

Home Affordable Refinance Program

Written by Administrator

Wednesday, 30 June 2010 10:06 - Last Updated Wednesday, 30 June 2010 13:48

Refinancing can be a great way to cash in on your home, but with many homeowners in distress, not everyone meets the standards for a home loan refinance. This is why the government has launched the Home Affordable Refinance Program (HARP). It is designed mostly for homeowners who do not qualify for traditional home loan refinance programs, and offers additional incentives to help them get their mortgages back on track.

Why refinance?

Refinancing through the Home Affordable Refinance Program allows you to move to more stable mortgage terms. The most common situation is a move from an adjustable-rate mortgage (ARM) to a fixed-rate one, which protects borrowers from interest rate fluctuations that probably caused their defaults in the first place. You can also move from an interest-only mortgage to a regular loan that allows you to build equity, or even change from a 30-year fixed-rate mortgage to a 15-year or 20-year one that allows you to pay it off sooner.

Who qualifies?

The Home Affordable Refinance Program targets borrowers who have a loan-to-value ratio of close to or over 100 percent (97-12% is the usual range). This means that they do not have much equity in their homes to make a home loan refinance viable for their lenders, or that they owe more than the value of their homes. You can contact your lender or consult a financial adviser to find out your home's loan-to-value ratio.

The home loan refinance program currently applies to mortgages owned by Fannie Mae or Freddie Mac, both government-owned servicers. Both companies have online lookup tools, where you can see who owns your mortgage.

What do you need?

Most lenders will set their own guidelines for home loan refinance, so you may have to be

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screened separately by the Home Affordable Refinance Program and your bank. Before making your application, make sure you're ready to provide documents such as:

- Your latest mortgage statement
- Your latest paystubs or a documentation of your household income
- Your latest tax returns
- Bills and account statements for credit cards and other loans
- Bank statements for other accounts

It's important to provide all the documents your bank asks for. Application volumes are high for home loan refinance these days, so getting shoved to the bottom of the pile can greatly increase your wait time. With proper planning and complete documentation, you can get your Home Affordable refinance done in no time.