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## Assistance announced for Fannie Mae and Freddie Mac loans

The Federal Housing Finance Agency, along with other government and mortgage industry officials including Hope Now, announced a plan Tuesday considered to be the most sweeping effort yet to provide relief for distressed homeowners by hastening the renegotiation process of hundreds of thousands of delinquent loans held by Fannie Mae and Freddie Mac.

Combined, Fannie Mae and Freddie Mac own or guarantee roughly 6 out of every 10 outstanding mortgages in the U.S., equalling almost 31 million. This new government plan has the capacity to help homeowners throughout the nation; the government, however, is unsure of exactly how many borrowers qualify for this new program.

James Lockhart, the housing finance agency's director, voices his feelings on the nation's current financial situation and how the new government aid might help by saying, "Foreclosures hurt families, their neighbors, whole communities and the overall housing market. We need to stop this downward spiral."

The new effort, which will go into effect on Dec. 15, will be available to borrowers who are at least three months behind in their mortgage and owe 90% more than the current value of their home. Borrowers excluded from the government's aid include investors not occupying their homes along with borrowers who have filed for bankruptcy.

Homeowners who have loans with Fannie Mae and Freddie Mac would receive help in the following ways; interest rate reduction so borrowers would end up paying more than 38 percent of their income on housing expenses, loans may possibly be extended from 30 years to 40 years, and a portion of the principal may be deferred interest-free.

Citigroup, JPMorgan Chase, and Bank of America are also expanding their efforts to help their clients; and are launching or have already launched programs expected to take effect in the next 6 months.