

Obama's HARP Re-vamp – Some Homeowners Still Out of Luck

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In October 2011, the Obama administration announced additional steps to try and help people lower their mortgage payments by allowing more of them to refinance—even if they owe more than their property is worth. The White House is taking these steps because of today's financial climate, where many people are in debt and unable to make mortgage payments. In the quarter ending September 2011, foreclosures rose to 26% from the previous quarter, and experts predict this number will only continue to rise without some sort of intervention.

Refinancing can give homeowners a lower monthly payment, allowing them to continue making payments and avoid foreclosure or bankruptcy. This plan is actually a re-vamp of a 2009 plan called the **Home Affordable Refinance Program (HARP)**. The HARP re-vamp plans to streamline the refinancing program by reducing fees, eliminating appraisals, removing underwriting requirements, and generally making it easier for people to be eligible for refinancing.

Some other changes are as follows:

- 125% loan-to-value cut off requirement lifted
- Buy back risks eliminated for banks
- Easier mortgage insurance transfer
- Waived fees in some cases

The main requirements for eligibility have been streamlined as well. Homeowners must have made their last six payments, have no more than one missed payment in the last 12 months and verify that they have a job or other source of income. These changes are set to begin November 15, 2011 and some banks say they could begin accepting applications as soon as December 1, 2011. A new end date for the program has been set at December 2013.

One area of major concern still exists, however. Some restrictions still do apply that will leave some without refinancing options. If your loan is not backed by Fannie Mae and Freddie Mac, then you are out of luck and if you have already refinanced, you cannot do so again. In addition, if you are behind on your mortgage, then refinancing is not an option.

If you are in a situation where you find you are not eligible, there are other options. In cases such as this, individuals may look to [mortgage modification](#), [debt negotiation](#) or [bankruptcy](#) to provide relief. An experienced debt relief attorney such as [Harold Shepley & Associates](#) can assess your situation to find out what options are available to you.

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