

# Home Affordable Refinance Program

The Home Affordable Refinance Program is to provide refinance opportunities to members who have demonstrated an acceptable payment history on their mortgage but due to a decline in home values have been unable to refinance to obtain a lower payment or move to a more stable program.

## Making Home Affordable Refinance FAQs

### 1. I'm current on my mortgage. Will the Home Affordable Refinance help me?

Eligible members who are current on their mortgages but have been unable to take advantage of today's lower interest rates because their homes have decreased in value, may now have the opportunity to refinance into a 30 or 15 year, fixed rate loan. Through the Home Affordable Refinance program, Fannie Mae and Freddie Mac will allow the refinancing of mortgage loans that they own or that they placed in mortgage backed securities.

### 2. How do I know if I am eligible?

You may be eligible if:

- The loan on your home is owned by Fannie Mae or Freddie Mac. Your loan may be eligible if you received your loan from your credit union.
- Your loan was sold to Fannie Mae or Freddie Mac prior to June 1, 2009.
- You are current on the loan at the time of refinance, with no late payment in the past six months and no more than one late payment in the past 12 months.
- You believe that the amount you owe on your first mortgage is about the same or higher than the current value of your house, and
- You have a stable income sufficient to support the new mortgage payments.

### 3. How do I know if my loan is owned or has been securitized by Fannie Mae or Freddie Mac?

Both Fannie Mae and Freddie Mac have established toll-free telephone numbers and web submission processes to make this data available. Members will provide or enter information to determine if either agency owns or securitized the loan. This information is not a guarantee of eligibility for the refinance program, as other qualifying criteria must also be met.

Contact:

Fannie Mae

1-800-7FANNIE (1-800-732-6643, 8am to 8pm EST)

[www.fanniemae.com/loanlookup](http://www.fanniemae.com/loanlookup)

Freddie Mac

1-800-FREDDIE (1-800-373-3343, 8am to 8pm EST)

[www.freddiemac.com/mymortgage](http://www.freddiemac.com/mymortgage)

### 4. I have both a first and a second mortgage. Do I still qualify to refinance under Making Home Affordable?

Members with more than one mortgage may be eligible for a Home Affordable Refinance. Your eligibility will depend, in part, on agreement by the lender that has your second mortgage to remain in a second position, and on your ability to meet the new payment terms on the first mortgage. Existing second liens will not be allowed to be combined with the first mortgage loan outstanding on the property. Contact your second mortgage lender to inquire if they will subordinate your second mortgage under the Home Affordable Program.

### 5. Will refinancing lower my payments?

The objective of the Home Affordable Refinance is to provide credit-worthy members who have shown a commitment to paying their mortgage, the opportunity to get into a safe fixed rate mortgage with payments that are affordable today and sustainable for the life of the loan.

Members whose mortgage interest rates are much higher than the current market rate should see an immediate reduction in their payments. Members who are paying interest only, or who have a low introductory rate that will increase in the future, may not see their current payment go down if they refinance to a fixed rate and avoid future mortgage payment increases. These members, however, could save a great deal over the life of the loan.

When you submit a loan application, your lender will give you a "Good Faith Estimate" that includes your new interest rate, mortgage payment and the amount that you will pay over the life of the loan. Compare this to your current loan terms. If it is not an improvement, then refinancing may not be right for you.

### 6. My current mortgage payment includes private mortgage insurance. Will refinancing eliminate this insurance?

No. Your existing mortgage insurance will transfer to the new refinance loan.

### 7. My current mortgage loan does not have private mortgage insurance. Will private mortgage insurance be required on the new loan?

No. If your existing mortgage loan does not have private mortgage insurance, insurance on your new refinance loan will not be required.

### 8. What are the interest rate and other terms of this refinance offer?

The objective of the Home Affordable Refinance is to provide members with a safe loan program with a fixed, affordable payment. All loans refinanced under the plan will have a 30 or 15 year term with a fixed interest rate. The rate will be based on market rates in effect at the time of lock-in and any associated points and fees quoted by the lender. The refinanced loans will have no prepayment penalties or balloon notes.

### 9. Will refinancing reduce the amount that I owe on my loan?

No. The objective of the Home Affordable Refinance is to help members get into safer, more affordable fixed rate loans. Refinancing will not reduce the principal amount you owe to the first mortgage holder or any other debt you owe. However, refinancing should save you money by reducing the amount of interest that you repay over the life of the loan.

### 10. Can I get cash out to pay other debts?

No. Only the closing costs associated with the refinance may be included in the refinanced amount.

### **11. How do I apply for a Home Affordable Refinance?**

Simply click the Apply Now link on your credit union website to complete the mortgage loan application online and select the Home Affordable Refinance program.

### **12. What documentation will I need?**

It will help your lender if you gather some information and documents before you call. You will need:

- Information about the monthly gross (before tax) income of your household, including recent pay stubs if you receive them or documentation of income you receive from other sources.
- Your most recent income tax return.
- Information about any second mortgage on the house.

### **13. I am delinquent on my mortgage. Will I qualify for a Home Affordable Refinance?**

No. Members who are currently delinquent on their mortgage will not qualify. You should contact your mortgage loan servicer to see if a Home Affordable Modification is an option for you.