

## Home Affordable Refinance Program (HARP) (04/03/09)



### ***Retail Operations Announcement***

#### **Introduction**

On March 4, 2009 the Department of Treasury announced the Home Affordable Refinance Program. The program includes a new initiative Home Affordable Refinance which provides refinance opportunities to borrowers with Fannie Mae or Freddie Mac mortgages.

Many homeowners pay their mortgages on time but are not able to refinance to take advantage of today's lower mortgage rates perhaps due to a decrease in the value of their home. A Home Affordable Refinance will help borrowers, whose loans are held by Fannie Mae or Freddie Mac, refinance into a more affordable mortgage.

With the introduction of the new Home Affordable Refinance Program, the Agency Streamline No Cash Out Refinance Program is being retired and is being replaced with the Fannie Mae Refi Plus or Freddie Mac Relief Refi.

#### **Effective Date**

April 6, 2009

#### **Eligibility**

Loans being refinanced must have been originated through the following channels to be eligible for a Home Affordable Refinance Program:

Retail or JV  
Consumer Direct  
Wholesale  
Correspondent

The new loan must be originated through the Retail or Consumer Direct 1st Mortgage channels.

<b>Feature</b>	<b>Fannie Mae</b>	<b>Freddie Mac</b>
Investor	Fannie Mae loans only	Freddie Mac loans only
Eligible property types/occupancy	Primary, Second Home or Non Owner Occupied 1-4 Units Existing Second Home must	Primary, Second Home or Non Owner Occupied 1-4 Units Existing Second Home must refi to

	refi to a Second Home and existing Non Owner Occupied must refi to Non Owner Occupied	a Second Home and existing Non Owner Occupied must refi to Non Owner Occupied
Eligible products for new loan	Fully amortizing fixed rate	Fully amortizing fixed rate 5/1, 7/1 and 10/1 ARMS
Proceeds	Loan proceeds may only be used to pay off the first mortgage	Loan proceeds may only be used to pay off the first mortgage
Maximum LTV	105% for all property types and occupancies	105% for all property types and occupancies
Maximum CLTV	There is no maximum CLTV.	There is no maximum CLTV.
Maximum loan amount calculation	The unpaid principal balance of the existing mortgage <b>less</b> the escrow account balance <b>plus</b> closing costs, discount points and prepaids on the new mortgage No cap to the closing costs, discount points or prepaids that can be added MI company restrictions apply	The unpaid principal balance of the existing mortgage <b>less</b> the escrow account balance <b>plus</b> closing costs, discount points and prepaids on the new mortgage The maximum amount of closing costs, discount points and prepaids is <b>capped at \$2,500</b> MI company restrictions apply
MI requirements	If current loan has no MI, MI is not required on new loan even if over 80% LTV If current loan has MI, the percent of coverage on new loan remains the same	If current loan has no MI, MI is not required on new loan even if over 80% LTV If current loan has MI, the percent of coverage on new loan remains the same
Eligible MI carrier	Standard six <b>plus</b> Triad	Standard six <b>plus</b> Triad
Net Benefit to borrower	reduced monthly P&I, interest rate or term refinancing to a more stable mortgage product may not go from a fixed to ARM product	lower interest rate more stable mortgage product but <b>cannot extend the loan term</b> reduce amortization term may not go from a fixed to ARM product
Loan terms	Up to 40 years	15, 20 or 30 years
Subordinate financing guidelines	No max CLTV Existing subordinate financing resubordinated No new subordinate financing May not pay down existing subordinate financing	No max CLTV Existing subordinate financing resubordinated Existing second may be Affordable Second No increase in subordinate

		lien amount
		No new subordinate financing
		May not pay down existing subordinate financing
FICO requirements	no minimum	no minimum <b>if</b> borrower's P&I is decreasing, stays the same, or increases less than 20%
		Minimum 620 if P&I increases more than 20%
		Maximum DTI of 45% if P&I increases over 20%
Seasoning requirements	None	Borrower must have a credit score 3 months
Project approval requirements	No project approvals required	No project approvals required

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