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What is the New Harp Program? by Julia Bennet

Article published on December 14th 2011 | Mortgage

The new HARP Program is sometimes referred to as HARP 2.0. It is the Obama governmentâ€™s latest attempt to help the ailing market in housing. HARP is the abbreviation for Home Affordable Refinance Program. It also goes by other names such as the Obama Refi plan, Relief Refinance, Making Home Affordable plan and DU Refi+. This program began in the year 2009 to enable the underwater homeowners to refinance their properties and take advantage of the present low mortgage rates. On October 24, 2011 the FHFA (Federal Housing Finance Agency) has announced that HARP is to be expanded. This expansion of the HARP is aimed to make the housing market stabilized and to improve the nationâ€™s overall economy.

The guidelines for the new HARP Program were released by Fannie Mae and Freddie Mac on November 15, 2011. Fannie Mae and Freddie Mac are acronyms for Federal National Mortgage Association and Federal Home Loan Mortgage Corporation, both government sponsored enterprises (GSEs). The names Fannie Mae and Freddie Mac were adopted officially for easy identification. The FHFA oversees the two GSEs.

Under the new Home Affordable Refinance Program, homeowners whose loans are bigger than their home value can refinance irrespective of how much underwater they are. However, their mortgage payments should be current. The revamped HARP Program also streamlines the process of refinancing, eliminating some types of appraisals and requirements in underwriting along with lessening or doing away with fees that had prevented these homeowners to refinance their homes in the past. Following is the eligibility guideline for HARP 2.0.

1. In the new HARP 2.0, the most significant change made is that there will be no loan to value (LTV) cap. Under the previous HARP, the LTV should not exceed 125%.

2. You need to be the owner and occupant of 1-4 unit home. Other qualifying properties are primary and secondary residences. Both the owner-occupied and investment homes are eligible for Home Affordable Refinance Program refinancing.

3. The loan on your home is guaranteed or owned by Freddie Mac or Fannie Mae. Before applying for a refinancing, you must first determine whether your mortgage appears on Fannie or Freddieâ€™s websites. They have online â€œlookupâ€• forms in their respective sites. If your loan is not listed on anyone of these sites, you are not eligible for HARP refinancing. However, if your loan appears on either the Fannie or Freddie site, this does not mean that you are eligible instantly. Note that there are some criteria to be met and being on Fannie and Freddie list is only a pre-qualification.

4. At the time that you filed your application for HARP Program refinancing, you are up to date on your payments. You are allowed one 30-day late payment during the last 12 months, but not within the last 6 months.

5. You are financially capable to pay the new mortgage payments under the new HARP.

6. Refinancing should improve the stability or affordability of the loan in long term.

You can visit the MHA (Making Homes Affordable) website for additional information. If you donâ€™t qualify because you are very much behind your mortgage payments, you can check if you will qualify for a loan modification with the Home Affordable Modification Program (HAMP).

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Article Keywords:
home affordable refinance program,HARP Program

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