordable.gov>

<http://www.nhscleveland.org>

<http://www.ustreas.gov>

U.S. Treasury presentation in Columbus, OH, July 17, 2009