



Bankers Advisory

COMPLIANCE MONITOR

August 25, 2016

HARP Extended through September 2017, Streamlined Refinance Program for High LTV Borrowers Announced

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August 25, 2016, the Federal Housing Finance Agency (FHFA) 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 FHFA announcement is provided below:

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.

Eligibility

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 Extended into 2017

The new high LTV streamlined refinance offering will not be available to borrowers until October 2017. To ensure that high LTV borrowers who are eligible for HARP will not be without a refinance option while the new refinance offering is being implemented, FHFA is creating a bridge to this future program by also directing the Enterprises to extend HARP through September 30, 2017. HARP continues to be one of the most successful crisis-era programs with more than 3.4 million homeowners already having refinanced their mortgage. More than 300,000 U.S. homeowners could still refinance through HARP.

[Fannie Fact Sheet link](#)

[Freddie Fact Sheet link](#)