

# HARP Extended for Another Year

By: Jann Swanson | Mbn, Mar 14 2011, 11:16 AM

The Home Affordable Refinance Program (HARP) has been **extended** for another year according to information released on Friday from the Federal Housing Finance Agency.

The program was due to expire on June 30 but will now continue until that date in 2012. News of the extension comes while a House subcommittee is debating the end of HARP's companion program, the Home Affordable Modification Program (HAMP) and has already voted to kill the FHA Short-Refi program and the new Emergency Assistance Loan Program (EALP) which would provide 23 months of mortgage assistance unemployed and underemployed home owners.

HARP is designed to assist homeowners who owe more money on their current mortgage than the market value of their home and are thus unable to qualify for a conventional refinance. Refinancing through HARP, which is administered by the Enterprises Freddie Mac and Fannie Mae, can potentially reduce homeowners' mortgage rates and remove some of the incentives for a strategic default.

Acting FHFA Director Edward J. DeMarco said that the program will continue operating in the same manner as it has since it was started in 2009 except that Freddie Mac will exempt HARP loans from their recently announced price adjustment and Fannie Mae will conform the eligibility date to May 2009.

The use of HARP more than tripled in 2010. During the year a total of 6.8 million mortgages were refinanced nationwide and HARP, with 621,803 loan closings, represented nearly 10 percent of the total. In 2009 190,180 homeowners used the program to refinance.

To qualify for HARP you must currently have a mortgage owned or guaranteed by the Enterprises, have a one year history of on-time payments on your loan, and owe more on your loan than your home is worth. The loan-to-value, however, cannot exceed 125%.

## UPDATED WITH INFO RELEASED BY FANNIE MAE..

The following changes will extend the availability of the program to additional borrowers:

- The program has been extended. Accordingly, lenders may continue to originate Refi Plus™ and DU Refi Plus™ loans with the HARP flexibilities provided the note date is on or before June 30, 2012, and whole loans are purchased by Fannie Mae no later than October 31, 2012 or in an MBS pool with an issue date no later than October 1, 2012.
- Currently, to be eligible for Refi Plus or DU Refi Plus the existing mortgage loan being refinanced had to be purchased by Fannie Mae prior to March 1, 2009 or in an MBS pool with an issue date prior to March 1, 2009. With these program changes, mortgage loans are now eligible if they were purchased by Fannie Mae prior to June 1, 2009 or in an MBS pool with an issue date prior to June 1, 2009.

Desktop Underwriter® (DU®) and the delivery system edits will be updated to reflect the additional mortgage loans that are now eligible for inclusion in the program (loans purchased or securitized by Fannie Mae between March 1, 2009 and June 1, 2009). Consequently, DU will not identify these loan casefiles as eligible to be refinanced using DU Refi Plus until April 11, 2011, and DU and manually underwritten loans meeting the new eligibility requirement can be delivered to Fannie Mae on or after April 11, 2011.

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