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Foreclosure Prevention Plan

The following is a summary of the terms and conditions of the new "Foreclosure Prevention Plan", recently unveiled by the Obama administration. Information contained in this email was gleaned from the WSJ and is posted in detail at the US Treasury website, www.financialstability.gov.

The "Foreclosure Prevention Plan" or "mortgage bailout", as it is called, comes in two forms: loan modification and loan refinancing. To qualify for loan modification one must have payments of more than 31% of pretax monthly income and can prove financial hardship. You must be near default on your mortgage. Loan modification only applies to a first home, which can be a condo, cooperative apartment, etc., but cannot exceed a mortgage of \$729,750. This modification does not apply to 2009 mortgages.

To qualify for loan refinancing one must have a mortgage guaranteed by Fannie Mae or Freddie Mac and are current on their payments and have a mortgage balance of no more than 105% of the market price. Home values will be estimated by the loan servicer.

To determine if your loan is guaranteed by Fannie Mae or Freddie Mac contact your loan servicer, (where you send your loan payment), or call 1-800-Freddie or 1-800-7Frannie. Lenders will charge a fee for the refinancing or the modification. The modification program will last until December 31, 2012 and the refinancing program will last until June of 2010. This plan is to begin immediately so contact your loan servicer or your loan guarantor immediately for further information.