

Information for Maryland Homeowners Regarding the Obama Administration's New Foreclosure Prevention Plan

How will the President's new plan help Maryland families facing foreclosure?

The President's plan calls for reducing payments for certain distressed borrowers through three strategies: refinancing FannieMae- and FreddieMac-owned loans to lower cost loans; increasing loan modifications through lender and servicer incentives; and, decreasing mortgage interest rates by increase confidence in FannieMae and Freddie Mac.

When does this start?

The Obama Administration is hard at work with lenders to help homeowners refinance or modify their loan terms right now. Each lender will have their own timeline for incorporating these strategies; and, this website will be updated to include that news.

How do I know whether I qualify for a loan modification?

The best first step is to call your current mortgage loan servicer for guidance; this is the company's whose phone number is on your monthly mortgage statement. Not all servicers and lenders are currently enrolled in or ready to implement the program but many will be as time moves on. In addition, nonprofit housing counselors provide free and objective guidance and can help you reach people at the servicers and lenders if you are having difficulty. **Avoid firms that charge you a fee for helping you get a loan modification or promise to "save" your home from foreclosure.** A list of Maryland HOPE counselors is available at www.mdhope.org or by calling the toll free Maryland HOPE Hotline at 1-866-462-7555.

Keep in mind that this program applies only to a primary residence. That could be a home for one to four families, a condo, a cooperative apartment or a manufactured home affixed to a foundation. These loan modifications do not apply to second homes or investment properties, and the home cannot be vacant or condemned. It also does not apply to one-unit homes with mortgage balances in excess of \$729,750.

This program also is not for people who can already easily afford to pay their loans. You may qualify if your mortgage payment is more than 31% of your pretax monthly income and if you can show that you have the income needed to sustain the monthly mortgage payments.

You may qualify whether or not you are up to date with your payments, but you will need to show that you do not have sufficient cash or other readily available assets to meet your current payments but could pay a reduced monthly mortgage payment.

Aside from lower payments, what other benefits are there to participating?

As long as participants stay current on the modified loans, they can get reductions of as much as \$1,000 each year in their principal balance for five years.

Can everyone with a hardship be helped?

Unfortunately, not everyone with a hardship can be helped. Servicers will still determine whether a loan modification is in the financial interests of the lender or investor who owns the loan. If it is not, you may not qualify.

Do I have to pay a fee for a loan modification?

No. **Beware of Foreclosure Rescue Scams** - Help Is Free!

Beware of any third party that asks you to pay a fee in exchange for housing counseling services or modification of a delinquent loan. There is never a fee to get help from a nonprofit housing counselor. In addition, the Obama plan includes providing lenders and servicers a fee for helping you! So, do not pay - walk away!

Beware of anyone who says they can "save" your home if you sign or transfer over the deed to your house. 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 payments to anyone other than your mortgage company unless you have the mortgage company's written approval. It is further recommended that you *do not sign legal documents* without having documents first reviewed by a qualified attorney engaged on your behalf. Pro Bono attorneys may be available by calling the Maryland HOPE Hotline at 1-877-462-7555.

How do I know whether I qualify for the refinancing part of this plan?

You must be current on your payments and your loan must be owned or guaranteed by government-backed mortgage companies Fannie Mae or Freddie Mac.

So, again, the best first step is to call your mortgage servicer or a nonprofit housing counselor. They should be able to quickly determine if you have a "Fannie" or "Freddie loan. On your own you can contact Fannie by calling 1-800-7FANNIE or visiting this Web site: www.fanniemae.com/homeaffordable. To reach Freddie, call 1-800-FREDDIE or go to www.freddiemac.com/avoidforeclosure.

These refinancings are designed for cases in which your loan balance is between 80% and 105% of the estimated current value of your home (which is likely less than what you paid for the house). Loan servicers will use computer programs or other means to estimate the value of your home.

Do I have to pay a fee for a refinanced loan?

Lenders or mortgage brokers may charge fees, which are likely to vary.

How long will these programs last?

The modification plan ends Dec. 31, 2012, and loans can be reworked only one time under this program. The refinance program ends in June 2010.

Where can I get more information?

Go to the Maryland HOPE Website www.mdhope.org which has updated information on this program, or go to the U.S. Treasury has provided information at www.financialstability.gov.

Note: Some of this information appeared in the *Wall Street Journal*, March 5, 2009.