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Media Hotline

News Release

March 4, 2009

Fannie Mae Undertakes "Making Home Affordable" Refinancing and Modification Initiatives

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WASHINGTON DC -- Fannie Mae (FNM/NYSE) today began making two new initiatives -- Home Affordable Refinance and Home Affordable Modification -- available to its servicers and borrowers as part of the Obama Administration's Making Home Affordable program. The two initiatives are designed to significantly expand the numbers of borrowers who can refinance or modify their mortgages to a payment that is affordable now and into the future.

"Making Home Affordable provides crucial tools to mortgage lenders and homeowners coping with financial hardship and declining home prices," said Herb Allison, president and chief executive officer.

"Potentially millions of homeowners could qualify for and benefit from these initiatives. The people of Fannie Mae will do all they can to make the program a success for homeowners across America and to advance the nation's housing recovery."

Home Affordable Refinance

Home Affordable Refinance includes new refinancing flexibilities for homeowners whose loans are owned by Fannie Mae. Key features include:

- Additional Flexibilities:** Most borrowers refinancing an existing Fannie Mae loan will not be required to buy new or additional mortgage insurance if the loan at the time of the refinance is more than 80 percent of a home's value. Any existing mortgage insurance may be carried forward to the new loan. In addition, Fannie Mae can refinance loans up to 105 percent of a home's value with this new flexibility, so even borrowers who are "underwater" -- who owe more than their home is worth -- may be able to refinance. This will expand the number of borrowers able to take advantage of lower interest rates that reduce monthly payments, or refinance into a more sustainable mortgage.
- Streamlined Processing:** Beginning in April, all 1,600 lenders and 29,000 mortgage brokers using Fannie Mae's Desktop Underwriter® platform will be able to process an application to refinance any existing Fannie Mae loan, allowing for greater lender origination capacity and easier refinancing for borrowers.

What Borrowers Need to Know:

- To qualify, your mortgage loan must be owned by Fannie Mae.
- You must have a solid payment history on your existing mortgage.

- The expanded refinance flexibility ends in June 2010.

Home Affordable Modification

Through the Home Affordable Modification, Fannie Mae will work with loan servicers across the country to help distressed borrowers modify their current loan into a mortgage that is more affordable and sustainable. Loan servicers participating in the program may reduce interest rates, lengthen the payment time frame or take other steps, such as principal forbearance, to bring the monthly payments down to as low as 31 percent of the borrower's gross (pre-tax) income.

What Borrowers Need to Know:

- To modify a loan through Home Affordable Modification, it must be for your primary residence.
- You need not wait to become delinquent with your payments -- a plan can be put in place as soon as you think you may have trouble making your mortgage payment.
- The amount you owe on your mortgage must be less than or equal to \$729,750.
- The program is for mortgages originated prior to January 1, 2009.
- Certain eligibility requirements, including attesting to a financial hardship, may apply in some cases.

To ensure borrowers currently at risk of a foreclosure have the opportunity to apply for a Home Affordable Modification, Fannie Mae servicers have been directed not to proceed with a foreclosure until a borrower has been evaluated for the program.

Finding Out if a Loan is Owned by Fannie Mae

Borrowers can find out if their loan is owned by Fannie Mae in one of two ways:

- **Call your current mortgage lender or servicer.** The phone number should be on your monthly mortgage statement or monthly coupon book.
- **Contact Fannie Mae.** Call 1-800-7FANNIE (8 a.m. - 8 p.m. EST) or visit <http://www.fanniemae.com/homeaffordable>.

Fannie Mae also intends to make an online tool available later this month so borrowers can look up their loan and determine if it is owned by the company.

Fannie Mae exists to expand affordable housing and bring global capital to local communities in order to serve the U.S. housing market. Fannie Mae has a federal charter and operates in America's secondary mortgage market to enhance the liquidity of the mortgage market by providing funds to mortgage bankers and other lenders so that they may lend to home buyers. Our job is to help those who house America.

Fannie Mae Resource Center

Telephone 1-800-7FANNIE
(1-800-732-6643)

