

**Which Americans can qualify for housing help?
By Stephanie Armour, USA TODAY**

QUESTION: *Why is the Obama administration coming out with the housing affordability plan?*

ANSWER: As many as 6 million families are expected to face foreclosure in coming years. The Obama administration in February unveiled a rescue plan designed to help up to 9 million Americans stay in their homes by refinancing loans or modifying them to more affordable terms. The price tag is estimated at \$75 billion. Details about the plan were released Wednesday.

QUESTION: *How do I know if I qualify for refinancing under the plan?*

ANSWER: The program is designed to help homeowners who might not otherwise be able to refinance. Under current rules, most families who owe more than 80% of the value of their homes have a difficult time refinancing. (For example, if a borrower's home was worth \$200,000, he or she would have limited refinancing options if owing more than \$160,000.)

If you have a loan owned or guaranteed by Freddie Mac or Fannie Mae, the plan will let those who qualify refinance through the two institutions. Eligible loans will include those where the first mortgage will not exceed 105% of the current market value of the property.

QUESTION: *How would that lower my payments?*

ANSWER: Refinancing could reduce mortgage payments by thousands of dollars per year. For example, consider a family that took a 30-year fixed-rate mortgage of \$207,000 with an interest rate of 6.50% on a house worth \$260,000 at the time. Today, that family has \$200,000 remaining on its mortgage, but the value of that home has fallen 15% to \$221,000 — making them ineligible for today's low interest rates. Under the plan, that family could refinance to a rate near 5.16%. That would reduce their annual payments by over \$2,300.

QUESTION: *My mortgage payments are too high. Can I get help now from my lender?*

ANSWER: As long as you meet eligibility requirements. But the program is especially geared toward those who are facing financial hardship or who are at risk, such as homeowners who owe more than their homes are worth and those who could fall behind on payments. Eligibility for the program will sunset at the end of three years.

One key element is that delinquency will not be a requirement for a modification. But all borrowers must document income, which includes providing information such as two most recent pay stubs and an affidavit of financial hardship, to avoid fraud and demonstrate need.

QUESTION: *What if I have a lot of other debt?*

ANSWER: You can still qualify. Specifically, homeowners with total debt payments (which include car loans and credit card debt) equal to 55% or more of their income will be required to agree to enter a federally certified counseling program as a condition for a modification.

QUESTION: *Who isn't eligible for a modification?*

ANSWER: Only owner-occupied homes qualify; no home mortgages larger than the conforming limit of \$729,750 are eligible.

QUESTION: *Where can I get more information?*

ANSWER: Go to financialstability.gov. There is no fee to apply. Borrowers are encouraged to contact lenders directly. Federal officials say borrowers should also contact their lenders to find out if their loans are held or guaranteed by Freddie or Fannie. The guidelines released Wednesday are detailed on the Treasury website.