

# Fannie Mae's RefiNOW

## An Overview

June 2021

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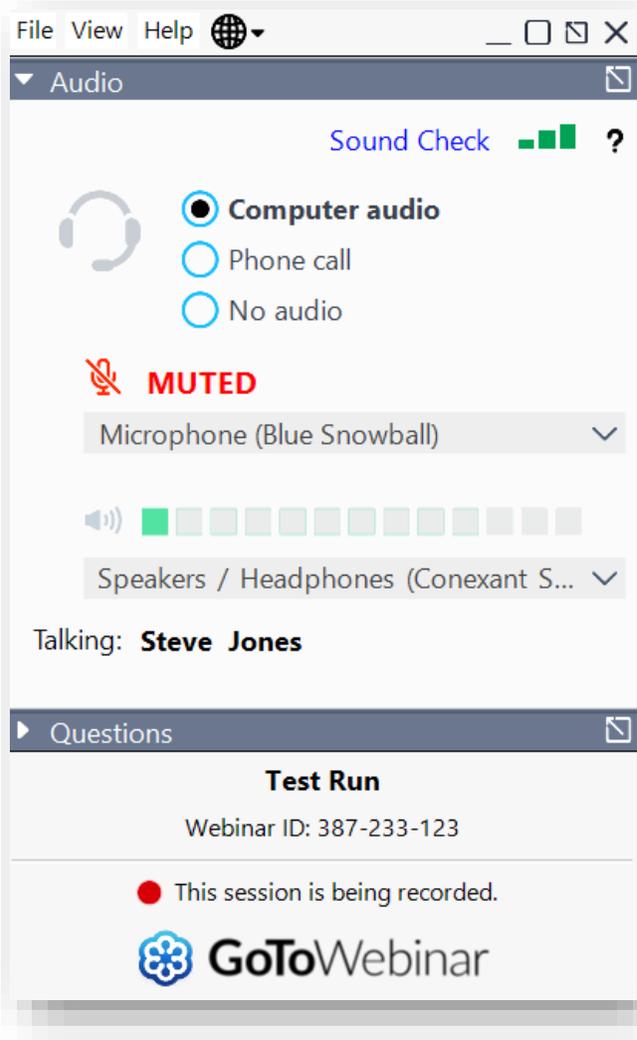
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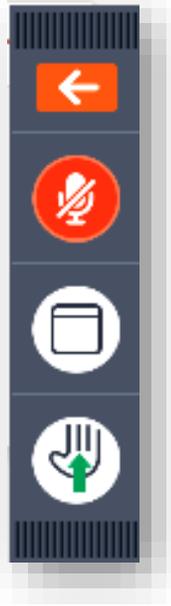
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# RefiNOW Mortgage

Fannie Mae is introducing the refinance option designed to assist lower-income borrowers earning 80% or less of area median income (AMI) on an existing Fannie Mae-owned mortgage. More borrowers will be eligible to take advantage of the current low interest rate environment.

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# RefiNOW Mortgage – Borrower Benefit

The refinanced loan must provide the following benefits to the borrower:

- 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.

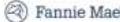


# Program Overview

Fannie Mae Lender Letter, DU/DO Release Notes



# Fannie Mae Communications

 Fannie Mae

## Desktop Underwriter/Desktop Originator Release Notes

### DU Version 11.0 June Update

May 5, 2021

During the **weekend of June 5, 2021**, Fannie Mae will implement an update to Desktop Underwriter® (DU®) Version 11.0, which will include the implementation of the RefiNow™ refinance option.

The changes in this release will apply to DU Version 11.0 loan casefiles submitted or resubmitted to DU on or after the weekend of June 5, 2021.

#### RefiNow Implementation

[Lender Letter 2021-10](#) announced a new refinance option for Fannie Mae borrowers who are making their mortgage payments on time, and whose income is at or below 80% of the applicable area median income (AMI) for the subject property's location. Details on how DU will identify and underwrite RefiNow loans are specified below.

#### Address and Borrower Matching to the Existing Loan

When a one-unit, principal residence, limited cash-out refinance loan is underwritten in DU and the total income on the loan casefile is at or below 80% of the AMI, DU will determine if Fannie Mae owns the loan on the property, and if that loan is eligible to be refinanced using the RefiNow refinance option.

When DU finds a loan for the subject property address using either the address provided on the DU loan application or the standardized address, DU will then confirm that the Social Security number(s) (SSN) for the borrower(s) on the new loan casefile matches that on the existing loan. The result of the SSN matching will be specified in a DU message.

When none of the borrower SSNs match, the loan casefile will not be underwritten as RefiNow. DU will issue a message informing the lender that the SSN(s) does not match and remind the lender to confirm the property address.

