

# Fannie Mae RefiNow (DU)

## Primary Residence - Limited Cash-Out Refinance<sup>1,2</sup>

Units	Maximum LTV / CLTV <sup>3</sup> / HCLTV	Minimum Credit Score
1-Unit	97 / 97 / 97%	620

<sup>1</sup> A RefiNow loan may not be combined with a HomeReady refinance transaction.

<sup>2</sup> High balance loans are not permitted.

<sup>3</sup> The CLTV ratio may be up to 105% only if the mortgage is part of a Community Seconds transaction. Maximum 97% CLTV if the subordinate lien is not a Community Seconds loan.

## Follow CWL Conventional Guidelines unless stated otherwise below

### General Information

<b>General Information</b>	RefiNow refinance option offers expanded eligibility to benefit borrowers at or below <b>100%</b> of the area median income (AMI) limit.																																								
<b>Adverse Market Fee</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>																																								
<b>Mortgage Insurance</b>	<ul style="list-style-type: none"> <li>Standard mortgage insurance required on all loans exceeding an 80% LTV. Must meet applicable MI company guidelines.</li> <li>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.</li> </ul> <p>Eligible</p> <ul style="list-style-type: none"> <li>Borrower Paid Financed – must qualify for QM (Must also meet financed guidelines below)</li> <li>Borrower Paid Single Premium MI</li> <li>Monthly</li> <li>Lender Paid MI</li> </ul> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2">LTV</th> <th colspan="2">&lt;=20 year</th> <th colspan="2">LTV</th> <th colspan="2">&gt;20 Year</th> </tr> </thead> <tbody> <tr> <td>80.01%</td> <td>- 85%</td> <td>6%</td> <td></td> <td>80.01%</td> <td>- 85%</td> <td>12%</td> <td></td> </tr> <tr> <td>85.01%</td> <td>- 90%</td> <td>12%</td> <td></td> <td>85.01%</td> <td>- 90%</td> <td>25%</td> <td></td> </tr> <tr> <td>90.01%</td> <td>- 95%</td> <td>25%</td> <td></td> <td>90.01%</td> <td>- 95%</td> <td>30%</td> <td></td> </tr> <tr> <td>95.01%</td> <td>- 97%</td> <td>35%</td> <td></td> <td>95.01%</td> <td>- 97%</td> <td>35%</td> <td></td> </tr> </tbody> </table> <p><b>Acceptable Mortgage Insurance Companies:</b></p> <ul style="list-style-type: none"> <li>MGIC (<a href="http://www.mgic.com">http://www.mgic.com</a>)</li> <li>Genworth (<a href="http://www.mortgageinsurance.genworth.com">www.mortgageinsurance.genworth.com</a>)</li> <li>Essent Guaranty (<a href="http://essent.us">http://essent.us</a>)</li> <li>National MI (<a href="http://www.nationalmi.com">www.nationalmi.com</a>).             <ul style="list-style-type: none"> <li>DTI &gt; 45% requires minimum 700 FICO Score (does not apply if using National's Rate GPS)</li> </ul> </li> <li>Radian (<a href="http://www.radian.biz/page?name=HomePage">http://www.radian.biz/page?name=HomePage</a>)             <ul style="list-style-type: none"> <li>Single Premium MI: DTI &gt; 45% requires minimum 700 FICO Score. Single premium MI is also not available when LTV &gt; 95% and DTI &gt; 45% regardless of fico score. (Restrictions do not apply if using Radian's RADAR Rates Single Premium Borrower-Paid pricing option).</li> </ul> </li> </ul>	LTV		<=20 year		LTV		>20 Year		80.01%	- 85%	6%		80.01%	- 85%	12%		85.01%	- 90%	12%		85.01%	- 90%	25%		90.01%	- 95%	25%		90.01%	- 95%	30%		95.01%	- 97%	35%		95.01%	- 97%	35%	
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<b>QM Requirement</b>	<ul style="list-style-type: none"> <li>All loans need to be locked prior to submitting to Underwriting.</li> </ul>																																								
<b>Special Feature Code (SFC)</b>	<ul style="list-style-type: none"> <li>DU will issue SFC 868 on all RefiNow loan casefiles.</li> </ul>																																								
<b>Supporting Documentation</b>	<ul style="list-style-type: none"> <li>Underwriting will follow the AUS findings regarding VODs, bank statements or paystubs.</li> <li>All supporting documentation must be dated within 120 days of the Note (existing and new construction)</li> </ul>																																								
<b>Underwriting</b>	<ul style="list-style-type: none"> <li>DU Approved/Eligible.</li> <li>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 additional factors.</li> </ul>																																								

