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Mortgage Moratorium enacted by Fannie Mae, Freddie Mac

Mortgage giants Fannie Mae and Freddie Mac have requested that mortgage servicers bring foreclosures to a standstill from Nov. 26 and Jan. 9, 2008 on all owner-occupied properties in order to make the holiday season a little brighter for some.

Once the moratorium is put into effect an estimated 16,000 homeowners will be saved from eviction. Government owned Fannie Mae and Freddie Mac hope the moratorium will allow time for mortgage servicers to find other loan options, such as reduce interest rates, delay back payments and penalties, stretch the length of the loan or deferring payments on part of the principal for borrowers whose loans are currently in jeopardy.

The above methods are all designed to decrease a borrower's monthly payment until it becomes manageable again, which is now 30% or more of the borrower's pre-tax income.

CEO and Fannie Mae President Herb Allison released a statement saying "Until the streamlined modification program is fully implemented, we felt it was in the best interest of both borrowers and Fannie Mae to take this extra step to ensure that homeowners with the desire and ability to prevent a foreclosure have an opportunity to stay in their homes."