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Obama to bypass Congress on mortgages

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Last Updated 11:16 a.m. ET

With Republicans continuing to stall action on President Obama's \$447 billion jobs bill, the White House is taking action to help jump-start the economy with the message "We can't wait."

President Obama is going to begin a series of executive branch actions that will not require action from Congress - or the assent of Republicans.

With recovery in the housing market tied to economic recovery, Mr. Obama will today announce what senior officials are calling a "major overhaul" of the government's underused refinance program for federally guaranteed mortgages, in order to aid homeowners having difficulty refinancing their housing loan.

[CBS MoneyWatch: More details of President's mortgage aid plan](#)
[Federal press release on changes to aid struggling homeowners \(pdf\)](#)

CBS News White House correspondent Norah O'Donnell reports that for homeowners who are underwater and have been paying their bills but can't refinance and take advantage of current low mortgage rates, the program will enable people to fix that by removing a lot of the barriers that are in place for them because of low equity in their property.

According to a senior official, the new regulations, to be implemented by the independent Federal Housing Finance Agency, will go out November 15th, and will be available for homeowners around December. There was no word on how many "underwater" homeowners might be helped by the program.

O'Donnell reports that President Obama will be in Las Vegas - which has been hard-hit by the housing crisis - to announce the initiative, on the first day of a three-day trip West.



President Barack Obama walks from Marine One and heads toward Air Force One at Andrews Air Force Base in Md., Monday, Oct. 24, 2011.

Obama is heading on a three-day trip to the West Coast.

(Credit: AP Photo/Susan Walsh)

On Wednesday the president will be in Denver, where he will announce a student loan initiative.

O'Donnell reports that Mr. Obama will be coupling his announcements with the message, "We can't wait" to help fix the economy.

Dan Pfeiffer, the president's communications director, told [The New York Times](#) that truly attacking the country's economic troubles requires "bold, bipartisan action in Congress," but that Mr. Obama "believes we cannot wait, so he will act where they won't."

Late Monday morning, the Federal Housing Finance Agency released details of new changes to its Home Affordable Refinance, known as HARP.

"We know that there are many homeowners who are eligible to refinance under HARP and those are the borrowers we want to reach," said FHFA Acting Director Edward J. DeMarco in a statement.

"Building on the industry's experience with HARP over the last two years, we have identified several changes that will make the program accessible to more borrowers with mortgages owned or guaranteed by the Enterprises. Our goal in pursuing these changes is to create refinancing opportunities for these borrowers, while reducing risk for Fannie Mae and Freddie Mac and bringing a measure of stability to housing markets."

Fannie Mae and Freddie Mac have helped approximately 9 million families refinance into a lower cost or more sustainable mortgage product, approximately 10 percent of those via HARP. HARP is unique in that it is the only refinance program that enables borrowers who owe more than their home is worth to take advantage of low interest rates and other refinancing benefits. This program will continue to be available to borrowers with loans sold to the Enterprises on or before May 31, 2009 with current loan-to-value (LTV) ratios above 80 percent.

The new program enhancements address several other key aspects of HARP including:

- Eliminating certain risk-based fees for borrowers who refinance into shorter-term mortgages and lowering fees for other borrowers
- Removing the current 125 percent LTV ceiling for fixed-rate mortgages backed by Fannie Mae and Freddie Mac
- Waiving certain representations and warranties that lenders commit to in making loans owned or guaranteed by Fannie Mae and Freddie Mac
- Eliminating the need for a new property appraisal where there is a reliable AVM (automated valuation model) estimate provided by the Enterprises
- Extending the end date for HARP until Dec. 31, 2013 for loans originally sold to the Enterprises on or before May 31, 2009.

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