



Home Affordable Refinance Program

This paper is about HARP. We will explain what the program is about and how it can help many people get their mortgage payments into an affordable range.



About HARP® Home Affordable Refinance

IMPORTANT NOTE: If you've been turned down before, be advised that the program now requires less documentation and has simpler guidelines, all designed to approve more loans. HARP has been significantly enhanced since it was launched in 2009. *NOW IS THE TIME TO TRY HARP AGAIN.*

What is the HARP Program?

When you have little equity in your home, or owe as much or more on your mortgage than your home is worth, it can be difficult to find a lender willing to help you refinance. But for borrowers who have remained current on their mortgages, and have loans owned by Fannie Mae or Freddie Mac, there is hope. It's called HARP.

Introduced in March 2009, HARP enables borrowers with little or no equity to refinance into more affordable mortgages without new or additional mortgage insurance. HARP targets borrowers with loan-to-value (LTV) ratios equal to or greater than 80 percent and who have limited delinquencies over the 12 months prior to refinancing.

Significant changes have been made to HARP since the program was first introduced. For example, in 2011 the LTV ceiling was removed, property appraisal requirements were waived in certain circumstances, certain risk fees for borrowers selecting shorter amortization terms were eliminated, and certain representations and warranties were waived. In 2013, the eligibility date was changed from the date the loan was acquired by Fannie Mae or Freddie Mac to the date on the note, increasing the pool of eligible borrowers.

Through HARP, you can get a lower interest rate (which means less out-of-pocket costs each month), get a shorter loan term, or change from an adjustable to fixed-rate mortgage. There's

no minimum credit score needed, either.

And now that HARP guidelines are simpler, even people who were formerly turned down may now be eligible for HARP refinancing.

How can HARP help me?

If you are current on your mortgage; have a mortgage that is owned by Fannie Mae or Freddie Mac, and owe as much or more than your home is currently worth, you may be eligible for HARP refinancing. That can mean significant savings by:

- Lowering your monthly payment
- Reducing your interest rate
- Securing a fixed-rate mortgage that won't change over time
- Building equity faster—shorter term options may be available
- Lower closing costs because an appraisal is not usually required

HARP program includes:

- **No underwater limits**
Borrowers will now be able to refinance regardless of how far their homes have fallen in value. Previous loan-to-value limits were set at 125 percent.
- **No appraisals or underwriting**
Most homeowners will not have to get an appraisal or have their loan underwritten, making their refinance process smoother and faster.
- **Modified fees**
Certain risk-based fees for borrowers who refinance into shorter-term loans have been reduced.
- **Less paperwork**
Lenders now need less paperwork for income verification, and have the option of qualifying a borrower by documenting that the borrower has at least 12 months of mortgage payments in reserve.
- **Program Deadline**
The end date to get a HARP refinance is **December 31, 2018**.



Are You Eligible?

You might be eligible:

See if you meet these basic eligibility requirements:

- You are **current on your mortgage**, with no 30-day+ late payments in the last six months and no more than one in the past 12 months
- Your home is your **primary residence**, a 1-unit **second home** or a 1- to 4-unit **investment property**.
- Your loan is **owned by Freddie Mac or Fannie Mae**. *We at First Direct Options will check that for you.*
- Your loan was originated on or before **May 31, 2009**. Your current loan-to-value (LTV) ratio must be **greater than 80%**. *We at First Direct Options will calculate your LTV Ratio for you.*



How to Get Started

First Direct Options will help you follow 3 basic steps.

If you qualify to refinance your mortgage through HARP, you'll go through an application, approval and closing process (similar to when you got your original mortgage). First Direct Options and A HARP lender will work with you through every step, and will help determine if HARP meets your specific needs. Outlined below are the steps to get started.

STEP 1:

Gather your financial information.

First Direct Options will help you with this. We have to make sure you have your basic financial and loan information on hand when we contact your mortgage company on your behalf. We will help you with the information you'll need, which is:

- Your mortgage statements, including information on a second mortgage (if applicable); and
- Your income details (paystub or income tax return).

STEP 2:

We will help you contact your mortgage company

We need to find out if they are an approved HARP lender. Since you are a current customer, your lender already has your loan file. However, they will need you to provide the information necessary to verify your current source of your income.

