

**HAS YOUR “ADJUSTABLE RATE MORTGAGE BECOME A BAD DREAM?
MAYBE YOU BETTER GET R.E.A.L!!**

FAIR HOUSING HIGHLIGHT #33

We bought our house two years ago and the payment on our adjustable rate mortgage has skyrocketed. We are now paying \$500 more a month. If we cannot refinance to terms we can afford, we’re going to lose our home! What can we do?

A lot of people who bought their house with an adjustable rate (or some other exotic mortgage product) are finding that they cannot meet their mortgage obligations after the payment adjusted to a higher rate. The good news is that the Pennsylvania Housing Finance Agency now has a special program to help bail out struggling homeowners just like you. Call the R.E. A. L. program, it offers affordable, fixed rate 30 year mortgages combining 100% financing with flexible credit underwriting, and offers relief for those homeowners who may not qualify for typical mortgage refinance programs.

Sounds good. How do we know if we’re eligible?

- The borrowers’ combined gross income may not exceed \$120,000. This may be waived for those not eligible for a refinance loan available in the general market.
- Applicants may be up to 59 days behind on their existing mortgage and can include arrearages in the REAL loan amount.
- Applicant’s monthly total debt obligations (including REAL payment) may not exceed 50% of total gross monthly income (45% for borrowers with credit score below 620)
- Borrowers must have a credit score of at least 620 OR meet the following conditions:
 - Your payment re-set in last 12 months to a higher interest /fully amortized rate and you made no more than two, 30 day late payments since the adjustment.
 - You also had no late payments in the 12 months before the rate adjusted.
 - You had no more than 3—30 day late payments in other credit obligations (i.e. credit cards, car loans, other) for the 12 months before your rate re-set.

Can we use the REAL loan for items like penalties and property taxes?

YES! A REAL loan may be used to finance prepayment penalties, closing costs, subordinate mortgages, and delinquent property taxes and arrearages that have occurred within the past 12 months following a payment re-set.

Is there anything else I need to know? Where do I apply?

Your monthly total debt cost (credit cards, car loans, installment loans etc) may not be more than 50 % of your total gross monthly income (45% for credit scores under 620). For more information call PHFA’s consumer hotline at **1-800-822-1174** or www.phfa.org

**Questions? Call the Fair Housing Rights Center in Southeastern Pennsylvania at 215 576-7711
or visit us online at www.fairhousingrights.org.**