



Transaction Type	Number of Units	Maximum LTV/CLTV/HCLTV	Credit Score
Limited Cash Out Refinance	1 Unit	97%	620

The following guidelines describes the eligibility, underwriting, and other requirements for the RefiNow option. All standard Selling Guide requirements apply unless otherwise indicated below. All provisions of Lender Letter LL-2021-03, Impact of COVID-19 on Originations, continue to apply.

TOPIC	Borrower Eligibility and Requirements for existing and new Loan
Borrower Benefit	<p>The refinanced loan must provide the following benefits to the borrower:</p> <ul style="list-style-type: none"> • a reduction in interest rate of at least 50 basis points, and • a reduction in the monthly payment that includes principal, interest, and the mortgage insurance payment (if applicable) of at least \$50.00
Borrower income limit	<p>The borrower(s) income must be less than or equal to 80% of the applicable AMI limit for the subject property's location.</p> <ul style="list-style-type: none"> • In determining whether a loan is eligible under the borrower income limits, the lender must consider the income from all borrowers who will sign the note, to the extent that the income is considered in evaluating creditworthiness for the new loan • The lender must use the same methodology in determining income eligibility for a RefiNow loan as they use in reporting "Monthly Income" in Loan Delivery.
Eligible subordinate financing	<ul style="list-style-type: none"> • New subordinate financing is only permitted if it replaces existing subordinate financing. • Existing subordinate financing: <ol style="list-style-type: none"> a. may not be satisfied with the proceeds of the new loan, and b. can remain in place if it is resubordinated to the new loan.



Existing loan eligibility	<table border="1"> <tr> <td style="text-align: center;">✓</td> <td>The existing loan must...</td> </tr> <tr> <td></td> <td>be a conventional mortgage loan owned or securitized by Fannie Mae.</td> </tr> <tr> <td></td> <td>be seasoned at least 12 months but no more than 120 months (from the original note date to new loan note date).</td> </tr> <tr> <td></td> <td>not be subject to recourse, repurchase agreement, indemnification, outstanding repurchase demand, or credit enhancement (unless the new loan is also subject to the credit enhancement or it is no longer required).</td> </tr> <tr> <td></td> <td>not be an existing high LTV refinance loan, DU Refi Plus® loan, or Refi Plus® loan.</td> </tr> </table>	✓	The existing loan must...		be a conventional mortgage loan owned or securitized by Fannie Mae.		be seasoned at least 12 months but no more than 120 months (from the original note date to new loan note date).		not be subject to recourse, repurchase agreement, indemnification, outstanding repurchase demand, or credit enhancement (unless the new loan is also subject to the credit enhancement or it is no longer required).		not be an existing high LTV refinance loan, DU Refi Plus® loan, or Refi Plus® loan.						
✓	The existing loan must...																
	be a conventional mortgage loan owned or securitized by Fannie Mae.																
	be seasoned at least 12 months but no more than 120 months (from the original note date to new loan note date).																
	not be subject to recourse, repurchase agreement, indemnification, outstanding repurchase demand, or credit enhancement (unless the new loan is also subject to the credit enhancement or it is no longer required).																
	not be an existing high LTV refinance loan, DU Refi Plus® loan, or Refi Plus® loan.																
New loan eligibility	<table border="1"> <tr> <td style="text-align: center;">✓</td> <td>The new RefiNow loan must...</td> </tr> <tr> <td></td> <td>be a fixed-rate loan.</td> </tr> <tr> <td></td> <td>have maximum LTV, CLTV, and HCLTV ratios as permitted in the Eligibility Matrix.</td> </tr> <tr> <td></td> <td>be a limited cash-out refinance with <ul style="list-style-type: none"> ▪ financed closing costs, prepaid items and points that do not exceed \$5,000, and ▪ cash out less than or equal to \$250. Excess proceeds may be applied as a curtailment on the new loan. </td> </tr> <tr> <td></td> <td>have a loan limit that conforms to the general loan limits (high-balance loans are not permitted).</td> </tr> <tr> <td></td> <td>have identical borrowers on the new loan as the existing loan. New borrowers cannot be added or removed. One or more borrowers may only be removed if: <ul style="list-style-type: none"> ▪ the remaining borrower(s) meet the payment history requirements and provides evidence that they have made at least the last 12 months of payments from their own funds, or ▪ due to the death of a borrower (evidence of the deceased borrower's death must be documented in the loan file). <p>Note: Non-occupant borrowers are permitted (see below).</p> </td> </tr> <tr> <td></td> <td>not be a Texas Section 50(a)(6) loan.</td> </tr> <tr> <td></td> <td>not be subject to a temporary interest rate buydown.</td> </tr> </table> <p>Note: A RefiNow loan may not be combined with a HomeReady® refinance transaction.</p>	✓	The new RefiNow loan must...		be a fixed-rate loan.		have maximum LTV, CLTV, and HCLTV ratios as permitted in the Eligibility Matrix .		be a limited cash-out refinance with <ul style="list-style-type: none"> ▪ financed closing costs, prepaid items and points that do not exceed \$5,000, and ▪ cash out less than or equal to \$250. Excess proceeds may be applied as a curtailment on the new loan. 		have a loan limit that conforms to the general loan limits (high-balance loans are not permitted).		have identical borrowers on the new loan as the existing loan. New borrowers cannot be added or removed. One or more borrowers may only be removed if: <ul style="list-style-type: none"> ▪ the remaining borrower(s) meet the payment history requirements and provides evidence that they have made at least the last 12 months of payments from their own funds, or ▪ due to the death of a borrower (evidence of the deceased borrower's death must be documented in the loan file). <p>Note: Non-occupant borrowers are permitted (see below).</p>		not be a Texas Section 50(a)(6) loan.		not be subject to a temporary interest rate buydown.
✓	The new RefiNow loan must...																
	be a fixed-rate loan.																
	have maximum LTV, CLTV, and HCLTV ratios as permitted in the Eligibility Matrix .																
	be a limited cash-out refinance with <ul style="list-style-type: none"> ▪ financed closing costs, prepaid items and points that do not exceed \$5,000, and ▪ cash out less than or equal to \$250. Excess proceeds may be applied as a curtailment on the new loan. 																
	have a loan limit that conforms to the general loan limits (high-balance loans are not permitted).																
	have identical borrowers on the new loan as the existing loan. New borrowers cannot be added or removed. One or more borrowers may only be removed if: <ul style="list-style-type: none"> ▪ the remaining borrower(s) meet the payment history requirements and provides evidence that they have made at least the last 12 months of payments from their own funds, or ▪ due to the death of a borrower (evidence of the deceased borrower's death must be documented in the loan file). <p>Note: Non-occupant borrowers are permitted (see below).</p>																
	not be a Texas Section 50(a)(6) loan.																
	not be subject to a temporary interest rate buydown.																



