Tom Payne

Senior Loan Consultant, loanDepot
NMLS# 1017004 #174457 Licensed in all 50 States
2835 St. Rose Parkway, Suite 120 Henderson, NV 89052

Office: 702-303-0243
Mobile: 702-303-0243
tompaynemortgage@gmail.com
View My Website

New HARP Kills Cut-Off Date, But You Have to Wait

While implementation is a ways down the road, both Fannie Mae and Freddie Mac (the GSEs) will offer new streamlined refinance options aimed at borrowers with high loan-to-value (LTV) ratios. The Federal Housing Finance Agency (FHFA), conservator of the GSEs, announced on Thursday that the new products will be available **starting in October 2017**. In the meantime, in order to provide a bridge for borrowers with high loan-to-value (LTV) ratios, FHFA has extended the availability of Home Affordable Refinance (**HARP**) loans through September 30, 2017 rather than terminating the program at the end of this year.

The FHFA announcement says the new GSE refinance offerings 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 GSEs' maximum limits.

Criteria for Fannie Mae and Freddie Mac loans **vary slightly** but essentially the new refinancing products require that borrowers have not missed any mortgage payments for at least the previous six months and not more than one payment in the previous 12 months. At least 12 payments must have been made to Freddie or Fannie since the loan was acquired. Borrowers must also have a source of income and be refinancing a loan originated by the lender through whom they are refinancing.

In addition, the refinancing is contingent on the borrower **benefiting** from the new loan through at least one of a reduced monthly principal and interest payment, a lower interest rate, a shorter amortization term, or accessing a more stable product (i.e. moving to a fixed-rate mortgage from an adjustable one).

Both GSEs will permit **mortgage insurance to be transferred** to the new loan. If the old loan does not have insurance in place it will not be required for the refinancing as long as all other eligibility requirements are met. The loan allows streamlined documentation for employment, income, and assets.

FHFA says the new refinance offering is **more targeted** than HARP loans but like HARP, eligible borrowers do not need a minimum credit score and there is **no maximum debt to income ratio**. Appraisals may not always be required. **Unlike HARP** the loan is not limited by the origination date of the loan being refinanced and borrowers can use the product more than once. Active HARP loans cannot be refinanced into the new offerings.

National Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.89%	0.00	0.00
15 Yr. Fixed	6.33%	+0.01	0.00
30 Yr. FHA	6.33%	+0.01	0.00
30 Yr. Jumbo	7.05%	0.00	0.00
5/1 ARM	6.58%	0.00	0.00
Freddie Mac			
30 Yr. Fixed	6.77%	-0.09	0.00
15 Yr. Fixed	6.05%	-0.11	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.00%	-0.03	0.60
15 Yr. Fixed	6.63%	+0.07	0.61
30 Yr. FHA	6.87%	-0.03	0.92
30 Yr. Jumbo	7.13%	+0.02	0.38
5/1 ARM	6.22%	-0.16	0.60

Rates as of: 7/22

Recent Housing Data

		Value	Change
Mortgage Apps	Jul 10	206.1	-0.19%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

		Value	Change
Builder Confidence	Mar	51	+6.25%

"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."

Update: Buyer Broker Agreement

After requests from real estate companies, a nonprofit consumer watchdog group the Consumer Federation of America has developed a list of factors to consider when creating a buyer contract in preparation for upcoming practice changes in the industry.

CFA released its “Proposed Criteria for Evaluating Home Buyer Contract Forms” on Tuesday. The 15 criteria focus on the contracts’ form — whether the documents are readable and understandable — and content — whether they are fair to homebuyers.

-the document’s expiration date (CFA recommends buyers asks for a three-month contract and never sign one longer than six months)
-the right to terminate the contract
-the disclosure that compensation is negotiable
-the broker’s compensation clearly stated and that the buyer broker can’t receive additional compensation for facilitating a sale
-that any additional fees, such as for showing a home, will be deducted from the broker’s commission if there is a successful sale
-that the commission is due only if there is a successful closing
-that buyers have an obligation — for no longer than 60 days, CFA recommends — to pay a broker who earlier showed them a home they purchased after the contract ended
-seller concessions paid directly to buyers
-dual agency not pre-approved by the contract
-an explanation of how a broker treats different buyer clients interested in the same property
-that buyers should not be required to first go through mediation or arbitration if they have a complaint

Contact me for more information. 702-303-0243 or TPayne@loandepot.com

We are a direct nationwide lender.
EQUAL HOUSING LENDER

Tom Payne