When there is an SSN match, DU will underwrite the loan casefile as RefiNow. If the SSN for any of the borrowers on the loan casefile do not match using all nine digits, DU will advise the lender as follows:

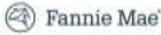
- When a borrower SSN is matched using 7 or 8 digits of the 9-digit SSN, the DU message will specify that the SSNs are one or two digits different and will require that the lender confirm the borrowers on the existing loan are the same borrowers that will be on the new loan.
- When there are two borrowers on the new loan and two borrowers on the existing loan, but only one borrower's SSN matches, the DU message will specify that not all of the borrower SSNs match and will require that the lender confirm the borrowers on the existing loan are the same borrowers that will be on the new loan.
- When one borrower is on the new loan casefile but more than one borrower is on the existing loan, the DU message will state that it appears that a borrower is being removed with the transaction and refer the lender to the [Selling Guide](#) for additional requirements on removing a borrower with a RefiNow transaction.
- When there is more than one borrower on the new loan casefile but there is only one on the existing loan, the DU message will state that it appears that a borrower is being added with the RefiNow transaction, and that if a new borrower is being added with the transaction, the RefiNow loan is not eligible for delivery.

#### Existing Loan Eligibility Determination

When an existing loan is found (using an address and full or partial SSN match), DU will then determine if the loan is eligible to be refinanced using the RefiNow refinance option. When one or more of the following exclusion reasons is

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 Fannie Mae

## Lender Letter (LL-2021-10)

May 05, 2021

### To: All Fannie Mae Single-Family Sellers

### Introduction of the RefiNow™ Option

This Lender Letter provides information about a new refinance option - RefiNow - that will enable more borrowers to refinance to a lower interest rate and reduce their monthly mortgage payment.

**Effective:** RefiNow will be available for Desktop Underwriter® loan casefiles submitted or resubmitted to DU® Version 11.0 on or after the weekend of Jun. 5, 2021. See the DU® [Release Notes](#) for additional information. This option is available for manually underwritten loans with application dates beginning Jun. 5, 2021. We will be able to accept delivery of RefiNow whole loans and loans in MBS beginning Jun. 5, 2021.

#### Introduction

We are committed to fulfilling our affordable housing mission to serve low-income borrowers by offering home financing options that help them build equity and grow wealth, while continuing to promote a stronger, safer housing finance system. Barriers that hamper low-income borrowers from refinancing result in those borrowers typically refinancing at a slower pace than higher income borrowers and potentially missing the opportunity to take advantage of historically low interest rates that would improve affordability by reducing their monthly housing payment.

In coordination with Freddie Mac and under the guidance of FHFA, Fannie Mae is introducing the RefiNow refinance option that offers expanded eligibility to benefit borrowers at or below 80% of the area median income (AMI) limit and helps more borrowers take advantage of the current low interest rate environment.

#### RefiNow requirements

The following table 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.

RefiNow	
Borrower Eligibility Requirements	
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"> <li>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.</li> <li>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.</li> </ul>

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# RefiNOW Mortgage

Fannie Mae is committed to fulfilling their affordable housing mission to serve low-income borrowers by offering home financing options that help them build equity and grow wealth, while continuing to promote a stronger, safer housing finance system. Barriers that hamper low-income borrowers from refinancing result in those borrowers typically refinancing at a slower pace than higher income borrowers and potentially missing the opportunity to take advantage of historically low interest rates that would improve affordability by reducing their monthly housing payment.

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# RefiNOW Mortgage – Effective Date

During the weekend of June 5, 2021, Fannie Mae implemented an update to Desktop Underwriter® (DU®) Version 11.0, which included the implementation of the RefiNow™ refinance option. The changes in this release applied to DU Version 11.0 loan casefiles submitted or resubmitted to DU on or after the weekend of June 5, 2021.

This option became available for manually underwritten loans with application dates beginning Jun. 5, 2021.

# Requirements

Eligibility Parameters: Existing Mortgage Being Refinanced



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# RefiNOW Mortgage – Borrower Income

The borrower(s) income must be less than or equal to 80% of the applicable AMI limit for the subject property's location.

- 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.

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# RefiNOW Mortgage – Change in Borrower

The loan must 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:

- 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, and
- due to the death of a borrower (evidence of the deceased borrower's death must be documented in the loan file).

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).
- Manually underwritten loans are not subject to the occupying borrower DTI ratio of 43%.

