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HARP program to receive extension

Homeowners with little to no equity in their homes will have another year to take advantage of the Obama Administration's Home Affordable Refinance Program the White House announced today. Originally set to expire in June, the initiative has not helped as many homeowners as previously anticipated.

Officials hoped to help approximately 5 million homeowners refinance their loans despite the lack of equity in their homes. Instead, estimates show that fewer than 200,000 borrowers have taken advantage.

The decision to extend the program comes as market conditions continue to flounder. Acting director of the Federal Housing Finance Agency Ed Demarco released a statement earlier today saying more time would be given to "support and promote market stability." Homeowners who owe more on their home than what they're worth can take advantage of the program. The White House hopes that by helping these homeowners refinance their loans they can decrease the amount of overall risk in the current mortgage pool.

Demarco added that they're hoping to "encourage lenders and other mortgage market participants to fully adopt the HARP program". In 2009 mortgage giants Fannie Mae and Freddie Mac purchased or guaranteed approximately 4 million refinanced mortgages including the HARP refinances.

The Mortgage Bankers Association, along with other industry groups, have pushed for the extension saying it would "keep creditworthy, performing borrowers in their homes and out of unnecessary foreclosure, maintain neighborhoods and home prices, and protect Fannie Mae, Freddie Mac, and taxpayers from unnecessary losses."