

HOPE for Homeowners Frequently Asked Questions for Consumers

General/Program Related Questions

What is the HOPE for Homeowners Program (H4H)?

This new program, created by Congress, is intended to help borrowers at risk of default and foreclosure refinance into more affordable loans.

How can the H4H program help me?

If you are having trouble making your mortgage payments, this program may allow you to refinance your loan into a new 30-year fixed rate loan with lower payments.

Do I have to pay anything to apply?

There will be closing costs associated with HOPE for Homeowners loans; however, they may not be required to be paid out of pocket by the borrower. Please consult your mortgage consultant at **Acceptance Capital Mortgage** for more details.

How long will the process take?

Processing time will vary, but usually takes approximately 60 days. Please consult your lender when you apply.

What information do I need to apply?

What you will need may be based on your specific situation, but at a minimum you will need evidence of your income and assets, as well as your current mortgage information.

How long is the H4H program available?

The program began on October 1, 2008 and will end on September 30, 2011.

What interest rate will I receive?

The interest rate for the new H4H loan will be provided by the lender and is based on current market rates.

I don't want another adjustable rate mortgage. Will this interest rate be fixed or adjustable?

All HOPE for Homeowners loans are 30-year **fixed rate** mortgages insured by the Federal Housing Administration (FHA).

Why should my current mortgage company accept the short payoff that is required under the terms of the law?

HUD understands that it will be a challenge to encourage lien holders to accept short payoffs in order to participate in this program, especially when there are other loss mitigation tools available that may provide a more suitable solution. However, in instances where those tools prove ineffective, HUD believes that the holders of these mortgages should accept the short payoffs in lieu of the tremendous losses associated with foreclosure. Similar challenges exist with subordinate lien holders, but by offering them the opportunity to have

an interest in FHA's share of the future appreciation in the property, HUD anticipates more of these lien holders will participate in the program.

How does the appreciation sharing work?

To encourage subordinate lien holders to participate in the negotiation process and release their liens, FHA has the authority to share with them the government's portion of any future appreciation in the property's value. At settlement, subordinate lien holders will receive a certificate that evidences their interest as an obligation backed by HUD, with payment conditional on the value of HUD's appreciation share.

How does the H4H program differ from FHA Secure?

Under H4H:

- Any type of first mortgage can qualify, as long as it was originated on or before January 1, 2008.
- All existing lien holders must waive prepayment penalties and late charges, as well as extinguish all liens against the property.
- Existing first lien holders are required to accept the proceeds of the H4H mortgage as payment in full.
- Borrowers will be required to share both the initial equity created with the H4H loan, and future appreciation.
- The maximum loan amount is \$550,440, nationwide.

What must the existing lien holders do?

Existing first mortgage lien holders must waive all prepayment penalties and late payment fees, agree to accept the proceeds from the H4H mortgage as payment in full, and release their outstanding mortgage liens.

Existing subordinate lien holders must waive all prepayment penalties and late payment fees as well as release their outstanding mortgage liens.

Will I have to get a new appraisal?

In all cases, a new FHA appraisal must be ordered specifically for the H4H transaction and the appraisal should be no more than 3 months old at the time of closing.

Eligibility Questions

What loans are eligible for refinance under the H4H program?

Any type of mortgage is eligible for refinancing under the H4H program, including conventional (prime, Alt-A, subprime), or government backed (FHA, VA, or Rural Development), fixed or adjustable rate mortgage.

The loan must have originated on or before January 1, 2008, the borrower must have made at least six (6) payments on the existing mortgage, and the total monthly mortgage payment exceeds 31% or the borrower's March 2008 gross monthly income. The borrower may be current or delinquent at the time the new H4H mortgage is originated.

What properties are eligible?

The property to be refinanced must be the borrower's primary and only residence in which the borrower has an ownership interest.

Only 1-unit properties are eligible, including condominiums, cooperative units and manufactured housing

permanently affixed to realty.

My lender has started foreclosure proceedings. Can I still apply for H4H?

Yes, however, time is of the essence.

Is there an income restriction?

No, but you will need to demonstrate that you have sufficient, steady income to make the new H4H mortgage payments.

I recently filed for bankruptcy. Am I still able to apply for H4H?

Yes, borrowers in bankruptcy may participate; however, you will want to consult with the person handling your bankruptcy.

My lender has already foreclosed on my home. Can I still apply for H4H?

It may be possible depending on which stage of the foreclosure process you are in. You should talk to your lender immediately for more detailed information.

I have a first and second mortgage on my home. Can I still apply for H4H?

Yes, however, all your existing lenders must agree to release the liens against your home.

I am current on my mortgage. Can I apply for H4H?

Yes.

Counseling Questions

I am not clear on what to do. How do I decide if this is the right choice for me?

You can contact a HUD-approved Housing Counselor in your area. They can help you evaluate the different options that may be available to you, and help you determine your best course of action. You can contact **Acceptance Capital Mortgage** for a list of housing counselors in your area.

How can a housing counselor help me?

Housing counselors are knowledgeable about available programs to help struggling homeowners. They can review your specific situation, identify your options and help you make an informed decision.

Will I have to pay taxes on the portion of my loan(s) my current lender(s) "write off" or forgive?

You should contact the Internal Revenue Service at (800) TAX-1040, or your tax advisor regarding tax-related questions.