Occupancy and property types	<ul style="list-style-type: none"> The new loan must be secured by a one-unit principal residence. All eligible property types are permitted. All project review requirements will be waived for properties located in a condo or PUD project except that the lender must confirm the project is not a condo hotel or motel houseboat, timeshare or segmented ownership project. The lender must confirm appropriate property and flood insurance is obtained.
TOPIC	Underwriting and Documentation Requirements for the new loan
Underwriting Method	<ul style="list-style-type: none"> Loans must be underwritten with DU. DU will automate the identification of loan casefiles that appear to be eligible for RefiNow based on the borrowers listed on the loan application, the property address, qualifying income, and several other factors. Refer to the Release Notes for additional information
Minimum credit score and significant derogatory credit	<ul style="list-style-type: none"> The loan must have a minimum representative credit score of 620 The borrower must comply with all applicable waiting periods following derogatory credit events in B3-5.3-07, Significant Derogatory Credit Events – Waiting Periods and Re-establishing Credit. (Exception: The LTV ratio limitation that applies to a previous foreclosure is not applicable – standard LTV ratios are permitted.
Payment history requirements	<p>For the loan being refinanced, the borrower cannot have had:</p> <ul style="list-style-type: none"> any 30-day mortgage delinquencies in the most recent six-month period, and no more than one 30-day delinquency in months 7 through 12.
Minimum Loan Amount	\$75,000
Maximum Loan Amount	\$548,250
Maximum DTI ratio	The DTI ratio must be less than or equal to 65%.
Non-occupant borrowers	<ul style="list-style-type: none"> Non-occupant borrowers are permitted. A maximum LTV, CLTV, and HCLTV ratio of 95% applies to loans underwritten with DU and manually (CLTV ratio may be up to 105% when a Community Seconds® is being resubordinated)

