

Mortgage MATTERS

NORTHWEST FEDERAL CREDIT UNION www.nwfcu.org

UNDERSTANDING THE “MAKING HOME AFFORDABLE” PROGRAM

Earlier this year, President Obama introduced the “Making Home Affordable”* program to help millions of Americans avoid foreclosure by allowing them to restructure or refinance their mortgage. **This two-part plan does not address all mortgages, however.**

Homeowners must meet specific criteria for both plans and only those loans held by Fannie Mae or Freddie Mac are eligible for the government’s plan. *As your mortgage lender, we are eager to help you take advantage of every opportunity to save you money, so don’t let the stimulus plan criteria deter you from contacting us if you’re wondering about refinancing.* If your loan isn’t held by Fannie Mae, we may still be able to help you lower your monthly payments by refinancing your existing fixed rate mortgage to a more affordable rate or term.

If you or someone you know is hoping to refinance a mortgage based on the federal stimulus plan, your first step is to determine if the loan is owned by Fannie Mae or Freddie Mac. The quickest and easiest way to find out is by visiting www.fanniemae.com/loanlookup or www.freddiemac.com/mymortgage, or by calling 1-800-7FANNIE (8:00 a.m.–8:00 p.m. EST) or 1-800-FREDDIE (8:00 a.m.–8:00 p.m. EST). Once you determine whether or not your mortgage qualifies, your next step is to determine if you meet the criteria and which plan is right for you: **Loan Refinance** or **Loan Modification**.

PART ONE: Home Affordable Refinance

According to Moody’s Economy.com, at the end of 2008 an estimated 13.6 million Americans owed more on their homes than their properties were worth. As a result, many homeowners have been unable to refinance to a lower rate, even if they are current on their loan payments. Home Affordable Refinance was created to provide a low-cost refinancing option for responsible homeowners who are suffering from falling home values. The program allows them to refinance up to 105% of their current home value, and there is no income ceiling for applicants. However, the loan must be a Fannie Mae or Freddie Mac conforming mortgage, and you must meet the following criteria:

- You must be the owner-occupant of a one- to four-unit home.
- The loan must be owned by Fannie Mae or Freddie Mac. (Even though NWFCU services your mortgage for life, your loan may actually be held by Fannie Mae.)
- At the time you apply, you must be current on your mortgage payments.
- The amount you owe on your first mortgage cannot exceed 105% of the current market value of the property.
- You must have sufficient income to support the new mortgage payments.
- The refinance must improve the long term affordability or stability of your loan.

Borrowers with a first and a second mortgage (i.e., equity loan) may also be



eligible to refinance under this program, as long as the amount due on the first mortgage is less than 105% of the value of the property. However, under this program your second mortgage cannot be combined with your refinanced mortgage. The lender holding your second mortgage must be willing to be the subordinate lender.

If you currently owe more than your home is worth, keep in mind that refinancing won’t *reduce* the amount you owe, but a lower interest rate will lower your monthly payment and may reduce the amount of interest that you’ll pay over the life of the loan.

To apply for a refinance of your NWFCU mortgage under this plan, visit www.nwfcu.org. You’ll need the following information when you apply online:

- Monthly gross income of all the borrowers on your loan and recent pay stubs
- Your most recent income tax return
- Information about any second mortgage (home equity loan) on the house
- Account balances and minimum monthly payments on all of your credit cards
- Account balances and monthly payments on all other debts, such as student and car loans or other recurring payment obligations

(continued page 2, “Understanding the Stimulus Plan”)

2009 Tax Credit for First-Time Homebuyers

Do you have family or friends who are first-time buyers? Tell them about the tax credit for qualified real estate purchases made in 2009. Those who qualify will get a homebuyer credit of 10% of the home’s purchase price, up to \$8,000. Visit www.irs.gov for details.

Remember to mention our CU Realty program too. This membership benefit comes with a rebate of up to 20% of the agent’s commission at closing! Visit www.nwfcu.org for more information, to enroll in CU Realty, or for membership eligibility and application.