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# RefiNOW Mortgage – General Eligibility

The Mortgage being refinanced must:

- Be a First Lien, conventional Mortgage currently owned by Fannie Mae, in whole or in part, or securitized by Fannie Mae.
- Be seasoned for at least 12 months and no more than 120 months (i.e., the Note Date of the Mortgage being refinanced must be at least 12 months prior to, but no more than 120 months prior to, the Note Date of the RefiNOW Mortgage)

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# RefiNOW Mortgage – Exclusions

The Mortgage being refinanced must not be:

- mortgage note date is not within 10 years of the casefile creation date,
- DU Refi Plus™ or manual Refi Plus™,
- High LTV refinance,
- RefiNow,
- subject to investor paid mortgage insurance,
- pledged asset loan,
- subject to recourse or negotiated credit enhancement,
- under review for repurchase,
- not a conventional loan, or
- not a first lien

When one or more of the above exclusion reasons is found on the existing loan, DU will not underwrite the loan casefile as RefiNow and will issue a message stating that the existing loan is not eligible to be refinanced using the RefiNow option.

When the existing loan is not seasoned 12 months based on the casefile create date, DU will issue a message that includes the note date of the existing loan and will remind the lender that the RefiNow refinance loan may not close until the existing loan is seasoned at least 12 months.

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# RefiNOW Mortgage – Eligibility

When the existing loan is eligible to be refinanced using the RefiNow refinance option, DU will determine if the new loan meets the RefiNow eligibility requirements. If the new loan includes any of the features below that are not eligible with the RefiNow refinance option, DU will specify the reason the new loan is not eligible:

- adjustable rate mortgage (ARM),
- loan subject to a temporary interest rate buydown,
- HomeReady® loan,
- HFA Preferred® or HFA Preferred Risk Sharing loan,
- HomeStyle® Renovation loan,
- HomeStyle Energy loan,
- construction-to-permanent transaction,
- high-balance mortgage loan,
- debt-to-income ratio exceeding 65%,
- the amount of cash taken out of the subject property exceeds the limit of \$250, or
- the mortgage being paid off with the transaction on the loan application cannot be matched to a credit report account to determine if the payment history requirements have been met.

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# RefiNOW Mortgage – Manual Eligibility

There are eligibility guidelines that DU will not be able to confirm. DU will issue messages reminding lenders of these guidelines on specific transactions:

- When the subject property is located in Texas, the DU message will require the lender to confirm that the new loan is not being originated pursuant to Section 50(a)(6) of Article XVI of the Texas Constitution.
- When it appears the closing costs exceed \$5,000, the DU message will require the lender to confirm that no more than \$5,000 of these costs will be financed into the loan amount for this RefiNow refinance transaction.

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# RefiNOW Mortgage – Payment History

For the loan being refinanced, the borrower cannot have had:

- 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.

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# Mortgage Eligibility Requirements

When DU finds a loan for the subject property address using either the address provided on the DU loan application or the standardized address, DU will then confirm that the Social Security number(s) (SSN) for the borrower(s) on the new loan casefile matches that on the existing loan. The result of the SSN matching will be specified in a DU message. See next slide-

When none of the borrower SSNs match, the loan casefile will not be underwritten as RefiNow. DU will issue a message informing the lender that the SSN(s) does not match and remind the lender to confirm the property address.

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# Mortgage Eligibility Requirements

When there is an SSN match, DU will underwrite the loan casefile as RefiNow. If the SSN for any of the borrowers on the loan casefile do not match using all nine digits, DU will advise the lender as follows:

- When a borrower SSN is matched using 7 or 8 digits of the 9-digit SSN, the DU message will specify that the SSNs are one or two digits different and will require that the lender confirm the borrowers on the existing loan are the same borrowers that will be on the new loan.
- When there are two borrowers on the new loan and two borrowers on the existing loan, but only one borrower's SSN matches, the DU message will specify that not all of the borrower SSNs match and will require that the lender confirm the borrowers on the existing loan are the same borrowers that will be on the new loan.
- When one borrower is on the new loan casefile but more than one borrower is on the existing loan, the DU message will state that it appears that a borrower is being removed with the transaction and refer the lender to the *Selling Guide* for additional requirements on removing a borrower with a RefiNow transaction.
- When there is more than one borrower on the new loan casefile but there is only one on the existing loan, the DU message will state that it appears that a borrower is being added with the RefiNow transaction, and that if a new borrower is being added with the transaction, the RefiNow loan is not eligible for delivery.

# New Mortgage (Refinance)

## Underwriting Requirements



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# Underwriting Path

Loans may 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.

- Manual underwriting may be used if the loan is otherwise eligible for manual underwriting. Manually underwritten loans:
  - are only required to comply with the maximum LTV, CLTV, HCLTV ratios listed on the [Eligibility Matrix](#) and as otherwise stated within the program eligibility details.
  - may follow the DTI ratio and credit score requirements below. There are no required minimum reserves.

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# General Eligibility

The RefiNOW Mortgage must be a fixed-rate Mortgage

Be a limited cash-out refinance with

- 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).