Documentation Requirements	<p>The following table describes the income documentation requirements.</p> <table border="1" data-bbox="625 293 1654 711"> <thead> <tr> <th data-bbox="625 293 932 321">Income type</th> <th data-bbox="932 293 1654 321">Minimum documentation requirements</th> </tr> </thead> <tbody> <tr> <td data-bbox="625 321 932 349">Base Pay (non-variable)</td> <td data-bbox="932 321 1654 349">The borrower's most recent paystub</td> </tr> <tr> <td data-bbox="625 349 932 459">Base Pay (variable) Tip, Bonus, Overtime Income Commission Income</td> <td data-bbox="932 349 1654 459">The borrower's most recent paystub and W2 covering the most recent one-year period</td> </tr> <tr> <td data-bbox="625 459 932 487">Military Income</td> <td data-bbox="932 459 1654 487">Military Leave and Earnings Statement</td> </tr> <tr> <td data-bbox="625 487 932 570">Self-employment</td> <td data-bbox="932 487 1654 570">One year personal and business tax returns, unless the terms to waive business tax returns are met in accordance with the <i>Selling Guide</i></td> </tr> <tr> <td data-bbox="625 570 932 652">Alimony, Child Support, or Separate Maintenance</td> <td data-bbox="932 570 1654 652">Copy of divorce decree, separation agreement, court order or equivalent documentation, and one month documentation of receipt</td> </tr> <tr> <td data-bbox="625 652 932 711">All Other Eligible Income Types</td> <td data-bbox="932 652 1654 711">Standard <i>Selling Guide</i> requirements apply</td> </tr> </tbody> </table>	Income type	Minimum documentation requirements	Base Pay (non-variable)	The borrower's most recent paystub	Base Pay (variable) Tip, Bonus, Overtime Income Commission Income	The borrower's most recent paystub and W2 covering the most recent one-year period	Military Income	Military Leave and Earnings Statement	Self-employment	One year personal and business tax returns, unless the terms to waive business tax returns are met in accordance with the <i>Selling Guide</i>	Alimony, Child Support, or Separate Maintenance	Copy of divorce decree, separation agreement, court order or equivalent documentation, and one month documentation of receipt	All Other Eligible Income Types	Standard <i>Selling Guide</i> requirements apply
Income type	Minimum documentation requirements														
Base Pay (non-variable)	The borrower's most recent paystub														
Base Pay (variable) Tip, Bonus, Overtime Income Commission Income	The borrower's most recent paystub and W2 covering the most recent one-year period														
Military Income	Military Leave and Earnings Statement														
Self-employment	One year personal and business tax returns, unless the terms to waive business tax returns are met in accordance with the <i>Selling Guide</i>														
Alimony, Child Support, or Separate Maintenance	Copy of divorce decree, separation agreement, court order or equivalent documentation, and one month documentation of receipt														
All Other Eligible Income Types	Standard <i>Selling Guide</i> requirements apply														
Documentation Requirements Continued	<p>The following additional documentation requirements apply:</p> <ul style="list-style-type: none"> • Verbal verification of employment (employment or self-employment) is required in accordance with the Selling Guide • Verification of funds to close are required. Acceptable asset documentation includes one recent statement (monthly, quarterly, or annual) showing asset balance. • Verification and consideration of recurring alimony and child support payments as a liability, if applicable, are required. Acceptable documentation includes a copy of the divorce decree, separation agreement, court order, or equivalent documentation confirming the amount of the obligation. 														
TOPIC	Collateral Requirements														
Property Valuation	<ul style="list-style-type: none"> • Standard property valuation requirements for an appraisal waiver or appraisal apply. • A \$500 credit will be provided to the lender at the time the loan is purchased if an appraisal was obtained for the transaction. The lender must pass the credit to the borrower. <p>NOTE: The appraisal credit will be applied based on the delivery of Special Feature Code (SFC) 868 and data in the Loan Delivery file that indicates an appraisal was obtained for the transaction</p>														
TOPIC	OTHER														
Usage	The RefiNow option may only be used one time.														
Expiration	There is currently no expiration date for this refinance option. We will incorporate these policies into a future Selling Guide update														
Special Feature Code	<ul style="list-style-type: none"> • All loans must be delivered with SFC 868 • If PIW is exercised, 801 SFC applies 														



Mortgage insurance	All standard mortgage insurance requirements apply in accordance with the Selling Guide. Mortgage insurance coverage for RefiNow loans is not restricted to the current mortgage insurer on the existing loan. However, DU will identify the insurer that is currently providing coverage. Consult your mortgage insurer to determine their eligibility guidelines for RefiNow loans
FNMA Look Up Tool	<ul style="list-style-type: none"> • https://www.knowyouroptions.com/loanlookup
TOPIC	Standard LSM conforming overlays
Assets	<ul style="list-style-type: none"> • Internet Statements, obtained from financial institution’s website, must contain the same information found on a standard bank statement • VOD as stand-alone document not permitted unless obtained from a Third-Party Vendor
Electronic Signatures/eSigning	<ul style="list-style-type: none"> • eSigning is allowed for most documents. • eSigning is <u>not</u> allowed for: <ul style="list-style-type: none"> ○ Note ○ Note Rider(s) ○ Notice of Right to Cancel ○ Security Instrument and Security Instrument Rider(s)
Ineligible Properties	<ul style="list-style-type: none"> • Co-Ops • Indian Leased Land • Property Flip of Non-Arm’s Length Transaction • Resale type Deed Restrictions • Solar Panels that affect first lien position
Manufactured Housing	<ul style="list-style-type: none"> • Singlewide MFD not allowed • Must meet all FNMA guidelines • No deed restrictions • No leased land • Max LTV 95%
Power of Attorney (POA)	A POA may not be eSigned and must be specific to the transaction.
Social Security Number (SSN)	All borrowers must have a valid SSN.
Tax Transcripts	Required when tax returns are used to qualify borrower income
Underwriting Method	Manual Underwriting not allowed – all loans must receive DU Approve-Eligible findings
Unpaid Federal Tax Debt	<ul style="list-style-type: none"> • LSM considers all unpaid tax debt from prior years as delinquent, even if lien has not been filed; one monthly payment is required • Borrower with delinquent Federal Tax Debt is ineligible <p>NOTE: Record of Account can be used in lieu of canceled check or proof of electronic payment</p>