UNDERSTANDING THE STIMULUS PLAN (continued from page 1)

We'll provide you with a good faith estimate that will include your new interest rate, mortgage payment and the amount you will pay over the life of your loan. Compare this information to your current loan terms; if it isn't an improvement, refinancing may not be right for you. If you do decide to refinance, your transaction must be closed and funded on or before June 10, 2010, when the "Making Home Affordable" refinance program expires. If your existing loan has private mortgage insurance, your current mortgage insurance will carry over for the refinanced loan. If you don't currently have private mortgage insurance, you won't be required to obtain it for the refinanced loan under the stimulus plan—a substantial savings for many homeowners.

PART TWO: Home Affordable Modification

This part of the stimulus plan was designed for homeowners who are struggling to keep their home due to a documented financial hardship (job loss, divorce or separation, reduced income). Lender participation in the program is voluntary. To qualify for a loan modification the homeowner must be in danger of losing the home and must meet the following criteria:

- Be an owner-occupant in a one- to four-unit property
- Have an unpaid principal balance that is equal to or less than \$729,750 for one unit properties (2-4 unit properties have higher limits)
- Have a loan which originated on or before January 1, 2009
- Have a mortgage payment (including taxes, insurance, and home owners association dues) that is more than 31% of your gross (pre-tax) monthly income

- Have a mortgage payment that is not affordable due to a significant change in your income or expenses

Having Trouble Paying Your Mortgage? Talk to Us.

Although the President's stimulus program will benefit many Americans, not every homeowner will qualify. NWFCU will continue to work with members on a case by case basis to help those who are looking for ways to make their payments more affordable. If you have recently missed a mortgage payment or feel that you're about to due to job loss or other financial hardship, call us at 703-709-8921, ext. 70007 (1-866-709-8921 toll-free), Monday-Friday 8:00 a.m.-4:30 p.m. or email us at mortgages@nwfcu.org. NWFCU is committed to helping you stay in your home, avoid damage to your credit rating and avoid foreclosure if at all possible.

Fear of losing your home can be paralyzing, but the worst thing you can do is nothing. Before you or someone you know takes action, make sure you are dealing with your actual lender, loan servicer or a qualified HUD counselor. Sadly, unscrupulous people and predatory companies are eager to take advantage of a desperate situation.

For more information about the government's new "Making Home Affordable" program and for additional resources, visit www.makinghomeaffordable.gov or www.financialstability.gov.

*Also known as "Homeowner Affordability and Stability Plan."

MORTGAGE & EQUITY LOAN RATES¹

MORTGAGES

Check with CU

EQUITY

5-Year	Max. Loan Amt.	Fixed Rate	APR
90% LTV	\$100,000	6.500%	6.63%
7-Year			
90% LTV	\$100,000	7.125%	7.25%
10-Year			
90% LTV	\$100,000	8.125%	8.24%
15-Year			
80% LTV	\$350,000	7.750%	7.83%
90% LTV	\$350,000	8.750%	8.83%
HELOC	Max. Loan Amt.	Variable Rate	
80% LTV	\$350,000	5.00% ²	
90% LTV	\$350,000	5.00% ²	

AUTO LOANS

NEW & USED VEHICLE LOANS³

Up to 100% financing

	Term	APR
New	12 to 36 months	3.50% ^{3,4}
	37 to 72 months	4.99% ³
	73 to 84 months	6.50% ³
Used	12 to 60 months	5.74% ^{3,5}
	61 to 84 months	7.74% ^{3,5}

LEASES³

Up to 100% financing

	Term	APR
New	24 to 60 months	4.99% ³
Used	Up to 36 months	6.74% ^{3,5}

CREDIT CARD RATES

	APR
Visa® Platinum	7.00% ⁶
Travel Rewards Gold MasterCard	
with \$30 annual fee	9.00% ⁷
with no annual fee	11.00% ⁸
FirstCard Visa Platinum	Fixed rate 9.99% ⁹

¹ Rates current as of 7/1/09 and subject to change without notice.