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# Occupancy and Property Eligibility

The Refi Possible Mortgage must be secured by a one-unit Primary Residence

For Mortgages secured by Condominium Units or Cooperative Share Loans, the Seller is not required to evaluate if the Condominium or Cooperative Project meets the project eligibility requirements, provided that:

- Seller represents and warrants that the project is not located in a Condominium Hotel or a cooperative hotel, houseboat project, timeshare project or project with segmented ownership; and
- The project has insurance that meets the applicable insurance requirements of [Guide Chapter 4703](#)

# Maximum LTV, TLTV HTLTV

Property/transaction type	Max LTV/TLTV/ HTLTV ratios
1-unit other than Manufactured Homes	97%*
Manufactured Homes	95%
Mortgage with a non-occupying Borrower	95%*

\*A TLTV ratio up to 105% is permitted when secondary financing is an Affordable Second®.

# Borrower Benefit

The proceeds of the RefiNOW Mortgage must be used only to:

- Pay off the first Mortgage
- Pay related Closing Costs not to exceed \$5,000
- Disburse cash to the Borrower not to exceed \$250

CALCULATION	
TOTAL DUE FROM BORROWER(s) <i>(Line H)</i>	\$ 105,000.00
LESS TOTAL MORTGAGE LOANS <i>(Line K)</i> AND TOTAL CREDITS <i>(Line N)</i>	- \$ 105,650.00
<b>Cash From/To the Borrower (Line H minus Line K and Line N)</b> <b>NOTE: This amount does not include reserves or other funds that may be required by the Lender to be verified.</b>	<b>-650.00</b>



*Any excess proceeds must be applied as a principal curtailment to the RefiNOW Mortgage.*

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# Minimum Credit Score

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.)

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# Maximum Housing Ratio and DTI

There is no maximum housing expense-to-income ratio

The total monthly DTI ratio must be less than or equal to 65%, including when a non-occupying Borrower is present

# Income and Employment Documentation

The following table describes the income documentation requirements.

<b>Income type</b>	<b>Minimum documentation requirements</b>
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

The following additional documentation requirements apply:

- Verbal verification of employment (employment or self-employment) is required in accordance with the *Selling Guide*.

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# Property Valuation

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.

**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.

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# Pricing

All standard loan-level price adjustments apply.

The adverse market refinance fee of 50 basis points will be waived for loans with an original principal amount less than or equal to \$300,000. See the [Loan-Level Price Adjustment Matrix](#).

**NOTE:** *The waiver of the adverse market refinance fee for RefiNow loans does not change the terms of this fee for non-RefiNow loans. That is, the fee continues to be waived for all loans with an original principal amount less than or equal to \$125,000.*

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# Mortgage Insurance Coverage

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.

# Solicitation

✓	<b>Permissible solicitation for RefiNow loans to borrowers at or below 80% of AMI</b>
	Lenders may solicit borrowers with mortgages owned or securitized by a particular GSE, provided that the lender simultaneously applies the same advertising and solicitation activities with respect to borrowers of mortgage loans with AMIs less than or equal to 80% and owned or securitized by the other GSE.
	Lenders must apply the same advertising and solicitation activities to all mortgage loans with borrowers with AMIs less than or equal to 80% and serviced for a particular GSE, regardless of whether the lender or a third party owns the associated Fannie Mae MBS/UMBS pools or Freddie Mac PC/UMBS pools.
	All other provisions of <i>Selling Guide</i> <a href="#">B2-1.3-04</a> , Prohibited Refinancing Practices, remain in effect.
	<p>If lenders choose to reach out to borrowers, and the lender's communication includes a reference to a GSE, then the communication must include the following:</p> <ul style="list-style-type: none"><li>▪ “Freddie Mac and Fannie Mae have adopted a new refinance option for loans to borrowers with incomes at or below 80% of area median income and you may be eligible to take advantage of this program. If your mortgage is owned or guaranteed by either Freddie Mac or Fannie Mae, you may be eligible to refinance your mortgage under this refinance option.”</li><li>▪ “You can determine whether your mortgage is owned by either Freddie Mac or Fannie Mae by checking the following websites:<ul style="list-style-type: none"><li>• <a href="#">Freddie Mac Loan Look-up Tool</a> or</li><li>• <a href="#">Fannie Mae Mortgage Loan Lookup</a>”</li></ul></li></ul>

# Freddie Mac Refi Possible An Overview

June 2021

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# Refi Possible Mortgage

Freddie Mac's Refi Possible mortgage offering is designed to assist lower-income borrowers earning 80% or less of area median income (AMI) on an existing Freddie Mac-owned mortgage. Eligible borrowers will receive meaningful refinancing benefits including a reduction in interest rate and a lower monthly mortgage payment.

Loan Product Advisor® and Loan Selling Advisor® will be updated on August 30, 2021 to reflect the Refi Possible requirements.

