Taking advantage of DURP and LPRR

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Nail Down the Alphabet Soup

- **Home Affordable Refinance Program (HARP)** – Government program to lower the rates for borrowers who are current on their mortgage payment but have had their home value decline. Two sides - DURP and LPRR.
- **DU Refi Plus (DURP)** – Program for borrowers with loans currently owned by Fannie Mae. AUS system is DU.
- **LP Relief Refi (LPRR)** – Program for borrowers with loans currently owned by Freddie Mac. AUS system is LP. Open Access program allows a new servicer to do loan.
- Loan must have been sold to Fannie or Freddie prior to May 31, 2009.

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What are the advantages?

- LTV's up to 125%, unlimited CLTV (DU or LP must approve)
- No MI if currently no MI
- MI transfers allowed if they do have MI
- Sometimes better pricing and lower adjustments
- Sometimes appraisal waivers

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How do you take advantage?

1. Customer wants to do a R/T refi. Take application (Duh)
2. Use the loan lookup tool (just Google “Does Fannie/Freddie own my loan?”).
3. Run DU or LP findings. These will tell you whether the loan is truly eligible or not for a HARP loan.

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What to look for in DU

3 This loan casefile was underwritten according to the DU Refi Plus expanded eligibility guidelines offered on certain limited cash-out refinance loan casefiles where the borrower's existing loan is identified by DU as a Fannie Mae loan. If this loan casefile is delivered to Fannie Mae, it must be delivered with Special Feature Code 147. By selling a DU Refi Plus mortgage loan to Fannie Mae, the lender represents and warrants that the borrower is receiving a benefit in the form of either a reduced monthly mortgage principal and interest payment, or a more stable product.

That's good!

4 This limited cash-out loan casefile was not underwritten according to the DU Refi Plus expanded eligibility guidelines because the subject property was not identified as a Fannie Mae loan that is eligible to be refinanced with DU Refi Plus. Refer to the Selling Guide for additional information regarding why an existing loan may not be eligible to be refinanced using DU Refi Plus.

Not so much…

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What else to look for in DU

You'll get one of these two messages:

9 Mortgage insurance is not required for this DU Refi Plus loan casefile.

9 Mortgage insurance is required for this DU Refi Plus loan casefile. The lender may either obtain the level of mortgage insurance (MI) coverage that is in effect on the existing Fannie Mae loan or standard mortgage insurance coverage. The lender should confirm the accuracy of the MI coverage in effect on the existing Fannie Mae loan prior to obtaining new MI at that specified level of coverage, or transferring the existing MI certificate. Fannie Mae's records indicate that the amount of MI in effect on the existing Fannie Mae loan is 25%, and the standard level of MI coverage for this loan casefile is 35%. Verify the MI premium is accurately reflected in the loan application.

And always look for this:

Freaking sweet!

Special Feature Code	Description
807	DU Refi Plus property fieldwork waiver
127/214	Desktop Underwriter loan

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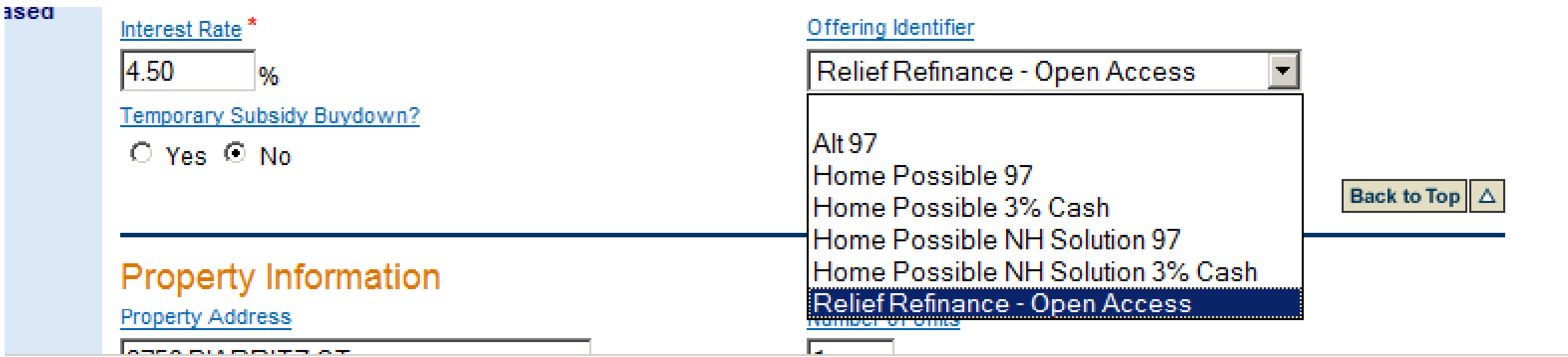
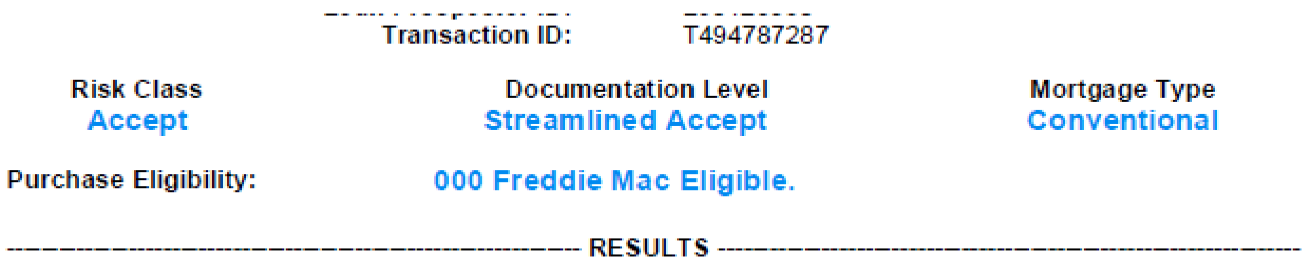
What to look for in LP

Different than DU, you have to tell it you want LPRR…



If it's LPRR eligible and approved, you get this finding:



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LP Appraisal Waiver

- Not as clear as in DU
- Findings give a “HVE value”
- Must be High Confidence Level for Plaza to accept waiver.
- Standard Deviation must be less than .20.
- Must change value to match HVE value and then re-run LP

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What if they currently have MI?

- A little trickier than if they don’t have MI
- MI has to be transferred by the same MI company
- Plaza has a program if current MI servicer is Radian, MGIC, PMI, Genworth, RMIC (your findings will tell you)
- These loans are exception loans and will have exception pricing (about 100-150 bps on DURP, about 37-50 bps on LPRR)

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What if DU/LP doesn't approve?

- Just because you're under 125% doesn't mean DU/LP will approve it.
- If high LTV/CLTV combined with another risky factor like Investment property or DTI over 40, you might not get approval.
- Tips: add assets, as much as you can verify. Also, keep lowering LTV by a few points until you get an approval.
- Remember: borrowers on new loan must be same as original loan (or you have to prove that borrower has been making payments alone).

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What about HARP 2?

- Fannie/Freddie expanded guidelines March 17
- Unlimited LTV allowed, but each lender has own rules (example – Plaza still maxes at 125%)
- Keep on top of lenders changing rules… they're coming practically every week
- Big opportunity – go get the business!

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