

## **EXPLODING MORTGAGE? IT'S H.E.R.O. TO THE RESCUE!!!**

### **FAIR HOUSING HIGHLIGHT #34**

**We're struggling to pay our new "re-set" mortgage payment, but we're not eligible for the REAL program. Is there another type of "rescue" loan program to help us?**

Yes - the "H.E.R.O.": "**Homeowners' Equity Recovery Opportunity**" Program. Like the REAL program, H.E.R.O. is for those who cannot afford to pay their adjustable-rate or interest-only mortgages and who also don't qualify for typical mortgage refinance programs. H.E.R.O. provides for up to 100% financing of the home's current value for up to 30 years at a fixed interest rate. But instead of refinancing your current mortgage into a new loan, PHFA buys your loan directly from your current lender and then sets you up on an affordable repayment agreement. H.E.R.O. is for those not eligible for the REAL program or another mortgage refinancing available in the general market due to credit issues or owing more than your home's current appraised value. Funding is limited, so applications are reviewed on a case-by-case basis.

#### **What are the eligibility requirements?**

- Combined gross annual income of all borrowers is not over \$120,000 (some exceptions apply);
- You are the owner of the property and you use it as your primary residence;
- You are able to make your H.E.R.O. payments on time each month;
- You can show that you have tried to pay your financial obligations;
- If you have stopped making your mortgage payments, you can account for your cash flow by showing how you have escrowed, saved, or redirected those funds.

#### **What are some additional advantages of a HERO loan?**

Besides the fixed rate 30 year mortgage at up to 100% of the home's value and an affordable interest rate, PHFA services the loan itself there is no concern about the loan being sold to another lender or servicer. PHFA may be able to negotiate with your current lender to reduce the amount owed on your loan. An added benefit is that property taxes and insurance (mortgage, homeowner's and flood if applicable) are already included in your monthly payment amount – no more worry about budgeting for them on your own.

#### **Great! How do I apply?**

Contact the HERO Loan Program Specialist at 1.800.822.1174 (option #2) to find out if this loan can save your home. If so, you will be sent a prequalification application and requests for other documents relevant to your income, debts, and mortgage terms. **IMPORTANT:** All approved borrowers must attend in-person financial counseling at a PHFA-approved agency to learn how to effectively manage your debt, budget your income, and save money.

**Questions? Call the Fair Housing Rights Center in Southeastern Pennsylvania at 215 576-7711 or visit us online at [www.fairhousingrights.org](http://www.fairhousingrights.org).**