

News Release

HUD No. 08-PH1
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www.hud.gov/news/

For Release
Wednesday
February 20, 2008

54,450 AT-RISK CALIFORNIANS RECEIVING HUD LETTERS THIS WEEK *FHA urges homeowners to consider safer, more affordable FHA-backed mortgages*

SAN FRANCISCO - Beginning this week, HUD's Federal Housing Administration FHA is mailing hundreds of thousands of letters to at-risk homeowners who need a more affordable alternative to the high-cost mortgages they are currently paying. The first round of 280,000 letters was sent this week with another 570,000 letters to be sent through September 2008.

California tops the nation for the number of homeowners considered at-risk and who could benefit from an alternative FHA mortgage.

"For hundreds of thousands of families, this letter might be the most important piece of mail they receive all year," said HUD Secretary Alphonso Jackson. "Not only could this information keep a roof over their heads, it could provide them with financial sustainability and security for the long term. Our aggressive outreach will ensure families are educated about the safe mortgage alternative that FHA offers."

These letters are being sent to homeowners who have already faced or are experiencing the first reset of their adjustable rate mortgages, and live within geographic locations that are currently subject to FHA loan limits nationwide.

FHA-insured loans are backed by the full faith and credit of the government, which typically allows lenders to offer mortgage products at a lower, more affordable interest rate. More than 90 percent of FHA-backed mortgages are 30-year, fixed rate products. FHA also provides a one-of-a-kind loss mitigation program that helps protect borrowers against foreclosure. Finally, *FHASecure*, which allows borrowers who are current and delinquent on their loans to refinance with the FHA, is saving tens of thousands of families on average \$400 a month compared to their exotic subprime loans.

Below is a complete copy of the letter being sent to homeowners.

Dear Homeowner,

Do you need help with your mortgage?

Your area is experiencing a disturbing home foreclosure rate that has accelerated in recent months. News reports cite the damaging effects of "subprime loans" as a major factor in the unsettled market. By focusing on education and safe mortgage alternatives, though, the Federal Housing Administration (FHA) of the United States Department of Housing and Urban Development (HUD) is working diligently to address this unacceptable foreclosure trend.

Over the past few months, FHA has worked with mortgage loan servicers to identify solutions for the

crisis facing current homeowners. Your current mortgage does not have to be FHA insured for you to benefit from our help. If you are facing financial difficulties due to a recent or imminent mortgage reset or other housing-related difficulty, I urge you to contact us at 1 (800) CALL-FHA or to visit www.fha.gov. There you will have the opportunity to learn about foreclosure prevention, legal rights, and credit counseling, among other topics.

Many homeowners may also be able to take advantage of our recently announced *FHASecure* program. This new program allows eligible homeowners to refinance into a secure, fixed-rate FHA loan even if they are in default.

Additionally, a new partnership between mortgage companies and non-profit housing counselors called HOPE NOW is available to you. Their mission is simple: reach out to homeowners who may be having difficulty paying their mortgages. For more information or to see if your mortgage company is a member of this caring coalition please go to www.hopenow.com.

Again, please contact us at 1 (800) CALL-FHA (800) 225-5342 or go to www.fha.gov. As part of the federal government, the Federal Housing Administration wants to help you protect and preserve the American dream - your home.

Sincerely,

Brian Montgomery
Assistant Secretary for Housing-Federal Housing Commissioner

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HUD is the nation's housing agency committed to increasing homeownership, particularly among minorities; creating affordable housing opportunities for low-income Americans; and supporting the homeless, elderly, people with disabilities and people living with AIDS. The Department also promotes economic and community development and enforces the nation's fair housing laws. More information about HUD and its programs is available on the Internet at www.hud.gov and espanol.hud.gov. For more information about FHA products, please visit www.fha.gov.

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