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and 15-year fixed rate mortgages only and does not allow for the borrower to receive more than \$250 cash out at close of escrow. According to the government, only 10% of the eligible borrowers have received a refinance through the HARP program prior to November 2011. This is because most of the banks that brought this product to market did not allow for a borrower to be upside down in their equity by more than 5%, even though the product existed to allow negative equity of 25%!

In my December 2011 newsletter, I spoke to the limited focus that banks show to help the consumer. Here is another prime example of this: Even though Fannie and Freddie had products designed to help people reduce their debt burdens and help prevent people from choosing foreclosure as a primary option, the banks colluded to help continue the problems that exist when they could have jumped in to help consumers and the economy as a whole. The bankers continue to be risk averse above all else, even when it is the taxpayer, through entities like Fannie/Freddie, who is taking the risk. This continued risk adverse stance allows the banks to not make products available that would allow homeowners to benefit and reduce foreclosures. It seems to me that creating more cash flow for the consumer and reducing foreclosures ultimately helps the banks while stimulating the economy at the same time. Go figure.

Since the banks were not taking the HARP product to the public as it existed, the government has been forced to revamp the HARP program to remove the appraisal requirement entirely so that the borrower no longer has a cap on how upside-down they are. This means that everyone with a loan that is with Fannie or Freddie that was originated prior to May 2009 can take advantage of the current 50-year low rates. If the borrower

doesn't have PMI, Private Mortgage Insurance, currently, then the borrower is not required to take PMI through the HARP program, even if there is less than 20% equity in the property. Also, if there is a second mortgage on the property, the HARP program can still be done as long as the lender holding the second mortgage allows the borrower to refinance the existing first mortgage through HARP.

As of mid-December 2011, the mortgage lenders as a whole had not yet brought the new HARP product to market due to technicalities such as Fannie/Freddie entering the new program into their automated systems. The word on the street is that some lenders will be ready to take applications for this product in January 2012 and others will not be ready until March 2012. The new product is supposed to exist until the end of 2013, so there is time, but rates are at an all-time low, so waiting may not be prudent.

I have lots of experience with the HARP program and have refinanced many of you through it, many of you with second mortgages. I am happy to let you know that I have many lenders that are going to allow me to help the rest of you regardless of how little equity that you have in your properties.

If you have any questions or need me to educate you more on how mortgage banking is working, or not working, these days, please don't hesitate to call me.

*As always, your loan guy,
Viral (Vic) Joshi*

P.S. If you want to get more timely market updates, I have a weekly newsletter that goes out via e-mail. E-mail me, viral@vicjoshi.com, so that I can put you on the mailing list.

Vic's

Mortgage Report

"Home of Free Mortgage Consultation"

Viral (Vic) Joshi

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Hello Friends,

I hope you all had a happy holiday season and are all enjoying the New Year. This year

promises some positive changes in the mortgage lending industry, especially as it pertains to interest rates and refinancing. You may have heard that Fannie Mae and Freddie Mac have revamped the existing HARP product (Home Affordable Refinance Program) in November 2011.

HARP is a mortgage refinance program that allows those homeowners who have less than 20% equity in their property to refinance. This program has been around since 2009 and applies only to mortgages that were taken out prior to May of 2009 where the investor is Fannie Mae or Freddie Mac. The program is allowed for 1-4 unit residential properties and can be applied to all occupancy types. This means the homeowner can refinance owner-occupied properties, second homes, and investment/rental properties under this program.

The program prior to November 2011 did not apply to homes that were upside down by more than 25%. This means the loan amount could be 125% of the appraised value of the subject property and the borrower could still qualify for HARP. The program allows for 30-year

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