

Surviving Recession: Mortgage relief program has homeowners hopeful

By Jim Wasserman Friday, March 6, 2009

Mortgage lending institutions reported high call volumes Thursday and thousands of Internet inquiries from struggling borrowers eager to find relief in President Obama's \$275 billion housing rescue plan. "Within minutes of the plan being announced, there were 3,000 hits on our Web site," said Eileen Fitzpatrick, a spokeswoman for federal mortgage giant Freddie Mac.

"As I understand it, the phones are ringing this morning," Jay Brinkmann, chief economist of the Mortgage Bankers Association, told reporters during a conference call early Thursday.

The housing rescue plan launched Wednesday is the most ambitious yet by the U.S. government and private lenders, aiming to help up to nine million U.S. homeowners avert foreclosure. It will help borrowers refinance to cheaper interest rates if they have good payment histories and owe about what their home is worth or a little more.

Many homeowners in the region who owe far more than their houses are worth will not be eligible for refinancing under the program.

The plan also aims to trim monthly payments to 31 percent of a troubled borrower's income by slashing interest rates and stretching loans out to 40 years.

Finally, it shores up mortgage giants Freddie Mac and Fannie Mae with \$200 billion in hopes of driving interest rates well below 5 percent for all borrowers.

Do you qualify for help? Here's how to find out.

Getting started

The best U.S. government Web site for the Obama administration's Homeowner Affordability and Stabilization Plan is www.financialstability.gov. It explains the basics of the modification and refinancing plans. Highly recommended: "Borrower Q&A." It's 10 pages with all the specific details. In general for Web searches, watch for the words "Making Home Affordable."

The government site has good tools to help borrowers determine if they're eligible to refinance to a lower interest rate or to receive a loan modification. First click on the "Borrower Information" link.

Option one, refinance

Click on the "Refinancing" link. There are two critical requirements: the home must be your primary residence and Freddie Mac or Fannie Mae must own your loan. Otherwise, you can't refinance through the program. You also must be current on payments.

To find out if your loan is owned by Fannie Mae or Freddie Mac, you can contact them directly:

- Call Fannie Mae at (800) 7FANNIE between 5 a.m. and 5 p.m. Pacific time or go to www.fanniemae.com/homeaffordable.
- Call Freddie Mac at (800) FREDDIE between 5 a.m. and 5 p.m. Pacific time or

go to www.freddiemac.com/avoidforeclosure. If either Freddie Mac or Fannie Mae owns the loan, gather specific information.

You should be able to show your monthly gross income (before taxes) with pay stubs for the whole household. Also, find your most recent tax return and information about any second mortgage on the house.

Be able to document what's in your checking and savings accounts and what you pay on credit cards and loans such as student debt.

Then call your lender or loan servicer - the company that collects your monthly payments - to proceed further. (The phone number is on the payment).

Ask them about the "Home Affordable Refinance" application process.

Option two, modification

To start getting payments down to 31 percent of your monthly income, click on the "Modification" link.

It tells you the rules: Again, the home has to be your primary residence and you have to be having trouble paying the mortgage - because your payments increased, you lost a job or had a medical or other hardship. You can get help if you are behind on payments.

Gather the same documents as for a refinance. Also, write a "hardship letter," explaining the circumstances that make it hard to keep up with payments.

Ask your servicer about the “Home Affordable Modification” application process.

Contact your loan servicer

Here is what some of the biggest lenders and loan servicers in the region advised Thursday:

- JPMorgan Chase urged customers struggling with loans from Chase, Washington Mutual and EMC to call (866) 550-5705.

Chase spokesman Gary Kishner said calls on the hotline doubled from usual following Wednesday’s announcement about the plan’s launch. They doubled again Thursday from Wednesday, indicating high levels of interest.

He also announced that the bank will open a homeownership center in Sacramento on March 20. Borrowers struggling with loans from Chase, WAMU or EMC can go there directly for help. The location will be announced.

Chase will open a similar center in Stockton on March 19, Kishner said.

- Wells Fargo is providing more details about the new program at these two

Web sites: www.wellsfargo.com/homeassist and www.wachovia.com, said bank spokeswoman Julie Campbell. Customers without computers should call the number on their statement.

Campbell said Wells Fargo has added staff to handle the increase in customer

calls, but he also asked “for patience as we quickly put the systems in place to support the modification and refinance programs.”

- Bank of America and Countrywide spokesman Rick Simon promised Thursday that “we’re going to keep staffing levels at a higher level for the next few days and into next week” to handle inquiries from borrowers. He said there has been a big increase in call volume related to the Obama plan’s refinancing provision.

Bank of American customers should call (800) 809-0231 for questions about refinancing and (800) 285-6000 for questions about loan modification.

Countrywide customers should call (800) 593-7798 for questions about refinancing and (800) 669-6607 for questions about loan modifications.



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For more information, call (916) 453-8400 or visit our website at mutualhousing.com.

FREE ASSISTANCE:

The Sacramento region has several non-profit loan counseling agencies that can steer struggling borrowers toward free help under the new Obama administration program.

- NeighborWorks Homeownership Center, Sacramento Region: (916) 452-5356; www.nwsac.org.
- NeighborWorks America and Home Ownership Preservation Foundation national hot line: (888) 995-HOPE (4673).
- Home Loan Counseling Center of Sacramento: (916) 646-2005; www.hlcc.net.
- ByDesign Financial Solutions, Sacramento (formerly Consumer Credit Counseling Service): (800) 750-2227; www.bydesignsolutions.org.
- Sacramento Mutual Housing Association: (916) 453-8400, ext. 43. (Staffers can accommodate those who speak Russian, Hmong, Vietnamese and Mien.)
- California Senior Legal Hotline: (916) 551-2140 or (800) 222-1753; senior-legalhotline.org. Staffers specialize in free loan counseling for senior citizens.