## Borrower Eligibility

<b>Borrower Benefit</b>	<p>The refinanced loan must provide the following benefits to the borrower:</p> <ul style="list-style-type: none"> <li>A reduction in interest rate of at least 50 basis points, and</li> <li><b>Borrower must see some reduction in monthly mortgage payment</b></li> </ul> <p><b>Note:</b> The RefiNow option may only be used one time.</p>
<b>Borrower Income Limit</b>	<p>The borrower(s) income must be less than or equal to <b>100%</b> of the applicable AMI limit for the subject property's location. Refer to <a href="#">Area Median Income Lookup Tool</a> for limits.</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 is used in reporting "Monthly Income" in Loan Delivery.</li> </ul>
<b>Non-Occupant Co-Borrower</b>	<ul style="list-style-type: none"> <li>Non-occupant borrowers are permitted.</li> <li>Maximum 95% LTV/CLTV/HCLTV except CLTV allowed up to 105% when a Community Seconds is being resubordinated.</li> </ul>
<b>Occupancy</b>	<ul style="list-style-type: none"> <li>Primary Residence only.</li> </ul>

## Financing Types

<b>Existing Loan Eligible</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #92d050;"> <th colspan="2" style="text-align: center; padding: 2px;">Requirements for the Existing Loan Being Refinanced</th> </tr> </thead> <tbody> <tr> <td style="text-align: center; width: 20px;">√</td> <td><b>The existing loan must...</b></td> </tr> <tr> <td></td> <td>Be a conventional mortgage loan owned or securitized by Fannie Mae</td> </tr> <tr> <td></td> <td><b>Be seasoned at least 12 months (from the original note date to new loan note date).</b></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> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #92d050;"> <th colspan="2" style="text-align: center; padding: 2px;">Requirements for the New Loan</th> </tr> </thead> <tbody> <tr> <td style="text-align: center; width: 20px;">√</td> <td><b>The new RefiNow loan must...</b></td> </tr> <tr> <td></td> <td>Be a fixed-rate loan.</td> </tr> <tr> <td></td> <td>Not exceed maximum LTV/CLTV/HCLTV ratios for the program.</td> </tr> <tr> <td></td> <td>Be a limited cash-out refinance with:           <ul style="list-style-type: none"> <li>Financed closing costs, prepaid items and points that do not exceed \$5,000, and</li> <li>Cash out less than or equal to \$250. Excess proceeds may be applied as a curtailment on the new loan.</li> </ul> </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"> <li>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</li> <li>Due to the death of a borrower (evidence of the deceased borrower's death must be documented in the loan file).</li> </ul> <p><b>Note:</b> Non-occupant borrower 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> </tbody> </table> <p><b>Note:</b> A RefiNow loan may not be combined with a HomeReady refinance transaction.</p>	Requirements for the Existing Loan Being Refinanced		√	<b>The existing loan must...</b>		Be a conventional mortgage loan owned or securitized by Fannie Mae		<b>Be seasoned at least 12 months (from the original note date to new loan note date).</b>		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.	Requirements for the New Loan		√	<b>The new RefiNow loan must...</b>		Be a fixed-rate loan.		Not exceed maximum LTV/CLTV/HCLTV ratios for the program.		Be a limited cash-out refinance with: <ul style="list-style-type: none"> <li>Financed closing costs, prepaid items and points that do not exceed \$5,000, and</li> <li>Cash out less than or equal to \$250. Excess proceeds may be applied as a curtailment on the new loan.</li> </ul>		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"> <li>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</li> <li>Due to the death of a borrower (evidence of the deceased borrower's death must be documented in the loan file).</li> </ul> <p><b>Note:</b> Non-occupant borrower are permitted (see below)</p>		Not be a Texas Section 50(a)(6) loan.		Not be subject to a temporary interest rate buydown.
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## Credit

<b>Credit</b>	<ul style="list-style-type: none"> <li>Minimum 620 FICO</li> <li>Follow CWL Conventional Guidelines including complying with all applicable waiting periods following derogatory credit events. <b>Except:</b> <ul style="list-style-type: none"> <li>The LTV ratio limitation that applies to a previous foreclosure is not applicable – standard LTV ratios are permitted.</li> </ul> </li> <li>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.</li> </ul>
<b>Housing Payment History</b>	<p>For the loan being refinanced, the borrower cannot have had:</p> <ul style="list-style-type: none"> <li>Any 30-day mortgage delinquencies in the most recent six-month period, and</li> <li>No more than one 30-day delinquency in months 7 through 12.</li> </ul> <p>If the borrower has missed payments due to a COVID-19 forbearance, and those payments have been resolved in accordance with the temporary eligibility requirements for purchase and refinance transaction in <a href="#">LL-2021-03</a>, then the missed payments are not considered delinquencies for purposes of meeting these payment history requirements. This will apply for as long as the temporary policies remain in effect.</p>
<b>Qualifying Ratios</b>	<ul style="list-style-type: none"> <li>Per AUS</li> </ul> <p>(Note: cannot exceed 65% DTI regardless of AUS)</p>