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# Program Overview

Freddie Mac Bulletin, Program Eligibility Parameters

# Bulletin 2021-17

**FreddieMac**  
Single-Family

## Bulletin

TO: Freddie Mac Sellers May 5, 2021 | 2021-17

**SUBJECT: INTRODUCING FREDDIE MAC REFI POSSIBLE<sup>SM</sup>**

At Freddie Mac, we strive to further our affordable housing mission by expanding access to credit responsibly and providing opportunities for wealth building and sustainable homeownership for low-income Borrowers. With the new Freddie Mac Refi Possible<sup>SM</sup> Mortgage offering, homeowners can benefit from refinancing to reduce their monthly mortgage payment and build long-term wealth. This offering creates more equitable opportunities by making it easier for homeowners in low-income brackets to refinance their Mortgages. Refi Possible is intended to reach low-income Borrowers who can benefit from refinancing and provides flexibilities to incentivize Sellers to serve these eligible Borrowers on an ongoing basis.

Refi Possible is a new "no-cash out" refinance offering for low-income Borrowers that we are introducing under the guidance of the FHFA and in coordination with Fannie Mae.

**Effective date**

Refi Possible is available for Manually Underwritten Mortgages with Application Dates on and after August 30, 2021, and for submissions to Loan Product Advisor<sup>®</sup> on and after August 30, 2021.

**REFI POSSIBLE REQUIREMENTS**

The following chart describes the special requirements for Refi Possible Mortgages. All requirements of the Freddie Mac Single-Family Seller/Service Guide apply, except as otherwise stated in the chart below. The temporary credit underwriting requirements and guidance related to COVID-19 also apply to Refi Possible Mortgages.

The requirements below apply to Loan Product Advisor<sup>®</sup> Mortgages and Manually Underwritten Mortgages, except as specifically stated otherwise.

Category	Borrower eligibility requirements
<b>Borrower income</b>	<ul style="list-style-type: none"><li>• The Borrower's qualifying income converted to an annual basis must not exceed 80% of the area median income (AMI) for the location of the Mortgaged Premises</li><li>• To determine if the Borrower's income exceeds the income limits, the Seller must rely on the income used to qualify the Borrower and submitted to Loan Product Advisor for Loan Product Advisor Mortgages</li><li>• For Loan Product Advisor Mortgages, Loan Product Advisor will determine the income eligibility of the Mortgage</li><li>• For non-Loan Product Advisor Mortgages, the Seller must use the Home Possible<sup>®</sup> Income &amp; Property Eligibility tool. The Seller may not use other published AMI versions (such as AMIs posted on <a href="https://www.huduser.gov/portal/home.html">https://www.huduser.gov/portal/home.html</a>) to determine Mortgage or product eligibility</li></ul>
<b>Change in Borrowers</b>	<ul style="list-style-type: none"><li>• The Borrower(s) obligated on the Note for the Refi Possible Mortgage must be the same as the Borrower(s) obligated on the Note for the Mortgage being refinanced, except that a Borrower obligated on the Note for the Mortgage being refinanced may be omitted from the Note for the Refi Possible Mortgage provided that:</li></ul>

<https://sf.freddie.com/articles/news/guide-bulletin-2021-17-introducing-freddie-mac-refi-possible>

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# Refi Possible Mortgage

## **Assist Borrowers**

This offering creates more equitable opportunities by making it easier for homeowners in low-income brackets to refinance their Mortgages. Refi Possible is intended to reach low-income Borrowers who can benefit from refinancing and provides flexibilities to incentivize Sellers to serve these eligible Borrowers on an ongoing basis.

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# Refi Possible Mortgage- Effective Date

Refi Possible is available for Manually Underwritten Mortgages with Application Dates on and after August 30, 2021, and for submissions to Loan Product Advisor® on and after August 30, 2021.

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# Requirements

Eligibility Parameters: Existing Mortgage Being Refinanced

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# Refi Possible Mortgage-Borrower Income

- The Borrower's qualifying income converted to an annual basis must not exceed 80% of the area median income (AMI) for the location of the Mortgaged Premises
- To determine if the Borrower's income exceeds the income limits, the Seller must rely on the income used to qualify the Borrower and submitted to Loan Product Advisor for Loan Product Advisor Mortgages
- For Loan Product Advisor Mortgages, Loan Product Advisor will determine the income eligibility of the Mortgage
- For non-Loan Product Advisor Mortgages, the Seller must use the Home Possible® Income & Property Eligibility tool. The Seller may not use other published AMI versions (such as AMIs posted on <https://www.huduser.gov/portal/home.html>) to determine Mortgage or product eligibility

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# Refi Possible Mortgage- Change in Borrower

The Borrower(s) obligated on the Note for the Refi Possible Mortgage must be the same as the Borrower(s) obligated on the Note for the Mortgage being refinanced, except that a Borrower obligated on the Note for the Mortgage being refinanced may be omitted from the Note for the Refi Possible Mortgage provided that:

