



DU Refi-Plus

The **DU Refi Plus** program is a Rate-and-Term Refinance Program for borrowers with existing Fannie Mae loans*. The program provides underwriting flexibility, expanded eligibility criteria, and reduced documentation requirements as compared to standard FNMA refinance transactions.

*To see if property has existing Fannie Mae loan, go to: <http://www.fanniemae.com/loanlookup>

Program Qualifications

- Eligible loans are conforming and high balance loans receiving a DU Version 9.0 Approve/Eligible (or EA-I, -II, -III/Eligible), OR, DU Version 9.1 or later Approve/Eligible
- Loans eligible for refinance must have been purchased by Fannie Mae with a Note Date prior to June 1, 2009. Note Date qualification is effective with DU 9.1 submissions starting November 18, 2013.
- Borrower’s 1003 must be dated December 1, 2011 or later.
- DU Refi Plus mortgage loans must have application dates on or before December 31, 2015. All DU Refi Plus whole loans must be sold to Fannie Mae on or before September 30, 2016, or in MBS pools with issue dates on or before September 1, 2016. (Fannie Mae Selling Notice dated April 16, 2013)
- Use the following link to determine if Fannie Mae owns the loan. <http://www.fanniemae.com/loanlookup/>

Summary

Automated Underwriting	Desktop Underwriter required with “Approved/Eligible” with Special Feature Code “147” (DU must identify the program as a DU Refi Plus case file).
Product Types	30 – Year Fixed 20 – Year Fixed 15 – Year Fixed
Max Loan Amounts	Conforming and High Balance Loan Amounts ¹
Max Debt Ratio	Subject to Approval ²

¹State/County limits may vary and can be found at <https://entp.hud.gov/idapp/html/hiscostlook.cfm>

²DU Approval/Eligible exceeding 55% debt ratio considered on case-by-case basis

³ Manufactured Homes allowed up to 125% LTV for Primary/Second Home Only (no CLTV or HCLTV limits)

Occupancy	Minimum FICO	Units	Max LTV	Max CLTV
Primary Residence	620	1-4	Unlimited	Unlimited
2 nd Home	620	1	Unlimited	Unlimited
Investment	620	1-4	Unlimited	Unlimited

Maximum Loan Amount for Conforming:

Conforming Maximum Loan Amounts	
Units	
1	\$417,000
2	\$533,850
3	\$645,300
4	\$801,950



Units	High-Cost Area (High Balance) Loan Amounts	
	Minimum Loan Amount	Permanent High-Cost
1	\$417,001	\$625,500
2	\$533,851	\$800,775
3	\$645,301	\$967,950
4	\$801,951	\$1,202,925

Permanent High Cost area the maximum potential loan limits for designated high-cost areas. Actual loan limits are established for each county (or equivalent) and the loan limits for specific high-cost areas may be lower. The original balance of a Mortgage must not exceed the maximum loan limit for the specific areas in which the Mortgage Premises is located. For specific loan limits for each high cost area, as released by the Federal Housing Finance Agency visit <http://www.fhfa.gov/Default.aspx?Page=185>

Product Description

- Fixed Rate 20, 25 and 30 years
- Fixed Rate 15 years
- ARM programs are ineligible

15 Years

LTV
105% LTV and less
105% LTV and less
105.01 - 125% LTV
105.01 - 125% LTV
125.01% LTV and above
125.01% LTV and above

20 Years

LTV
105% LTV and less
105% LTV and less
105.01 - 125% LTV
105.01 - 125% LTV
125.01% LTV and above
125.01% LTV and above

25 Years

LTV
105% LTV and less
105% LTV and less
105.01 - 125% LTV
105.01 - 125% LTV
125.01% LTV and above
125.01% LTV and above

30 Years

LTV
105% LTV and less
105% LTV and less
105.01 - 125% LTV
105.01 - 125% LTV
125.01% LTV and above
125.01% LTV and above



