

Fannie and Freddie Announce Expanded HARP Eligibility Dates

By: Ted Rood | Tue, Oct 22 2013, 4:05 PM

In a move some borrowers and originators might consider "too little, too late" both Fannie Mae and Freddie Mac announced today they are **expanding the eligibility dates for the Home Affordability Refinance Program (HARP)**. While tremendously useful to the small amount of borrowers who benefit from the change, it's not quite as magnanimous as it might sound.

Previously, loans had to have been **delivered** to the agencies by 5/31/2009 to be eligible for HARP, which led to **widespread confusion** as lenders and borrowers had difficulty determining actual loan delivery dates without researching agency records. In general, loans closed by April 2009 were delivered to Fannie/Freddie by end of May, so were previously eligible; those closing in May 2009, however, may have missed the initial delivery date requirement.

With the changes announced today, the eligibility date will now be based on the **NOTE date**, thus opening the window of HARP eligibility to all those borrowers who may have closed their loans before the May 31st cutoff, but whose loans weren't acquired by the GSEs until after the cutoff.

Fannie Mae (per Selling Guide SEL-2013-08) will update their Desktop Underwriter (DU) system on Nov 16 to reflect the new eligibility dates; Freddie Mac will update its Loan Prospector (LP) underwriting system to reflect the changes on Oct 27. Lenders are required to have DU/LP approvals for HARP loans, so may be hesitant to start them until the underwriting guidelines are revised.

Best execution rates in May 2009 rose from 4.69 to 4.88%, versus the current 4.25% rate for ideal borrowers. A borrower with a \$200,000 loan could anticipate saving approximately \$80/mn, an amount that could increase if rates continue their downward trend of the last month amid reduced expectations of Fed tapering.

The **chief advantages of HARP** loans include their reduced equity requirements, a feature that enables many equity challenged borrowers to reduce their rates without incurring additional mortgage insurance costs, and, in some cases, relaxed income documentation as well.

Home owners who closed their existing conforming loans in May 2009, and who were previously told they were not HARP eligible may want to **contact a lender to discuss** their HARP eligibility. Both lenders and borrowers might be excused if they wonder why Fannie and Freddie waited until the HARP program was 3 years old to make this logical change.

View this Article: <https://www.mortgagenewsdaily.com/news/10222013-fannie-and-freddie-announce-expanded-harp-eligibility-dates>