- The Mortgage file contains evidence that the remaining Borrower has been making the Mortgage payments, including the payments for any secondary financing, for the most recent 12-month period from their own funds; or
- In the case of death, the Seller obtains and retains in the Mortgage file documentation of the Borrower's death

In all cases, at least one Borrower from the Mortgage being refinanced must be retained

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# Refi Possible Mortgage-General Eligibility

The Mortgage being refinanced must:

- Be a First Lien, conventional Mortgage currently owned by Freddie Mac, in whole or in part, or securitized by Freddie Mac
- Be seasoned for at least 12 months and no more than 120 months (i.e., the Note Date of the Mortgage being refinanced must be at least 12 months prior to, but no more than 120 months prior to, the Note Date of the Refi Possible Mortgage)

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# Refi Possible Mortgage-Ineligible Mortgages

The Mortgage being refinanced must not be:

- A Freddie Mac Relief Refinance Mortgage<sup>SM</sup>
- A Freddie Mac Enhanced Relief Refinance<sup>®</sup> Mortgage
- A Refi Possible Mortgage
- A Mortgage subject to an outstanding repurchase request
- A Mortgage subject to recourse, indemnification, or another credit enhancement other than mortgage insurance (unless the new loan is also subject to credit enhancement, or it is no longer required)

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# Refi Possible Mortgage- Payment History

The Mortgage being refinanced must have a payment history that indicates the following:

- The Mortgage has not been 30 days delinquent in the most recent six months; and
- The Mortgage has not been 30 days delinquent more than once in the most recent 12 months, and
- The Mortgage has not been 60 or more days delinquent in the most recent 12 months

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# Loan Product Advisor Assessment

Loan Product Advisor will assess whether the Mortgage being refinanced complies with the eligibility requirements including:

- Borrower Income
- Change in Borrowers
- General Eligibility
- Ineligible Mortgages
- Payment History

with the following exceptions:

- The Seller is responsible for ensuring the mortgage is seasoned at least 12 months by the Note Date of the Refi Possible Mortgage, and
- The Seller is responsible for determining whether the payment history requirements are met after the date of the last Loan Product Advisor submission

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# Mortgage Eligibility Requirements

Determining if Freddie Mac Owns Present Mortgage

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# New Mortgage (Refinance)

Underwriting Requirements

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# Underwriting Path

The Refi Possible Mortgage must be:

- Submitted to Loan Product Advisor or
- Manually underwritten, provided that the loan is otherwise eligible for manual underwriting

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# General Eligibility

The Refi Possible Mortgage must be a fixed-rate Mortgage

The Refi Possible Mortgage must not be:

- A Mortgage with a temporary interest rate buydown
- A super conforming Mortgage
- Originated pursuant to Section 50(a)(6) of Article XVI of the Texas Constitution. Refer to [Guide Section 4301.7](#) for additional information regarding Texas Equity Section 50(a)(6) Mortgages.

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# Occupancy and Property Eligibility

The Refi Possible Mortgage must be secured by a one-unit Primary Residence

For Mortgages secured by Condominium Units or Cooperative Share Loans, the Seller is not required to evaluate if the Condominium or Cooperative Project meets the project eligibility requirements, provided that:

- Seller represents and warrants that the project is not located in a Condominium Hotel or a cooperative hotel, houseboat project, timeshare project or project with segmented ownership; and
- The project has insurance that meets the applicable insurance requirements of Guide Chapter 4703

# Maximum LTV, TLTV HTLTV

Property/transaction type	Max LTV/TLTV/ HTLTV ratios
1-unit other than Manufactured Homes	97%*
Manufactured Homes	95%
Mortgage with a non-occupying Borrower	95%*

\*A TLTV ratio up to 105% is permitted when secondary financing is an Affordable Second®.

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# Borrower Benefit

The refinance transaction must result in both of the following:

- A First Lien Mortgage interest rate reduction of at least 50 basis points (bps)

AND

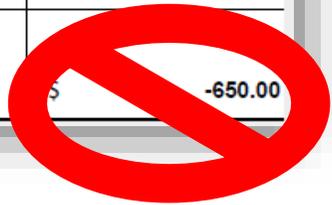
- For Mortgages with an LTV ratio equal to or less than 80%, a reduction in the First Lien Mortgage Principal and Interest payment amount of at least \$50, or
- For Mortgages with an LTV ratio greater than 80%, a reduction in the First Lien Mortgage monthly combined Principal, Interest and Mortgage Insurance payment amount of at least \$50

# Borrower Benefit

The proceeds of the Refi Possible Mortgage must be used only to:

- Pay off the first Mortgage
- Pay related Closing Costs not to exceed \$5,000
- Disburse cash to the Borrower not to exceed \$250

CALCULATION	
TOTAL DUE FROM BORROWER(s) <i>(Line H)</i>	\$ 105,000.00
LESS TOTAL MORTGAGE LOANS <i>(Line K)</i> AND TOTAL CREDITS <i>(Line N)</i>	-\$ 105,650.00
<b>Cash From/To the Borrower (Line H minus Line K and Line N)</b> <b>NOTE: This amount does not include reserves or other funds that may be required by the Lender to be verified.</b>	\$ -650.00



In the event there are remaining proceeds from the Refi Possible Mortgage after the proceeds are applied as described above, the excess proceeds must be applied as a principal curtailment to the Refi Possible Mortgage and must be clearly reflected on the CD.

