



# “The wasted 4% mortgage rate?...”

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It appears that many homeowners have still been unable to take advantage of these record low interest rates, in fact, relief still appears out of reach. Much of the public is constantly hearing about all the stimulus programs out there but feel they're unable to personally take advantage of them. I've heard numerous stories of homeowners contacting their loan servicers, to be told that loan modifications are only available if they're already making their payments late or are in financial distress. Seems silly the one way to get help is to be paying your mortgage late.....

What about the hardworking family that has done nothing wrong except buy a home in the middle of the housing bubble?

Over the last several weeks, mortgage rates have consistently fallen to record lows. The Federal Reserve Board has said that they will continue to buy government debt and do whatever it takes to help the economy recover. Rates for 15 year loans have dropped into the 3's and 20 and 30 year loans are in the 4's. There are even rates available in high 2's!!!!!!!

The fall in rates means that many homeowners and investors are, in theory, able to lower their monthly payments by refinancing their existing loans. However, it's not easy to get a loan in today's market, and many people are getting turned down for a variety of reasons. Credit issues and appraisal problems are the major stumbling block these days. The lowered home valuation has become a top reason why the public has given up trying to take advantage of the government stimulus by refinancing into a lower payment. However, most of the public is unaware of “**HARP**” (Homeowners Affordable Refinance Program).

Key points of this Government program are:

1. You are still making your mortgage payments
2. Your house may be worth less than your existing mortgage
3. Available on Primary, Rental & Vacation homes
4. You on a basic level have to "qualify" for the new lowered payment

With this program, it's Government to the Rescue! “**HARP**” is designed to allow homeowners and investors to lower their monthly payment and take advantage of these record low rates. It is not another version of the loan modification fiasco where a lot of homeowners were given the paperwork run around. This is an actual loan program, just like a traditional fixed rate loan. This program is available on fixed and adjustable rate products. You can borrow up to 105% of the value of your property and this really helps borrowers who've had appraisal issues on properties when attempting to refinance earlier this year. If you fall into this category, try again!

Initially this program was allowed to only be offered by the servicing banks, but as only a small fraction of Americans took advantage of it, recently it's been laid out to qualified local mortgage companies. Not all brokers have access to these relief funds so please check with your local loan professional. The theory behind the program is two fold. First, by lowering monthly mortgage payments, more people should be able to hold onto their homes, thus reducing foreclosures and short sales. This would help stabilize the real estate market. Second, by freeing up monthly income, more money would be injected into the economy and we all know that the economy could use all the help it can get right now.

We had a long term customer come in earlier this year. We had been doing business together for over 12 years. I was actually embarrassed that I had to turn her down because her rental home value had dropped. I was happy to call her last month and under these new guidelines, able to lower her payment over \$200 per month on her rental property. The savings transitioned her from a negative cash flow situation to a positive cash flow situation on this rental. The mortgage was quite modest (\$140K) so this was quite a savings.

Remember, we will need to order an appraisal, but the appraisal is much less important in the loan process because you can borrow more than your home is worth. Today, interest rates are just too good to pass up. Even if someone told you no before, ask again. This program is due to expire early next year so don't let time run out.