OR ~ ~ ~ :

We will help you contact a HARP lender.

We have a list of approved HARP lenders. We will simply tell them you are interested in refinancing. We will help you find out if you qualify for HARP before we advise you to move to this step.

Did someone say “NO?”

Don't worry, if your lender says you are not eligible for HARP, we will ask for specific reasons why. If we have determined, by FHFA and HARP guidelines that you are eligible, we will first ask to speak to the HARP specialist, or consider talking with a different lender. The HARP program is presented to you, the borrowers with a mortgage loan that has been inflated by your lender to a point where it is difficult for you to fit that payment into your budget. We will help you find another lender that will accept the HARP program.

STEP 3:

Once we have helped you determine that everything is in place and you want to go forward with the process, we will help you go through the application, approval and closing process.

Once we have the prior needed information and your lender is onboard with HARP, we will guide you through the application, approval and closing process. Of course, this will be done with the assistance of your lender, but we will be with you to make sure you get the new, lower mortgage payment you want.

Other Announcements from FHFA:

FHFA Announces Modifications to High LTV Streamlined Refinance Program and Extension of HARP through December 2018 (8/17/2017)

FHFA ANNOUNCES MODIFICATIONS TO HIGH LTV STREAMLINED REFINANCE PROGRAM AND EXTENSION OF HARP THROUGH DECEMBER 2018

FOR IMMEDIATE RELEASE

8/17/2017

Washington, D.C. – The Federal Housing Finance Agency (FHFA) today announced modifications to the streamlined refinance program for borrowers with high loan-to-value (LTV) ratios. On August 25, 2016, FHFA announced that Fannie Mae and Freddie Mac (the Enterprises) would implement a High LTV Streamlined Refinance program to provide much-needed liquidity for borrowers who are current on their mortgage but are unable to refinance because their loans have LTV ratios that exceed the Enterprises' maximum limits.

The program announced today establishes an eligibility date which makes the program available for loans originated on or after October 1, 2017. The eligibility date was necessary to preserve the objectives of the Enterprises' credit risk transfer (CRT) program under which

the Enterprises have transferred a portion of risk on \$1.6 trillion of unpaid principal balance with a combined risk in force of nearly \$54.2 billion as of March 2017. The Enterprises will modify the structure of future CRT transactions to accommodate the High LTV Streamlined Refinance program by allowing the newly refinanced loans to return to the reference pools in place of loans that prepaid. This will help preserve credit loss protection on the loans without unwinding the protection paid for through CRT transactions.

The changes made to the High LTV Streamlined Refinance program appropriately balance continuing to offer assistance to underwater borrowers with protecting taxpayers.

To ensure that high LTV borrowers who are eligible for HARP continue to have a refinance option, FHFA is also directing the Enterprises to extend HARP through December 31, 2018. HARP continues to be one of the most successful crisis-era programs through which more than 3.4 million homeowners have refinanced their mortgages. More than 143,000 homeowners could still benefit from refinancing through HARP.

The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 11 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$5.9 trillion in funding for the U.S. mortgage markets and financial institutions.

FHFA ANNOUNCES NEW STREAMLINED REFINANCE OFFERING FOR HIGH LTV BORROWERS: HARP EXTENDED THROUGH SEPTEMBER 2017:

FOR IMMEDIATE RELEASE

8/25/2016

Washington, D.C. – The Federal Housing Finance Agency (FHFA) today announced that Fannie Mae and Freddie Mac (the Enterprises), at FHFA's direction, will implement a new refinance offering aimed at borrowers with high loan-to-value (LTV) ratios. The new refinance offering will provide much-needed liquidity for borrowers who are current on their mortgage but are unable to refinance through traditional programs because their LTV ratio exceeds the Enterprises' maximum limits.

"Providing a sustainable refinance opportunity for high LTV borrowers who have demonstrated responsibility by remaining current on their mortgage makes financial sense both for borrowers and for the Enterprises," said FHFA Director Melvin L. Watt. "This new offering will give borrowers the opportunity to refinance when rates are low, making their mortgages more affordable and thus reducing credit risk exposure for Fannie Mae and Freddie Mac."

