

# National Loan Resolution Services, LLC

*Real Estate and Financing Solutions*



## **Home Affordable Refinance Program (HARP) Borrower's Guide – Part One: Overview**

This article is Part One of a three part series that breaks down the Home Affordable Refinance Program (HARP) into five easily understood steps;

- (1) Overview
- (2) Eligibility and Applying for refinancing, and
- (5) Other financial factors to consider.

The aim of the articles is to walk you through the refinancing process of your Government Sponsored Enterprise loan from start to finish and to answer any questions you may have before pursuing refinancing under HARP.

HARP is one of the four linked Programs under the Making Home Affordable Program;

1. Refinancing Government Sponsored Enterprise mortgage loans (Fannie Mae and Freddie Mac) through the **Home Affordable Refinance Program (HARP)**.
2. Modifying 1st and 2nd Lien mortgage loans through the **Home Affordable Modification Program (HAMP)** and the **2nd Lien Modification Program (2MP)**.
3. Offering other alternatives through the **Home Affordable Foreclosure Alternatives Program (HAFA)**.

HARP is available until June 10, 2011. Your refinance under HARP must have a mortgage note date on or before that date.

### **Overview of Home Affordable Refinance Program (HARP)**

The objective of a refinance under HARP is to provide creditworthy homeowners who have shown a commitment to paying their mortgage the opportunity to get into a new mortgage with better terms.

Homeowners, whose Government Sponsored Enterprise mortgage interest rates are much higher than the current market rate should see an immediate reduction in their payments. Homeowners who are paying interest only, who have a low introductory rate that will increase in the future, or who face a balloon payment may not see their current payment go down if they refinance to a fixed rate and payment. These homeowners, however, could save a great deal of money by reducing the amount of

interest you pay over the life of the loan.

Refinancing into a more stable fixed-rate loan product and avoiding future mortgage payment increases would likely improve your ability to sustain your mortgage payments over the long-term. When you submit a loan application, your lender will give you a "Good Faith Estimate" and a "Truth in Lending Statement" that includes your new interest rate, mortgage payment, and the amount that you will pay over the life of the loan. Compare this to your current loan terms. If it is not an improvement, a refinancing may not be right for you.

### **Government Sponsored Enterprise Loans (GSE)**

In this instance, Government Sponsored Loans (GSE) are loans that are BACKED WITH INSURANCE by Fannie Mae or Freddie Mac. The loans are not owned by Fannie Mae or Freddie Mac, they are owned by the financial institute that collect your monthly mortgage payment and has responsibility for the management and accounting of your loan. These financial institutes are known as 'servicers'.

**All servicers for loans guaranteed by Fannie Mae and Freddie Mac are required to participate in the HARP process.** If you contact the servicer and they state they are not participating in HARP and you know your mortgage is backed by Fannie Mae or Freddie Mac ask to speak with a supervisor or contact a HUD – approved housing counselor for assistance.

Both Fannie Mae and Freddie Mac have established toll-free telephone numbers and web submission processes to help homeowners find out if either Fannie Mae or Freddie Mac guarantees the loan.

For Fannie Mae: 1-800-7FANNIE (8am to 8pm EST)      [www.FannieMae.com/loanlookup](http://www.FannieMae.com/loanlookup)

For Freddie Mac: 1-800-FREDDIE (8am to 8pm EST)      [www.FreddieMac.com/mymortgage](http://www.FreddieMac.com/mymortgage)

This information is not a guarantee of eligibility for a refinance under HARP, as other qualifying criteria must also be met.

**If your loan is not guaranteed by Fannie Mae or Freddie Mac, then you may be eligible to participate in the Home Affordable Modification Program – please review the relevant articles contained on this website.**

Source: [US Treasury – Making Home Affordable Program](#)

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