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# Minimum Credit Score

The Mortgage must have a minimum Indicator Score of 620. If no Borrower has a usable Credit Score, then the Mortgage does not have an Indicator Score and is not eligible for delivery to Freddie Mac.

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# Credit Assessment- Manual Underwrite

For Manually Underwritten Mortgages, the Seller does not need to perform a credit assessment of the Borrower in accordance with Chapter 5202 provided that:

In addition to meeting the payment history requirements for the Mortgage being refinanced, the Mortgage complies with the recovery time periods for reestablishment of credit following a significant derogatory event, as stated in Section 5202.5

If the significant derogatory event was caused by extenuating circumstances, the Mortgage file must contain documentation attributing the cause of the financial difficulties to outside factors beyond the Borrower's control

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# Maximum Housing Ratio and DTI

There is no maximum housing expense-to-income ratio

The total monthly DTI ratio must be less than or equal to 65%, including when a non-occupying Borrower is present

# Income and Employment Documentation

The minimum documentation requirements in the table below apply to the referenced income types in lieu of the Streamlined Accept and Standard Documentation Level requirements stated for these income types in [Guide Topic 5300](#)

Income type	Minimum documentation requirements
Base non-fluctuating employment (primary only)	<ul style="list-style-type: none"><li>• Year-to-date (YTD) paystub documenting the YTD earnings</li><li>• 10-day pre-closing verification of employment</li></ul>
Fluctuating hourly employment (primary only) Tip, bonus, overtime and commission income	<ul style="list-style-type: none"><li>• YTD paystub documenting the YTD earnings</li><li>• W-2 for the most recent calendar year</li><li>• 10-day pre-closing verification of employment</li></ul>
Military income (basic pay, entitlements, Reserve and National Guard income)	Military Leave and Earnings Statement

All other income types must be documented in accordance with the Streamlined Accept and Standard Documentation Level requirements in [Topic 5300](#)

All other documentation requirements, including [Chapter 5302, General Requirements for Documentation Used to Verify Employment and Income](#), and additional requirements for certain employment characteristics in [Section 5303.2](#) apply.

# Income and Employment Documentation

The minimum documentation requirements in the table below apply to the referenced income types in lieu of the Streamlined Accept and Standard Documentation Level requirements stated for these income types in [Guide Topic 5300](#)

Self-employment	<ul style="list-style-type: none"><li>• Complete federal individual and business income tax returns for the most recent one-year period, and</li><li>• Verification of the current existence of the business through a third-party source obtained either no more than 120 calendar days prior to Note Date or after the Note Date but prior to the Delivery Date</li></ul>
Alimony, child support or separate maintenance	<ul style="list-style-type: none"><li>• Documentation to evidence receipt of the alimony, child support and/or separate maintenance payment amount for the most recent one months, and</li><li>• Copy of the signed court order, legally binding separation agreement and/or final divorce decree verifying the payor's obligation for the previous one months, including the amount and the duration of the obligation</li></ul>

All other income types must be documented in accordance with the Streamlined Accept and Standard Documentation Level requirements in [Topic 5300](#)

All other documentation requirements, including [Chapter 5302, General Requirements for Documentation Used to Verify Employment and Income](#), and additional requirements for certain employment characteristics in [Section 5303.2](#) apply.

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# Asset Documentation Requirements

When funds required for closing are more than \$500, funds in a depository, securities or retirement account used for closing must be documented with one-month account statement or a direct account verification

When funds required for closing are \$500 or less, verification of funds is not required

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# Property Valuations

Standard Guide property valuation requirements for appraisal or automated collateral evaluation apply.

A \$500 credit will be provided to the Seller when an appraisal is obtained. The Seller must pass the credit to the Borrower.

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# Pricing

Standard Credit Fees in Price apply.

Refi Possible Mortgages with an original Note amount of less than or equal to \$300,000 are not subject to the 50 bps Market Condition Credit Fee in Price.

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# Mortgage Insurance Coverage

Mortgages with LTV ratios greater than 80% must have mortgage insurance coverage in accordance with Chapter 4701.