Eligibility and Qualifications have changed:

In order to qualify for the new offering, borrowers: (1) must not have missed any mortgage payments in the previous six months; (2) must not have missed more than one payment in the previous 12 months; (3) must have a source of income; and (4) must receive a benefit from the refinance such as a reduction in their monthly mortgage payment. Full details will be

available in the coming months through the Enterprises, but the offering will make use of the lessons learned from the Home Affordable Refinance Program (HARP) and its streamlined approach to refinancing.

The new high LTV streamlined refinance offering is more targeted than HARP but as with HARP, eligible borrowers are not subject to a minimum credit score, there is no maximum debt-to-income ratio or maximum LTV, and an appraisal often will not be required. However, unlike HARP, there are no eligibility cut-off dates connected with the new offering, and borrowers will be able to use it more than once to refinance their mortgage. Borrowers with existing HARP loans are not eligible for the new offering unless they have refinanced out of HARP using one of the Enterprises traditional refinance products.

HARP REFINANCES SURPASS 3.4 MILLION FOR IMMEDIATE RELEASE

5/16/2016

Washington, D.C. – The Federal Housing Finance Agency (FHFA) today announced that more than 3.4 million homeowners have refinanced their mortgages through the Home Affordable Refinance Program (HARP). FHFA's first quarter *Refinance Report* shows that more than 19,000 HARP refinances were completed through March, bringing the total to 3,400,543 refinances since the program began in 2009.

Eligible Borrowers Can Save Money

HARP expires at the end of this year and there are still more than 325,000 U.S. borrowers eligible for the program who have a financial incentive to refinance. These so called "in-the-money" borrowers meet the basic HARP eligibility requirements, have a remaining balance of \$50,000 or more on their mortgage, have a remaining term on their loan of greater than 10 years, and their mortgage interest rate is at least 1.5 percent higher than current market rates. These borrowers could save, on average, \$2,400 per year by refinancing their mortgage through HARP.

GLOSSARY:

- CRT** Credit Risk Transfer – which means the risk taken by the HARP financing institution by making the new loan under the guidelines of the program.
- Equity** This is the difference between what you owe on our mortgage and what the house is worth. It is different from LTV because Equity is an asset, but LTV is a value used to determine your ability to refinance, etc.
- FHFA** Federal Housing Finance Agency – this is an independent federal agency created as the successor regulatory agency of the Federal Housing Finance Board, the Office of Federal Housing Enterprise Oversight,
- Fannie Mae FNMA** – is the Federal National Mortgage Association. It is a United States government-sponsored enterprise and, since 1968, a publicly traded company.
- Freddie Mac FHLMC** – stands for Federal Home Loan Mortgage Corporation. It is a public government-sponsored enterprise, headquartered in the Tysons, Virginia. The FHLMC was created in 1970 to expand the secondary market for mortgages in the US.
- HAPA** stands for **Home Affordable Refinance Program**. The program is created by FHFA and the Treasury of the United States to help homeowners and homebuyers. Its Purpose is Preventing foreclosures and maintaining credit availability for refinances have been priorities for the Federal Housing Finance Agency (FHFA)—and so is providing resources to America’s homeowners and homebuyers. If you are looking to buy a new home, refinance an existing home or avoid foreclosure, the information in this section may help you find the answers you need.

If your mortgage is underwater or your property threatened by foreclosure, you may find the information in Mortgage Assistance helpful.

If you are purchasing a property or trying to navigate the financial housing market, visit Mortgage Education for information from shopping for a mortgage to avoiding scams and federal resources.

- LTV** Loan to Value – this is the difference between the amount of money you owe on your mortgage and what the property is valued at. For example, if an appraisal of your property returns a value of \$354,566.00 and your remaining mortgage loan balance is \$395,123.00, your LTV is negative \$40,557.000

Underwater Borrowers

These are people who have a mortgage on their home and their LTV is negative. In other words, they owe more on their mortgage loan than the property is worth. These people are one of the reasons HARP was created.

For more information or to see if you qualify for HARP, contact us:
Office: 888-641-3934 Ext 1. Direct: Fred: 951-348-5234 * Joe: 951-807-9436
Spanish, Mario: 909-999-4562