Eligibility Requirements

<p>Appraisal</p>	<p>Document as determined by the DU AUS Findings as follows.</p> <p><u>DU Version 9.0 and earlier</u> When a DU Refi Plus loan is initially submitted to DU with an assumed value, a message regarding eligibility for a DU Refi Plus property fieldwork waiver (PIW) may appear as follows. <i>Based on the standardized address, Desktop Underwriter estimates the value of the property at \$<estimated value>. This estimated value was developed by internal proprietary models to help determine eligibility for a DU Refi Plus property fieldwork waiver. It is not the result of an appraisal, nor was it developed by a state licensed or certified appraiser. This estimate is intended to be used solely by the lender to underwrite the refinance of the borrower's mortgage loan.</i></p> <p>If a waiver (PIW) is received with the DU findings the following is required.</p> <ul style="list-style-type: none"> An estimated value will be included, which may be higher or lower than the assumed value initially submitted to DU. No further action will be required. <ul style="list-style-type: none"> The loan does not need to be resubmitted nor does the value in the LOS or on the 1003 need to be updated. LoanStream will exercise the waiver and the loan stands as originally submitted. The estimated value initially entered must remain in the LOS and will be used for pricing, LTV and loan eligibility. <p>If a waiver (PIW) is not received with the DU findings, but an estimated value is received, the following is required.</p> <ul style="list-style-type: none"> Update the estimated value in the LOS to match the DU findings. Resubmit the loan to DU with the updated DU estimate of value. The purpose for the resubmission is to attempt to receive a waiver (PIW) with DU's estimate of value. If a PIW is issued with the DU estimated value, that value must remain in the LOS and will be used for pricing, LTV, and loan eligibility. <p><u>DU Version 9.1 and later (Retirement of Estimated Value Message)</u> The message issued on DU Refi Plus loan casefiles that specifies the estimated value of the property used by DU to determine eligibility for the DU Refi Plus property fieldwork waiver will no longer be issued on DU Version 9.1 and later casefiles. The retirement of this message will in no way impact the number of loan casefiles that are eligible for the DU Refi Plus property fieldwork waiver.</p> <p>If a DU Refi Plus loan is submitted to DU Version 9.1 with an assumed value and a waiver (PIW) is received with the DU findings there is no further action required.</p> <p><u>Important:</u> The DU Refi Plus property fieldwork waiver may only be exercised if the property fieldwork waiver message is issued on the final submission to DU. The DU Refi Plus property fieldwork waiver offer must have been issued no more than 120 days prior to the note date.</p> <p>The following "Insufficient Information" message will be issued on DU Refi Plus findings if the subject property address cannot be standardized or the database does not contain sufficient information about the property to issue an estimated value:</p> <p style="text-align: center;"><i>Based on the address and other information available to Desktop Underwriter, this property is not eligible for a DU Refi Plus property fieldwork waiver.</i></p> <p>If upon resubmission to DU, a waiver (PIW) is not returned OR if the "Insufficient Information" message is issued and the addresses cannot be corrected to clear the message an appraisal must be ordered as indicated on the DU findings.</p> <ul style="list-style-type: none"> When an appraisal is required, the Condition Rating must be C4 or better; C5 and C6 are ineligible <p>Form 1007 is not required on DU Refi Plus loans if borrower is refinancing an investment property and using rental income to qualify. Disregard DU messaging that requires the Form 1007. (See <i>Income</i>)</p> <p>Rural properties require a minimum of 3 comps within the past 6 months within 10 miles of the subject property</p> <p>Transferred appraisal ineligible</p>
<p>Assets</p>	<p>Document specific asset items per FNMA Announcement SEL-2012-09 (see below). The messages on the DU Underwriting Findings report may not reflect the requirements below. You may disregard the message in DU if it differs from these requirements. DU messaging will be updated at a later date.</p>



