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Fannie and Freddie protect more from foreclosure

The Obama administration announced today that mortgage finance companies Fannie Mae and Freddie Mac will be allowed to offer refinance loans to homeowners for 125% the value of their homes. Previously the cap was applied at 105%. The idea behind the raise is to help more homeowners who are facing foreclosure.

In a statement Treasury Secretary Timothy Geithner said, "By expanding refinance eligibility, we can bring relief to more struggling homeowners more quickly. It's a crucial step in our broader efforts to get America's housing market and economy on the path to recovery."

The program was announced by Department of Housing and Urban Development Secretary Shaun Donovan during a tour of a struggling Las Vegas neighborhood with Senate Majority Leader Harry Reid (D-NV) and Representative Dina Titus (D-NV).

To qualify homeowners must be current on their existing home loans. The higher LTV limits are available now for those applying for a refinance through their current mortgage lender. Those who want to apply with a different lender will be eligible for the higher LTV starting October 1.