² APR = Annual Percentage Rate. Rates apply to HELOC applications received after 12/7/2008. Rate is based on the Wall Street Journal Prime Rate listing on the last business day of the month and is subject to change quarterly. The minimum APR will not go below 5.0%.

³ Annual Percentage Rate (APR) current as of 7/1/09 and subject to change without notice. Credit Union members without Access or Premier Checking, add 0.25% to the listed rates. \$20,000 minimum loan required for terms 61 to 84 months.

⁴ This rate is only available for new auto purchases and auto loan refinances from another lender where the auto was purchased as new within the past 12 months.

⁵ When refinancing an existing NWFCU auto loan or lease to a lower rate using the same collateral, 0.50% is added to the listed rate for administrative expenses.

⁶ Rate is based on the Wall Street Journal Prime Rate listing on the last business day of the month and is subject to change monthly. The minimum APR will not go below 7.0%.

⁷ Rate is based on the Wall Street Journal Prime Rate listing on the last business day of the month and is subject to change monthly. The minimum APR will not go below 9.0%.

⁸ Rate is based on the Wall Street Journal Prime Rate listing on the last business day of the month and is subject to change monthly. The minimum APR will not go below 11.0%.

⁹ FirstCard Visa Platinum is exclusively for members age 15-22. Check with NWFCU for details.

Free Seminars

Finding & Financing a Home in Today's Market

Saturday, July 18 9:00 a.m.-11:00 a.m.
Saturday, August 22 9:00 a.m.-11:00 a.m.

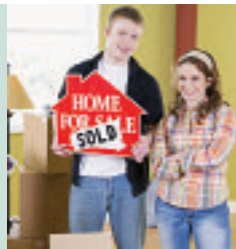
Learn how to find your perfect home, negotiate contract terms, avoid financial pitfalls, select the right financing option and earn a cash rebate on your home purchase.

Keys to Selling Your Home

Saturday, August 8 9:00 a.m.-11:00 a.m.

We'll review local housing market statistics and outline how to find and work with a professional, trustworthy REALTOR®. Gain insight into preparing your home for sale with staging and curb appeal tips. Learn about the financing options available to manage the sale and purchase of your new home. Plus, all attendees will receive a free competitive market analysis of their home from a local real estate expert.

These seminars will be held at Herndon Building I (200 Spring Street). To register, visit www.nwfcu.org or call 703-709-8921, option 7.



Thank You for Your Patience

Due to our favorable loan rates, our mortgage department is experiencing an unusually high number of requests. If you currently have a mortgage refinance in process with us, please know that we are working diligently to process all applications as quickly as possible, and we promise to follow through on each and every one. Thank you—we appreciate your patience.



P.O. Box 1229
Herndon, VA 20172

REAL ESTATE LENDING
703-709-8921
1-866-709-8921
M-F: 8:00 a.m.-4:30 p.m.

CALL CENTER
703-709-8901
1-866-709-8901
703-709-8919 (TTY)
M-F: 7:00 a.m.-7:00 p.m.
Sat: 8:00 a.m.-1:00 p.m.

OTHER SERVICES
703-709-8900
1-800-336-3384
Auto Locating; ext. 6001

WEBSITE
www.nwfcu.org

EMAIL
mortgages@nwfcu.org

MOBILE
go.nwfcu.org

In order to assure that the Credit Union in compliance with State and Federal regulations, secondary market guidelines and our regulatory agency, NCUA, your account or mortgage loan may be randomly selected for an independent quality control review. Your cooperation with any required verification or certification is appreciated.



Northwest Federal Credit Union is federally insured to at least \$250,000 and backed by the full faith and credit of the United States Government.

We do business in accordance with the Federal Fair Housing Law and the Equal Credit Opportunity Act.

