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The Home Affordable Refinance Program 2.0 (HARP 2.0), which I have been addressing in my previous newsletters, is in full swing and I have closed around a dozen of them so far for some of my existing clients. This program is complicated and it is taking lenders a long time to process new applications for this product. The Fannie Mae version, DU Refi Plus (Desktop Originator Refinance Plus), is a bit easier to get through and has a better interest rate option than the Freddie Mac version, LP Open Access (Loan Prospector Open Access). This is due to some technicalities in the underwriting rules that make LP Open Access more difficult to structure and requires a slightly higher rate to meet with the more difficult underwriting requirements. If you have a Freddie Mac loan and want to discuss your options, please contact me directly to discuss your particular situation.

FYI, DU and LP, Desktop Underwriter and Loan Prospector, are the names of the automated underwriting systems that Fannie and Freddie employ to help determine each loan's eligibility to be sold to Fannie and Freddie. These systems are the underwriter's bible to making a deal and I use them both on a regular basis when placing loans. Due to the increased volume of refinances that HARP 2.0 has created in the marketplace, all lenders have started to increase their turn times to close mortgages for refinances and purchases. Average closing on a refinance for me today is 45 days from application to close. Purchases are still taking 30 days or less, but need to be set up perfectly to make that time frame to close.

There have been rumors of extending HARP 2.0 beyond the end of 2013 because the lenders are so slow in adopting the new program. Also, lenders have been limiting the amount of home owners who can qualify for the new program by adding their own layer of red

tape to the HARP 2.0 loan product. The whole point of HARP 2.0 is to help 6.7+ million home owners who have little to negative equity in their homes to refinance near the current historically low interest rates. The lenders continue to be risk adverse, however, and it has been very difficult to find lenders who want to help those most in need who are severely upside-down in their equity. It is especially difficult to find lenders who are offering the Freddie Mac version, LP Open Access, for home owners who have less than negative 5% equity in their homes. I have helped some borrowers with as little as negative 300% equity refinance on the Fannie program, DU Refi Plus, at rates that are very near market rate since there are more banks offering this program. If you think you are a candidate for either version, please contact me so I can give you a complete analysis as the underwriting rules and lack of lender participation make HARP 2.0 a program that requires proper, expert consultation.

The other rumors that are swirling involve a possible HARP 3.0 version that would allow home owners with mortgages that are not held with Fannie or Freddie and with little or no equity to refinance, similar to HARP 2.0. With very little improvement in the economy and the continued woes in the EU, the Fed keeps reiterating that they may step in with more emergency measures to keep the economic recovery from stalling. I will update you as things continue to develop.

*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,
New home purchasing has been heating up all spring heading into the summer with most properties receiving multi-

ple offers and staying on the market for shorter periods than a year ago. According to the *Wall Street Journal*, home inventory in most areas has fallen 20% when compared to this time a year ago. Additionally, interest rates fell again in the last week in May 2012 to touch the new low, which is another reason that there are so many buyers in the market. With rates continuing to be at the 50-year low since November 2011, it seems that the Federal Reserve's strategy of continuing to suppress interest rates is starting to work.

In addition to the Fed's efforts, the continued economic problems in the European Union and the 10-year bond falling to a new all-time low yield of 1.42% have helped to create new low levels on all fixed and adjustable mortgage interest rates. The only thing holding the real estate recovery back, other than a lack of inventory, is a continuing poor job market with the unemployment rate increasing in May 2012 to 8.2%. If that number can start to fall appreciably, I think these historically low rates will cause another mini-boom in home purchasing and we will start to see property prices move up quickly. In some areas, that is already starting to happen.

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