

Federal Attempt At Mortgage Relief Not An Inclusive As It Appears:

In the recent weeks, much has been made of the recent proposal by the federal government to stabilize the ailing American housing market. Every day we are bombarded by news reports of the struggling housing market and how foreclosures are on the rise. As Michigan has been hit particularly hard by the housing slump, Consolidated Legal Services, P.C. wanted to make sure that our members are kept up to date on the latest developments.

On December 6, 2007, President Bush laid out the details for the plan. In short, the plan will freeze interest rates on some loans at the lower introductory rate for a period of five years. The intent of the plan is to buy borrowers some time for the housing market to recover, and for them to refinance with a conventional fixed rate loan. However, not every borrower facing the threat of foreclosure will be eligible for relief. The plan covers a relatively small portion of the home loan market, so borrowers should not necessarily count on this plan as a source of relief. Moreover, although most lenders are likely to honor the government's request, the plan is not mandatory. For our members' reference, here are the highlights of the government's plan:

Eligible borrowers are those who:

- Currently live in the mortgaged home;
- **Are current on their payments;**
- **Are not currently in foreclosure;**
- Have below average credit and are unable to afford the higher payments.

Loans that are eligible under the plan are those loans that:

- Were taken out between January 1, 2005 and July 31, 2007 **and;**
- That have rates scheduled to reset between January 1, 2008 and July 31, 2010.
- Conventional fixed rate mortgages are not affected.

Remember that even if your lender participates in the plan, each loan will be reviewed on a case-by-case basis. While details will continue to emerge as the plan takes effect, it appears that for now there is little in the way of standard criteria by which to ultimately determine whether or not a particular borrower will qualify. In general, however, those with credit scores above 660 and who put more than 3% down on their homes, or whose home values have not dipped significantly, are unlikely to qualify for the rate freeze.

If you are concerned about staying current on your mortgage payments, it is important to address the problem immediately. If you are curious about whether you qualify for the rate freeze program, you can call 1-888-995-HOPE or visit www.fha.gov. Even if you do not qualify for this plan or your lender is not participating, lenders will often work with you to ensure you can stay current on your payments. If you have already fallen behind, there are many options available to allow for you to catch up. For example, a lender can place you on a repayment plan, or potentially allow for you to enter

into a period of forbearance in order to give you time to bring your loan current. Even if you foresee a long-term difficulty with your mortgage payment, options such as a mortgage modification are available to you. The fha.gov website above has links to several articles that explain these options to you and can help you gain a better understanding of what your rights and options are.

Please remember that Consolidated Legal Services is here to help. If you have questions about your home loan, or you are faced with a lender who is simply not willing to work with you, contact our offices at 248.945.0523 or toll free at 1-800-LAW-5665. We will be happy to make certain that you get you the answers you deserve.