

HARP 2.0 Reaches 1 Million Milestone

By: Jann Swanson | Tue, Feb 19 2013, 3:16 PM

Just a little over a year after the **Home Affordable Refinance Program (HARP)** was substantially revised into HARP 2.0 it has reached nearly as many homeowners as in the two-and-a-half years that preceded the revisions. In November 2012 nearly 130,000 homeowners refinanced through HARP, bringing the total transactions through the program since its inception in April 2009 to 2.09 million. About **1.04 million** of these have occurred since **HARP 2.0** became effective in December 2011.

In November Fannie Mae refinanced 77,301 home mortgages through HARP, 22 percent of all refinancing it did that month and Freddie Mac had 52,445 HARP refinances or 23.4 percent.

The revisions to HARP removed the existing 125 percent cap on loan-to-value ratios. About one fifth of the loans refinanced since that time have had LTV ratios above 125 percent. In November, 46 percent of the loans refinanced through HARP had loan-to-value (LTV) ratios greater than 105 percent and 24 percent had LTVs greater than 125 percent.

Utilization of HARP is especially high in some of the states hardest hit by price declines and foreclosures. In Nevada, for example, HARP accounted for 68 percent of total refinancing, nearly triple the national average of 23 percent and in Florida 56 percent of refinances were through HARP.

Seventeen percent of underwater homeowners refinancing through HARP opted for shorter term 15- or 20-year mortgages which build equity faster than the traditional 30 year mortgage. Also, HARP 2.0 provides incentives for borrowers to move into shorter term mortgages including reduction of some risk-based fees.

A reporting change was added to the November summary. Fannie Mae has always reported on HARP refinancing for second homes and investment properties. Freddie Mac's reporting has now been aligned with Fannie Mae's which added 160,280 refinances to the cumulative HARP numbers. The breakdown by property type over the life of HARP is 1,834,325 primary residences, 67,255 second homes, and 186,980 investment properties.

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