



Interfaith Housing Center of the Northern Suburbs

Loan restructuring help possible for some borrowers

<http://www.pioneerlocal.com/evanston/news/1223806,ev-foreclosures-101608-s2.article>

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Some Evanston homeowners may be eligible for federal help restructuring mortgages that either were never affordable or became unaffordable after their teaser rates expired.

The HOPE for Homeowners program was approved as part of the Housing and Economic Recovery Act of 2008 that Congress passed recently. Homeowners seeking help under the HOPE for Homeowners program should contact their lender directly.

Lenders that participate in the HOPE program of the Federal Housing Administration must agree to lower the principal on the loan to no more than 90 percent of the home's current appraised value. The lender must agree to accept the new loan as full payment of all debt associated with the current mortgage and waive any prepayment penalties and late fees.

Strict tests to qualify

The program has strict qualifying criteria for the homeowner.

Under the reworked mortgage, the borrower's house payments cannot exceed 31 percent of income. To immediately qualify for FHA insurance, the borrower's total debt cannot exceed 43 percent of income. Borrowers with a higher debt load may qualify for a three-month trial period.

The homeowner who accepts help under the HOPE for Homeowners program must agree to share a portion of future home appreciation with the FHA as the equity created by the bank write-down of some of the mortgage principal.

Some Evanston borrowers who obtained their mortgages through Countrywide Financial also may be eligible for loan modifications under a program announced by Countrywide's new owner, Bank of America.

The mortgage plan, aimed at homeowners who received predatory loans, effectively settles lawsuits brought by some states, including a lawsuit filed in July by Illinois Atty. Gen. Lisa Madigan.

Two area agencies provide general counseling to homeowners struggling to keep up with their mortgage payments. The agencies are Interfaith Housing Center of the Northern Suburbs, at (847) 501-5768; and CEDA Neighbors at Work, at (847) 328-5166.

Interfaith Housing Center of the Northern Suburbs

works for housing justice through service and advocacy:

Homesharing ~ Foreclosure Prevention Counseling ~ Fair Housing Investigation
Housing Justice Education, Organizing & Advocacy ~ Landlord-Tenant Complaints

Learn more about Interfaith's work in Chicago's north suburban communities at:

www.interfaithhousingcenter.org ~ 847/501-5760 (phone) ~ 847/501-2741 (TTY)