

November 1, 2011

Government Launches Expanded Home Loan Program For Borrowers To Refinance, With Negative Equity

As mortgage interest rates have continued to decrease in recent years, many homeowners with no equity in their homes, but with good credit scores and income levels have not been able to take advantage of lower rates. This is due to the fact that no one would provide a new home loan for someone who owes more than their home is worth. However, this will soon change for some homeowners who meet the guidelines of the latest government refinance program.

The Federal Government recently announced an expanded initiative to their existing HARP refinance program, to allow certain homeowners to refinance their current home loans, even if they are upside down in their homes. This new initiative is aimed at helping out homeowners who are much more upside down in their homes than the first proposal.

The program does have a few levels of criteria that homeowners must meet in order to qualify, as outlined below.

First, it doesn't matter who the homeowner currently make their payments to, but the loan must currently be owned by Fannie Mae or Freddie Mac.

To see if Fannie Mae owns your loan currently, go to: <http://www.fanniemae.com/loanlookup/>

To see if Freddie Mac owns your loan currently, go to: <https://ww3.freddie.mac.com/corporate/index.html>

Next, your loan must have been originated prior to July 1, 2009 and currently be on time with payments. The reasoning behind this is that in the past two plus year's interest rates and have values have both dropped and so the program is aimed at homeowners who already are making their payments, but have not been able to refinance, due to the value of their homes.

Finally, the existing mortgage loan must not have mortgage insurance included with it. Or in other words, when the homeowner obtained their current loan, it did not include any mortgage insurance with the monthly payment. You can however have a second mortgage behind your existing loan and still qualify for this program.

If you meet those qualifications, then you should be able to refinance your home loan, for a lower interest rate through this new home loan program.

In addition, while details are being finalized, with a November 15th date set for the program to be finalized, there will be additional benefits to the new program to make it more affordable for homeowners to refinance.

First, there will be no appraisals with the new program, though some sort of automated valuation will be determined for the property's true value assessment. This will reduce the cost involved in the refinance process and streamline the refinance process as well.

In addition, certain fees associated with higher loan to value loans, associated with Fannie Mae and Freddie Mac conventional loans in recent years will be eliminated, allowing consumers to obtain interest rates that meet today's historical lows. For full qualification, of course it is always advisable to contact a licensed mortgage lender.