



Real Estate News

New Options To Keep Your Home

A real estate and tax attorney recently mentioned that she still considered the real estate industry to be “the wild, wild west” because of the constant flux, the illegal foreclosing actions and the constantly changing rules and regulations.

FOR POLICE OFFICERS AND OTHER FIRST RESPONDERS who wish to be proactive about their unsustainable housing situations, a few new options may assist homeowners who wish to protect their home on the range.

The new Federal HARP (Home Affordable Refinance Program) program that debuted in 2009 recently came out with new guidelines that may assist police officers and others who wish to refinance their home or investment properties.

The new guidelines offer new benefits with the highlights being that banks can refinance up to 200% LTV (Loan To Value). In other words, if a homeowner's house sits way underwater they may be able to re-finance at a lower rate. The HARP program does not look at value of the home (no appraisal) or the homeowner's credit score.

As usual with these federal programs, many guidelines exist so not everyone will be eligible. Homeowners cannot be late on their payments and the mortgage must be owned or guaranteed by Freddie Mac or Fannie Mae.

This program certainly does not represent a silver bullet to struggling homeowners. Even if a homeowner can refinance they may simply be slowing the bleeding of an already serious financial situation. For example, it may not make sense for a homeowner to keep a home that is \$100,000 upside-down even if they can obtain a lower interest rate. It's the same situation with loan modifications. Homeowners may simply be paying less over a longer period of time but in the long run they will not be building up equity but rather feeding the coffers of the bank. If the homeowner decides to sell in a few years then they may still be underwater and will not have the tax benefit of the soon to expire Mortgage Debt Relief Act of 2007.

Another relatively unknown pilot program that police offi-

“The new Federal HARP (Home Affordable Refinance Program) program that debuted in 2009 recently came out with new guidelines that may assist police officers and others who wish to refinance their home or investment properties.”

cers may take advantage of goes by the “Kill Your 2nd” name. A few savvy professionals have created another avenue for homeowners and real estate investors to keep their properties. In short, if a homeowner, commercial building owner, or apartment building owner has a large 2nd lien then these “kill your second” programs offer a way to eliminate the 2nd lien through various negotiation tactics. Homeowners can often kill their 2nd for as little as 10 percent of the loan. Although not a government program like HARP, this “kill your 2nd” often does have hardship guidelines.

People have used the Kill Your 2nd program to make their housing situation more sustainable, and sometimes they use it in conjunction with a loan modification. Oftentimes with loan modifications homeowners will only get the first loan modified leaving a large second loan. Killing their 2nd lien often allows homeowners or real estate investors to create a more sustainable situation for their home or investment situation. □

Editor's Note: Any police officers that would like additional info about these or any other programs may feel free to contact me at keith@resourcerock.com

VANGUARD

To Advertise, contact the POA
Office at: Tel. 408.298.1133