



REAL LOANS, REAL PEOPLE, REAL ESTATE

## MAKING HOME AFFORDABLE REFINANCE PROGRAM



### FREQUENTLY ASKED QUESTIONS

#### **I heard that the government is giving everyone 2% loans?**

Um, no. Under MHA, loans that do not qualify for *Refinance* may qualify for *Modification*. Modification of loans will follow a specified sequence of steps in order to reduce the monthly payment to no more than 31% of your household gross monthly income (DTI). The sequence of steps requires first reducing the interest rate to no lower than 2%, then increasing the term to a maximum of 40 years, then, if necessary, reducing principal. This is only available if you do not qualify for the MHA Refinance Program. THERE ARE NO 2% INTEREST RATES for any normal loan other than the Modification Process. You must apply for the refinance first.

#### **How do I qualify for a MHA Refinance?**

You may be eligible if:

- You are the owner and occupant of a 1-4 family home
- The loan on your home is owned or controlled by FNMA or FHLMC (call us to find out)
- You are current on your mortgage payments (no 30+ day lates in the last 12 months)
- The amount you owe is 125% or less of the current market value (appraised value)
- You have a stable income to support the new mortgage payments

#### **What do you mean Stable Income to Qualify?**

Well, very simple; you must qualify (show you can afford payments) under establish loan underwriting guidelines per FNMA and FHLMC. You must provide documents to this effect, which include, but are not limited to:

- 2 current pay stubs
- 2 years W-2s
- 2 years full tax returns
- Signed 4506-t to verify tax returns

#### **What rate do I get?**

Your new rate will be determined based upon current market rates combined with standard interest rate factors, or LLPAs (Loan Level Price Adjustments). These factors include, but are not limited to:

- Credit Score
- Loan to Value
- Property Type

#### **I owe more than my property is worth. Can I still refinance under MHA?**

Eligible loans include those where the first mortgage does not exceed 125% of the current market value (appraised value) of the home. I.E. if your home is worth \$200,000 but you owe up to \$250,000 on your *1<sup>st</sup> mortgage* you can still qualify.

#### **You said 1<sup>st</sup> mortgage, but I have a 2<sup>nd</sup> (or 3<sup>rd</sup>) as well. Am I still eligible?**

Yes, as long as the 1<sup>st</sup> mortgage is 125% or less of the market value of the property, you may still be eligible.