	Asset Type	Documentation Requirement
	<ul style="list-style-type: none"> • Checking Accounts • Savings Accounts • Certificates of Deposit • Money Market Accounts • Stocks, Bonds, Mutual Funds • Retirement Accounts • Trust Accounts • Secured Borrowed Funds • Donations from Entities (Hardest Hit Funds) • Gifts 	<p>One recent statement (monthly, quarterly, or annual) showing asset balance</p> <p>Fannie Mae's standard policy regarding "discounting" of certain assets applies if the assets are required to satisfy DU reserve requirements.</p>
	<p>Reserves</p> <ul style="list-style-type: none"> • Additional reserves may be required by DU based on risk <p>Primary Residence</p> <ul style="list-style-type: none"> • No minimum PITIA except as indicated by DU <p>Second Homes</p> <ul style="list-style-type: none"> • Per DU, refer to <i>Limitations on Other Real Estate Owned</i> for reserve requirements <p>Investment Properties</p> <ul style="list-style-type: none"> • Per DU, refer to <i>Limitations on Other Real Estate Owned</i> for reserve requirements <p>Asset statements do not require analysis for large deposits.</p>	
Assumptions	Ineligible	
Borrower Eligibility	<p>An existing borrower may be removed from the transaction for any reason</p> <ul style="list-style-type: none"> • Borrower being removed does <u>not</u> need to be removed from deed • Remaining borrower does <u>not</u> need to provide history of sole payment of mortgage • DU messaging for both of these above items will be updated at a later date <p>A new borrower may be added to the new loan provided the original borrower remains.</p> <p>A borrower may not "buy out" the interest of another borrower that is being removed via a DU Refi Plus loan.</p> <p>Eligible</p> <ul style="list-style-type: none"> • Permanent resident alien • Non-Permanent Resident Alien limited to 80% LTV, primary residence. Other restrictions apply. <p>Ineligible</p> <ul style="list-style-type: none"> • Foreign Nationals ineligible • Inter Vivos Revocable Trust Agreement 	
Co-borrowers	<p>DU Approve/Eligible (including EA-I, -II, -III/Eligible for DU Version 9.0)</p> <ul style="list-style-type: none"> • Ratios determined by DU, refer to <i>Loan Amount and LTV Limitation</i> for minimum credit score <p>Non-occupant co-borrowers are allowed (both existing and new) per DU.</p> <p>Note: DU will analyze the risk factors in the loan case file without the benefit of the non-occupant co-borrower's income or liabilities and will not require verification of employment or income for the non-occupant co-borrower.</p>	
Credit	<p>DU Approve/Eligible (including EA-I, -II, -III/Eligible for DU Version 9.0)</p> <ul style="list-style-type: none"> • Credit score requirements refer to <i>Loan Amount and LTV Limitations</i> • Housing (Mortgage/Rental) Payment History (PITIA) is inclusive of all liens regardless of position, as well as all occupancy types. <ul style="list-style-type: none"> • Mortgage history evaluated by DU • Mortgage/Rental Delinquencies – Loans are ineligible with one or more mortgage/rental delinquencies of 60, 90, 120, 150 days or greater reported within 12 months of the date of the credit report. 	



Documentation	Document specific income and asset items per FNMA Announcement SEL-2012-09. DU messaging will be updated at a later date. Follow FNMA Selling Guide per AUS Approve/Eligible (including EA-1, II, -III/Eligible for DU Version 9.0) LoanStream will accept digitally signed documents per FNMA guidelines.						
Escrow Waivers	Property tax and insurance escrows may be waived as follows: <ul style="list-style-type: none"> All loans with LTV ≤ 80% California Only: Escrows may be waived for primary residence < 90% LTV Note: Impounds are always required when the loan has monthly mortgage insurance premium						
Financing Types	Rate and Term Refinances only <ul style="list-style-type: none"> Pay off the existing first mortgage. Delinquent taxes/escrow shortages must not be included in the loan amount. Borrower must pay using own funds. Closing costs, prepaid costs and discount points eligible to be included in the loan amount. The borrower may not receive more than \$250 cash back at closing. Excess funds greater than \$250 will be used as principal curtailment. Existing mortgage loans that have been modified, or are in the process of being modified, are eligible for refinance under DU Refi Plus provided they meet the other requirements of this program. Borrower must receive a tangible benefit from this loan in the form of reduced monthly payment or more stable product selection. <ul style="list-style-type: none"> Increasing the loan term (e.g., from 15 to 30 years) of the loan is not considered a movement to a more stable product. DU does not make the determination the DU Refi Plus transaction will be a benefit to the borrower. New subordinate financing is ineligible Properties listed for sale are eligible as follows. <ul style="list-style-type: none"> Property has been taken off the market on or before the application date. Borrower provides written confirmation of the intent to occupy if a primary residence Owner occupied properties located in Texas <ul style="list-style-type: none"> If the first or second Texas Section 50(a)(6) loan is being paid off, regardless of whether the borrower is getting any cash back, the loan is ineligible for DU Refi Plus. If the first mortgage is not a Texas Section 50(a)(6) loan and the second mortgage is a Texas Section 50(a)(6), the second lien may be subordinated and is considered a rate and term refinance. The second lien must be subordinated to the first mortgage and a subordination agreement must be executed. Borrower cannot receive any cash back from the first mortgage transaction. If a Texas Section 50(a)(6) second lien is being paid off, the loan is ineligible for DU Refi Plus. The title policy will reference Texas Section 50(a)(6) loans. 						
Geographic Locations/Restrictions, as applicable	Additional restrictions as follows: Texas Cash-out 50(a)(6) is ineligible State specific regulatory requirements supersede all underwriting guidelines set forth by LoanStream.						
Income	Document specific income per FNMA Announcement SEL-2012-09 (see below). The messages on the DU Underwriting Findings report may not reflect the requirements below. You may disregard the message in DU if it differs from these requirements. DU messaging will be updated at a later date. Verification of borrower's history of receipt of income or the anticipated continuity of the income is not required. <table border="1" data-bbox="440 1486 1490 1652"> <thead> <tr> <th data-bbox="440 1486 688 1514">Income Type</th> <th data-bbox="696 1486 1490 1514">Documentation Requirement</th> </tr> </thead> <tbody> <tr> <td data-bbox="440 1524 688 1587">All Employment Income</td> <td data-bbox="696 1524 1490 1587">Verbal verification of employment See FNMA Selling Guide B3-3.1-07 for additional requirements.</td> </tr> <tr> <td data-bbox="440 1598 688 1652">Base Pay (salary or hourly)</td> <td data-bbox="696 1598 1490 1652">One paystub Applies to primary employment, secondary employment (second job and multiple</td> </tr> </tbody> </table>	Income Type	Documentation Requirement	All Employment Income	Verbal verification of employment See FNMA Selling Guide B3-3.1-07 for additional requirements.	Base Pay (salary or hourly)	One paystub Applies to primary employment, secondary employment (second job and multiple
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Limitations on Other Real Estate Owned	<p>Multiple Loans to the Same Borrower</p> <ul style="list-style-type: none"> • Maximum 20% concentration in any one project or subdivision • Maximum 10 financed properties, including subject property, regardless of occupancy • LoanStream will purchase loans on up to 4 properties for one borrower or \$2 million, whichever is less • Assets and reserves documented per DU Findings. 																				
Mortgage Insurance	<p>If the original transaction LTV was $\leq 80\%$, mortgage insurance is not required on the subject refinance. If the original transaction LTV was $> 80\%$ and mortgage insurance was previously cancelled or terminated in accordance with Fannie Mae guidelines, Mortgage Insurance is not required on the subject refinance. If the current LTV on the subject refinance is $> 80\%$ and the original transaction had Mortgage Insurance in any form and not cancelled as above, the loan is eligible with a mortgage insurance modification as follows:</p> <ul style="list-style-type: none"> • <u>Mortgage Insurance modifications are eligible with the following MI companies only:</u> <ul style="list-style-type: none"> ○ Essent Guaranty, Inc. ○ Genworth (Note: FNMA AUS findings may still refer to GE or GEMICO as existing insurer. These are predecessor companies to Genworth. Final MI modification must be confirmed with Genworth MI Certificate. ○ MGIC ○ Radian: ○ RMIC ○ United Guaranty (UG) ○ PMI ○ CMG • Eligible modified certificate must be as follows. <ul style="list-style-type: none"> • Financed MI 																				