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# Acceptable Refinance Practices

**Advertising and solicitation:** Seller may target Mortgages owned or securitized by Freddie Mac for the Refi Possible offering, provided that the Seller simultaneously applies the same advertising and solicitation activities with respect to Borrowers of Mortgages with AMIs less than or equal to 80% and owned or securitized by Fannie Mae.

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# Acceptable Refinance Practices

**Advertising and other communications with Borrowers:** If a Seller chooses to reach out to Borrowers and the Seller's communication includes a reference to Freddie Mac, then the communication must also include the following (or substantively similar) verbiage:

Freddie Mac and Fannie Mae have adopted a new refinance option for Mortgages to Borrowers with incomes at or below 80% of the area median income. If your Mortgage is owned or guaranteed by either Freddie Mac or Fannie Mae, you may be eligible to refinance your Mortgage under one of these refinance options.

You can determine whether your Mortgage is owned by either Freddie Mac or Fannie Mae by checking the following websites:

- For Freddie Mac: [www.freddiemac.com/mymortgage](http://www.freddiemac.com/mymortgage)
- For Fannie Mae: [www.fanniemae.com/loanlookup/](http://www.fanniemae.com/loanlookup/)

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# Enact Training Resources

The screenshot displays the Enact website interface. At the top left, it says "Genworth MI is now Enact" with the Enact logo. On the top right, there is a phone number "800 444.5664", a search bar, and a "LOG IN TO:" button with options for "ORDER MI", "MANAGE MI", and "VIEW ACCOUNT". The main navigation bar includes "MI & RATES", "UNDERWRITING & GUIDES", "LOS & CONNECTIONS", "ENACT TOOLKIT", "TRAINING", "LOG", and "ABOUT US". The "TRAINING" menu is open, showing "Course Catalog", "Live Webinar Calendar", "Self-Employed Borrower Calculators", and "Our Trainers". Two orange arrows point to the "Course Catalog" and "Live Webinar Calendar" items. The main content area features a large green banner with the text "We've changed to remain focused on you. Genworth MI is now Enact." and a "LEARN MORE" button. Below the banner are three service tiles: "Underwriting Innovate Underwriting KNOW MORE", "Rate Express Find Rates Quick GET A QUOTE NOW", and "Training Boost Your Knowledge LEARN NOW". The "Training" tile is highlighted with an orange border. A large white plus sign is overlaid on the right side of the banner.

# Enact Training Resources

Genworth MI is now **Enact™**

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## Self-Employed Borrower Tools by Enact MI

We get it, mental math is hard. That's why Enact provides a collection of downloadable calculators and reference guides to help you analyze a self-employed borrower's average monthly income and expenses.

Please note that these tools offer suggested guidance, they don't replace instructions or applicable guidelines from the GSEs.

*Due to various internet browser versions, please download and save PDF before entering data. Please note, calculators are updated periodically.*

 <b>Fannie Mae Form 1084 Calculator (2019-2020)</b> Calculate and analyze cash flow to help you complete Fannie Mae Form 1084. UPDATED	 <b>Fannie Mae Form 1084 Calculator XLS (2019-2020)</b> Calculate and analyze cash flow to help you complete Fannie Mae Form 1084. UPDATED	 <b>Freddie Mac Form 91 Calculator (2019-2020)</b> Quick-reference guide and income analysis for Freddie Mac Form 91. UPDATED
 <b>Freddie Mac Form 92 Calculator (2019-2020)</b> Form 92 Net Rental Income Calculators - Schedule E. UPDATED	 <b>Schedule Analysis Method (SAM) Calculator (2019-2020)</b> Calculate qualifying income from tax returns. UPDATED	 <b>Rental Income Calculator (2019-2020)</b> Applies to calculating rental income from IRS form 1040 Schedule E. UPDATED
 <b>Current Ratio - Liquidity Calculator (2019-2020)</b> Calculate working capital liquidity against current liabilities. UPDATED	 <b>Quick Ratio - Liquidity Calculator (2019-2020)</b> Calculate an organization's liquidity against current liabilities. UPDATED	 <b>Fannie Mae Rental Guide (Calculator 1037)</b> Use this worksheet to calculate qualifying rental income for Fannie Mae Form 1037 (Personal Residence, 2- to 4-unit property). UPDATED
 <b>Fannie Mae Rental Guide (Calculator 1039)</b> Calculate qualifying rental income for Fannie Mae Form 1039 (Business Rental Income from Investment Property). UPDATED	 <b>Fannie Mae Form 1088 Cheat Sheet</b> Use this quick reference guide for Fannie Mae's Comparative Analysis Form (Form 1088). UPDATED	 <b>Fannie Mae Comparative Analysis Form 1088</b> Calculate increases/decreases in gross income, expenses and taxable income. UPDATED

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# Your Enact Resources

- ActionCenter® : 800 444.5664
- Your Local Enact Regional Underwriter
- Your Enact Sales Representative

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# Legal Disclaimer

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