

Urgent: Remove Barriers to Low Interest Rates

Expanding refinances in New Jersey could save \$1.67 billion for 402,431 families.

KEY FACTS *

For families who are paying their mortgage on time, refinancing into a lower-cost mortgage is a low-risk, high-benefit proposition.

- The average rate for a 30-year mortgage is now about 3.8%.
- Among homeowners with 30-year fixed-rate mortgages guaranteed by Fannie Mae and Freddie Mac, nearly 70% have an interest rate of 5% or higher.
- By lifting unnecessary barriers and making refinances more accessible, families who get refinances in New Jersey would save, on average, \$4,143 per year.
- Today's constraints on refinancing have a disproportionate impact on middle-class borrowers whose original mortgages were under \$200,000.
- Refinance savings would mean more money in families' pockets, fewer foreclosures and a stronger economy.

* Source: Boyce, Hubbard, Mayer, Witkin (Columbia Business School), "Now is the Time to Consider Widespread Refinancing" at <http://www4.gsb.columbia.edu/realestate/research/housingcrisis>. Estimates apply to Fannie Mae- or Freddie Mac-backed mortgages.

Congress has a rare bipartisan opportunity to put more money in Americans' pockets, strengthen the housing market and boost the entire economy. By making it easier to refinance into today's low interest rates, Congress could expand the Home Affordable Refinance Program (HARP) so it helps up to 13 million Americans nationwide save \$35 billion.* **In our state alone, more than 402,000 families would qualify, saving them about \$1.67 billion in lower mortgage payments.**

No More Excuses from the Banks: Take the Lid Off Refinances

Too often homeowners—even those who pay their mortgage on time every month—encounter unnecessary obstacles such as paperwork, high fees and restrictive requirements when they try to refinance into today's lower interest rates. This results in a needless drain on family income and a continuing drag on the housing market. Senate bill S. 3085, introduced by Senators Menendez and Boxer, would expand and simplify the HARP program to help more homeowners refinance their mortgage by:

- Eliminating loan-to-value restrictions and allowing all loans guaranteed or owned by Fannie Mae or Freddie Mac to be refinanced if the mortgage is current.
- Waiving various refinancing fees.
- Discouraging second lien holders from blocking refinances.

Two other proposed bills also would expand refinance opportunities: S. 2909 would cover closing costs for eligible borrowers who refinance into a shorter-term mortgage under HARP, and S. 3407 would allow more homeowners who have private mortgages the chance to refinance mortgages through the Federal Housing Administration (FHA).

Corporations have acted quickly to refinance their debt. By moving quickly to pass these Senate bills, Congress would make refinances more accessible to ordinary families and reduce foreclosures. It's time for homeowners to get a break.