	<ul style="list-style-type: none"> • LPMI single premium already paid • Single Premium already paid • Split Premium initial already paid with monthly MI • Borrower Paid monthly <p>Underwriter to verify existing mortgage insurance and submit modification request to the applicable MI Company</p> <p>Ineligible MI</p> <ul style="list-style-type: none"> • Lender paid pool coverage (referred to as GSE pool insurance) • Investor – paid pool coverage • Loans covered by recourse and/or indemnification agreements • Secondary market coverage agreements • MI from any other company than those listed above is INELIGIBLE
Occupancy	<p>Primary Residence – 1-4 units Second Homes – 1 unit only Investment Properties – 1-4 units NOTE: The existing loan and the new DU Refi Plus loan do not have to represent the same occupancy.</p>
Prepayment Penalty	None
Property Types	<p>Eligible</p> <ul style="list-style-type: none"> • 1-4 units • Modular Pre-Cut/Panelized Housing • PUDs – Fannie Mae eligible project type code to be used is E (property in a PUD) • Condos – Fannie Mae eligible project type code is to be used is V (property in a condo project) <ul style="list-style-type: none"> • Project review not required for Condominium and PUD • Satisfactory verification must be provided verifying subject property is not one of the following. <ul style="list-style-type: none"> • Condominium hotel or motel • Cooperative hotel or motel • Houseboat project • Timeshare or segmented ownership project. • Confirmation of hazard, flood and liability insurance coverage is required. • Maximum Acreage = 25 acres • Manufactured Housing per FNMA guidelines (See Eligibility Matrix maximum 125% LTV) MFH investment property not allowed. • Leasehold properties – Lender must confirm that the term of the leasehold estate runs for at least five years beyond the maturity date of the mortgage, unless fee simple title will vest at an earlier date (DU Version 9.1 Release Notes – updated 10/22/13). Lender is not required to perform any additional review of the leasehold terms. <p>Ineligible</p> <ul style="list-style-type: none"> • 2-4 Units <u>within</u> PUDs • Condo hotel or motel • Co-ops • Cooperative hotel or motel • Houseboat project • Timeshare or segmented ownership project.
Qualifying Rate and Ratios	<p>Qualifying Rate</p> <ul style="list-style-type: none"> • Qualify at note rate <p>Ratios – DU Approve/Eligible, including EA-1, II, & III Eligible (for DU Version 9.0) required</p> <ul style="list-style-type: none"> • AUS determines the ratios at all LTV's* <p>*NOTE: Manual DTI Ratio Adjustment Requirement For DU Refi Plus loans that are HPML (Higher Priced Mortgage Loans) the underwriter must ensure that the DTI is not greater than 45%. Minimum score must be at least 620 or higher as indicated in these guidelines, and there must be verification of income source and amount. (FNMA Selling Guide B5-5.2-02)</p>
Secondary Financing	<p>Subordination of existing junior liens permitted without maximum CLTV limitations</p> <ul style="list-style-type: none"> • Subordinate liens may not be paid via DU Refi Plus transaction (in whole or in part) <p>New subordinate liens may not be added to subject transaction</p> <p>Exception: Hardest Hit Funds Fannie Mae permits grant-like unsecured financing provided to the borrower through a Housing Finance Agency's Hardest Hit Fund (HHF) program for the purpose of paying down the outstanding mortgage balance at the time of closing or for the payment of closing costs.</p>



