


Big Four Set to Participate in HARP 2.0

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The industry's four largest mortgage servicers all say they will be taking part in the revamped Home Affordable Refinance Program (HARP).



[Bank of America](#), [Chase](#), [Citigroup](#), and [Wells Fargo](#) have each expressed their support of the program and the changes that will allow more underwater homeowners to refinance at today's lower interest rates.

Government officials expect the program's revisions – particularly the GSEs' waiver on representations and warranties – to [increase competition](#) for mortgage refinancing.

An executive with JPMorgan Chase told the company's investors this week that HARP 2.0 will facilitate “cross-servicing refinancing” because with the rep and warranty waiver, the new lender is not required to assume responsibility for underwriting deficiencies that may have occurred with the original loan.

Chase explains that HARP may be used to replace an adjustable-rate or interest-only loan with a standard fixed interest rate loan, and typically reduces the borrower's monthly payment.

Frank Bisignano, CEO of mortgage banking at Chase, estimates that with the new HARP guidelines, thousands of Chase customers could lower their mortgage payments by an average of \$2,500 a year.

Citi said in an emailed statement that it “supports the program and expects to participate.”

Wells Fargo, likewise, said in a statement that it “welcomes the addition of the new HARP features.”

Veronica Clemons, a spokesperson for Wells Fargo Home Mortgage, says the company is waiting for specific guidelines and requirements from Fannie Mae and Freddie Mac in order to put the changes into practice.

She adds that once the company's mortgage servicing team has the guidelines in hand, "it will take us some time – depending on the complexity of the guidelines – to make the necessary systems changes to begin offering the new enhancements to our customers."

The GSEs' regulator, the [Federal Housing Finance Agency](#) (FHFA), says Fannie and Freddie plan to issue guidance with operational details about the HARP changes by November 15th.

"Since industry participation in HARP is not mandatory, implementation schedules will vary as individual lenders, mortgage insurers, and other market participants modify their processes," FHFA said.

Bank of America says it will participate in the enhanced Home Affordable Refinance Program announced by the administration, and it expects the new guidelines and eligibility criteria to go into effect after December 1st.

"Despite ongoing economic challenges, nearly 90 percent of our customers remain current on their mortgage," BofA spokesperson Rick Simon said. "HARP helps these homeowners who remain current on their mortgage with options to lower their monthly payment when, otherwise, conventional funding options are limited."

The GSEs have removed the 125 percent loan-to-value (LTV) cap under the program. Now any borrower with an LTV ratio above 80 percent is eligible for a HARP refinance, as long as the loan was sold to Fannie or Freddie prior to May 31, 2009, and the borrower is not delinquent on their payments.

Since HARP was launched in 2009, nearly 900,000 loans have been refinanced through the program. Government officials estimate that an additional 1 million homeowners will receive assistance under the new guidelines.

In its announcement of the program changes, FHFA encouraged borrowers to "contact their existing lender or any other mortgage lender offering HARP refinances."