

When does the program start?

The legislation is effective upon enactment; the HOPE for Homeowners program goes into effect on October 1, 2008. The Oversight Board will write more detailed program rules.

What agency is administering it? Will people be calling state offices or federal? Or will people just contact their lenders directly?

The Federal Housing Administration (FHA) will administer the program. The process begins when a homeowner or servicer of an existing eligible loan contacts an FHA-approved lender. Homeowners can contact lenders or servicers directly or through counselors (for which the bill provides another \$150 million). It is important to note that this is a *voluntary* program.

Do borrowers have to use their current lender, or can they switch to another?

Borrowers may use any FHA-approved lender, as long as their current lender or investors agree to take the write-down in value.

Is it just subprime loans that can be refinanced? When did the bad loan have to have been taken out for them to qualify?

Any owner-occupants who are unable to afford their mortgage payments are eligible for the program. No investors or investor properties will qualify. Homeowners must certify, under penalty of law, that they have not intentionally defaulted on their loan to qualify for the program and must have a mortgage debt-to-income ratio greater than 31 percent as of March 1, 2008. Lenders must document and verify borrowers' income with the IRS for the new loan. Loans had to have been originated before January 1, 2008.

What percentage of the current market value of the house must the loan be less than?

The size of the new FHA-insured loan will be the lesser of the amount the borrower can afford to repay, as determined by the current affordability requirements of FHA, or 90 percent of the current value of the home. Loans must be 30-year, fixed rate loans.

How will the interest rate be determined for the new 30-year fixed-rate loan?

Interest rates will be determined by the market. Because loans are insured by FHA, rates are expected to be very competitive.

What are the fees involved, and when are they paid? There is an annual default insurance premium, isn't there?

Borrowers pay an insurance premium of 1.5% of the principal, which will be included in the monthly payment. In addition, the current lender makes an upfront payment of 3% of the principal to FHA.

Can the owner re-sell the house right away? Is there a waiting period? How much of the proceeds does the owner give up if they sell, and who gets those?

Borrowers must share the newly-created equity and future appreciation equally with FHA. This obligation will continue until the borrower sells the home or refinances the FHA-insured mortgage. Moreover, the homeowner's access to the newly created equity will be phased-in over 5 years. If borrowers sell or re-finance within a year, they will pay the FHA 100% of any profit they may realize.

How many borrowers will be able to take advantage of the program? Is it first-come, first-served for qualifying borrowers?

The program is authorized to insure up to \$300 billion in mortgages and is expected to serve approximately 400,000 homeowners.

Can a borrower be declined if they also have a home-equity line of credit? Is there any help available to also pay those off?

Borrowers have to retire any debt on the home to qualify for the program.

When does the program end?

The program will sunset on September 30, 2011.