	<p>In FNMA Selling Guide B5-5.2-01, DU Refi Plus and Refi Plus Eligibility, Fannie Mae currently requires that the loan file be documented with a copy of the promissory note or other documentation specifying the terms and conditions of the loan and include language indicating that repayment is not expected. Inclusion of the “no repayment” language in the note or other documentation is no longer required.</p> <p>However, if these documents do indicate that repayment of the HHF amount is expected, the corresponding monthly payment must be included in the debt-to-income ratio unless repayment is only due upon sale or default.</p>
Special Feature Code	<p>SFC codes are as follows.</p> <ul style="list-style-type: none"> • 007 Rate Term Refi • 147 for all DU Refi Plus • 807 if lender elects to exercise the property fieldwork waiver. <p>NOTE: Special feature code 150 (multiple properties) is NOT to be used on a DU Refi Plus loan.</p>
Temporary Buydown	<p>Ineligible</p>
Underwriting	<p>DU Approve/Eligible (including Risk levels EA-I, -II, -III/Eligible for DU Version 9.0) Loan must be underwritten by Fannie Mae DU and receive eligibility findings for DU Refi Plus Program. DU must state eligibility for this program.</p> <p>NOTE: The last DU Findings retained in the loan file must not be later than the closing (Note Date). Ensure the DU Findings are consistent with the loan information in the loan file prior to the Note Date.</p> <p>Payment increase is permitted only if a more stable product (i.e., ARM to Fixed, IO to fully amortizing, shorter term) is used</p> <p><u>Borrower Benefit</u> The borrower must receive a benefit from the refinance transaction.</p> <ul style="list-style-type: none"> • Acceptable borrower benefits are met if any apply as follows: <ul style="list-style-type: none"> • Monthly P&I decreases, or • Loan amortization term is shortened, or • Interest rate is reduced, or • Movement to a more stable product <p>If the borrower’s payment, interest rate or amortization period is staying the same or increasing, the borrower must be moving to a more stable mortgage product.</p> <p><u>A more stable product would include movement from:</u></p> <ul style="list-style-type: none"> • An interest-only to a fully amortizing loan (provide amortization of principal and accumulation of equity in the property) • An ARM to a Fixed-Rate loan (elimination of the potential for payment shock) • A 30-year Fixed Rate to a 15, 20, or 25-year Fixed Rate (accelerated amortization of principal and building of equity) • An ARM to a new ARM is not offered through LoanStream <p>An increase to a longer term (e.g., 15- year Fixed Rate to 30- year Fixed Rate) is permitted if there is a reduction in the borrowers P & I payment</p> <p>DU does not make the determination that the DU Refi Plus transaction will benefit the borrower</p> <p>Borrower Benefit with a Modified Mortgage</p> <ul style="list-style-type: none"> • Use the terms of the permanent modified loan for comparison • If borrower was in a trial modification and denied a permanent modification, use the original terms of the loan for comparison. <p>Ineligible</p> <ul style="list-style-type: none"> • Manual underwriting <p><u>Leasehold properties</u> Lender must confirm that the term of the leasehold estate runs for at least five years beyond the maturity date of the mortgage, unless fee simple title will vest at an earlier date (DU Version 9.1 Release Notes – updated 10/22/13). Lender is not required to perform any additional review of the leasehold terms.</p>