

Obama Expected to Unveil Housing Aid

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President Barack Obama is expected to announce Monday new policies to help struggling home owners, including a move that would allow borrowers to refinance their mortgage at current low rates no matter how much their home values have dropped.

The announcements are expected to unveil looser terms to qualify for the Home Affordable Refinance Program (HARP), which helps borrowers up-to-date on their mortgage payments refinance, despite a drop in their home values.

The Federal Housing Finance Agency, which regulates Fannie Mae and Freddie Mac, also is expected to end a cap that excluded home owners from HARP who had mortgages that were higher than 125 percent of the home's value.

Many borrowers who are underwater on their properties have been unable to refinance their mortgage since they do not have enough equity in their properties. The administration's plan is expected to eliminate "appraisals and extensive underwriting requirements for most borrowers" who are up-to-date on their mortgage and want to refinance at a lower rate, The Wall Street Journal reports.

Obama is also expected to announce a reduction in Fannie Mae and Freddie Mac loan fees and a waiving of fees for borrowers looking to refinance their mortgages into shorter terms. Lenders could start refinancing, following the new policies, as early as Dec. 1. However, mortgages that are more than the current loan-to-value limit may have to wait until early next year, according to media reports.

Housing experts believe that allowing underwater home owners to refinance at the current low rates will allow home owners to shave hundreds from their monthly mortgage bills and possibly help avoid foreclosures and free up more household cash to spur economic recovery in other areas.

Source: "[WSJ: Home Lending Revamp Planned](#)," *The Wall Street Journal* (Oct. 24, 2011) [log-in required] and "[Obama to Unveil Housing Plan on Campaign Swing West](#)," *Reuters News* (Oct. 24, 2011)