

# HARP Refinancing Continues to Surge, High LTV Share Skyrockets

By: Jann Swanson | Tue, Aug 7 2012, 4:18 PM

Refinancing through the revised Home Affordable Refinancing Program (HARP 2.0) grew to a 33 percent share of all Fannie Mae and Freddie Mac refinancing in June, surging from the 20 percent share the program posted in April. The proportion of those refinancings with very high loan to value (LTV) ratios also increased significantly.

It appears that the **changes made to the HARP program**, removing the 125 percent LTV ceiling, reducing and/or eliminating some fees, and easing lender risk, **have worked**. The program revisions were announced last fall but did not really begin to roll out until early this year.

During June Freddie and Fannie refinanced a total of 382,539 loans. HARP refinancings for the month numbered 125,866. While the HARP loans were fairly evenly divided between the two government sponsored enterprises (GSEs), Freddie Mac did less refinancing overall and slightly more HARP loans so had a much higher share of those loans, 43.7 percent compared to 26.1 percent at Fannie Mae.

The total of HARP 2.0 loans written in the first six months of this year was 422,969, surpassing the 400,024 written during all of 2011. Since the program was originated in April 2009 1,444,820 borrowers have refinanced through the program.

The number of severely underwater homeowners using the program **skyrocketed in June**. The average number of loans with LTVs over 125 percent averaged 2779 each month in the February-May period but totaled 53,758 in June, 40 percent of the HARP volume. The Federal Housing Finance Agency which issued the HARP report said that lenders began to sell Fannie Mae and Freddie Mac securities containing these high LTV loans on June 1.

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The proportion of loans refinanced through HARP was double the national average in the three states hardest hit by the housing downturn. HARP refinances represented two-thirds of GSE refinancing in Nevada, Arizona, and Florida. In those three states borrowers with LTVs greater than 105 percent represented more than 80 percent of HARP volume compared to 62 percent nationally.

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