

File Created by [Blogging Rebirth](#) WP Plugin

Hope For Homeowners Program

HOPE for Homeowners

The most sweeping mortgage relief legislation since the Great Depression was signed by President Bush on July 30th, 2008. Although the program doesn't officially start until October 1st, you should contact a H.U.D. certified counselor now, to begin the process.

The Hope for Homeowners program will help struggling families trapped in mortgages they currently cannot afford. Under the program, certain borrowers facing difficulty with their mortgage will be eligible to refinance into FHA-insured mortgages they can afford.

Hope for Homeowners loans require that new loans be based on a family's long-term ability to repay the mortgage. FHA only allows primary homes to be eligible for FHA-insured mortgages. Your lender must also volunteer to participate in the program.

Borrowers must also meet the following eligibility criteria:

Their mortgage must have originated on or before January 1, 2008;

Their mortgage debt-to-income must be at least 31 percent;

They cannot afford their current loan;

They did not intentionally miss mortgage payments; and

They do not own second homes.

Hope loans will have the following:

30-year, fixed rate mortgage;

Maximum 90 percent loan-to-value ratio;

No prepayment penalties;

\$550,440 maximum mortgage amount.

The F.H.A. is currently formulating the process for this program and we will update this website when more information is available.

Below is from the FHA website.

Questions and answers about the Hope for Homeowners Act of 2008.

Q: What exactly will the legislation do?

A: It will allow those who qualify to cancel their old mortgage loans and replace them with 30-year fixed-rate loans for up to 90 percent of the home's current value. The FHA will insure a total of \$300 billion of the loans over a three-year period. But the decision on whether to write such a loan remains up to banks, which would have to be willing to take a loss on the existing loans in exchange for avoiding an often-costly foreclosure.

Q: Who is eligible?

A: Eligible borrowers must have spent at least 31 percent of their monthly incomes on their mortgages as of March 1, 2008. The troubled loan must have originated no later than Jan. 1, 2008, and be on the borrower's primary residence. And the borrower's income must be verified.

Q: When does the program start?

A: It takes effect Oct. 1 and runs through September 2011, although the FHA isn't likely to have it operating at full capacity until next year.

Q: Since lenders can pick and choose which loans to refinance, how can consumers determine if theirs will be selected?

A: Check with the bank or financial company servicing your mortgage, but it may be weeks before they make decisions concerning the new guidelines and assess individual loans. Even then, keep expectations limited. "Servicers are going to be reluctant to take the government up on their offer," predicted Mark Zandi, chief economist at Moody's Economy.com. "The earliest they'll start taking them up on it is early next year. And even then it's likely to be modest."

Q: Is there anything a homeowner can do to improve chances of benefiting from the program, such as crunching numbers to make a case for the bank?

A: Not really. The best step is to keep up your payments as best you can.

Q: But doesn't this provide an incentive to NOT pay your mortgage, if you're barely keeping ahead of bills and are underwater on your house, so you can qualify?

A: No. If your situation deteriorates enough, the bank may reject any possible new loan. "Turning yourself into a financial basket case is not going to work," said Dan Seiver, a finance professor at San Diego State University. "If you turn into a complete deadbeat, the servicer is going to just foreclose and dump it."

Q: If the banks and lenders refuse to write these loans, then what?

A: Public and political pressure may prompt them to participate. If not, and more people continue to lose their homes, Zandi says the next White House administration subject them to additional regulations or investigations if they remain unwilling to take on the risks.

Q: What happens if I'm able to sell my home after I refinance?

A: You must agree to share any profits from the resale with the government based on a sliding scale, and FHA must be repaid the equity.

You can also find this article published on [Hope For Homeowners Program](#), and on the tag pages [FHA](#), [Hope](#), [Hope For Homeowners Program](#).