## Income

<b>Employment / Income</b>	<ul style="list-style-type: none"> <li>A verbal VOE is required for all borrowers within 10 days prior to Note date.</li> <li>All loans require IRS Form 4506-C                             <ul style="list-style-type: none"> <li>Form 4506-C must be processed per AUS</li> </ul> </li> <li>The following table describes the income documentation requirements</li> </ul> <table border="1" style="width: 100%; margin-top: 10px;"> <thead> <tr style="background-color: #92d050;"> <th style="width: 40%;">Income Type</th> <th>Minimum Documentation Requirements</th> </tr> </thead> <tbody> <tr> <td>Base Pay (non-variable)</td> <td>The borrower's most recent paystub no earlier than 30-days prior to the loan application date.</td> </tr> <tr> <td>Base Pay (variable) Tip, Bonus, Overtime Income, Commission Income</td> <td>The borrower's year-to-date paystub and W-2 covering the most recent one-year period.</td> </tr> <tr> <td>Military Income</td> <td>Military Leave and Earnings Statement</td> </tr> <tr> <td>Self-Employment</td> <td>One year personal and business tax returns, unless the terms to waive business tax returns are met in accordance with Fannie Mae Selling Guide.</td> </tr> <tr> <td>Alimony, Child Support, or Separate Maintenance</td> <td>Copy of divorce decree, separation agreement, court order or equivalent documentation, and one month documentation of receipt.</td> </tr> <tr> <td>All Other Eligible Income Types</td> <td>Refer to <a href="#">Income Job Aid</a> for income requirements.</td> </tr> </tbody> </table>	Income Type	Minimum Documentation Requirements	Base Pay (non-variable)	The borrower's most recent paystub no earlier than 30-days prior to the loan application date.	Base Pay (variable) Tip, Bonus, Overtime Income, Commission Income	The borrower's year-to-date paystub and W-2 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 Fannie Mae Selling Guide.	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	Refer to <a href="#">Income Job Aid</a> for income requirements.
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<b>Income Limits</b>	<ul style="list-style-type: none"> <li>Total income cannot exceed <b>100%</b> AMI. Refer to <a href="#">Area Median Income Lookup Tool</a> for limits.</li> </ul>														

## Assets

<b>Assets</b>	<ul style="list-style-type: none"> <li>Verification of funds to close are required.</li> <li>Acceptable asset documentation includes one recent statement (monthly, quarterly, or annual) showing asset balance.</li> </ul>
<b>Reserve Requirements</b>	<ul style="list-style-type: none"> <li>DU Approved/Eligible - Determined by DU</li> </ul> <p><b>Reserve Requirements (Definition of PITIA)</b></p> <ul style="list-style-type: none"> <li>Principal and interest</li> <li>Hazard, flood, and mortgage insurance premiums (as applicable)</li> <li>Real estate taxes</li> <li>Ground rents</li> <li>Special assessments</li> <li>Owners' association dues (excluding individual unit utility charges)</li> <li>Subordinate finance payments on mortgages secured by the subject property.</li> </ul>
<b>Subordinate Financing</b>	<ul style="list-style-type: none"> <li>Existing subordinate financing:                             <ul style="list-style-type: none"> <li>May not be satisfied with the proceeds of the new loan,</li> <li>Can remain in place if it is resubordinated to the new loan, and</li> <li>May be simultaneously refinanced with the existing first lien mortgage, provided that:</li> </ul> </li> </ul>

<b>Subordinate Financing (cont.)</b>	<ul style="list-style-type: none"> <li>▪ The unpaid principal balance (UPB) of the new subordinate lien is not more than the UPB of the subordinate lien being refinanced at the time of payoff, and</li> <li>▪ There is no increase in the monthly principal and interest payment on the subordinate lien.</li> </ul> <ul style="list-style-type: none"> <li>• New subordinate financing is only permitted if it replaces existing subordinate financing.</li> </ul>								
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<b>Appraisal Requirements</b>	<ul style="list-style-type: none"> <li>• Standard property valuation requirements for an appraisal waiver or appraisal apply.</li> <li>• 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.</li> </ul> <p><b>Note:</b> The appraisal credit will be applied based on the delivery of SFC 868 and data in the Loan Delivery file that indicates an appraisal was obtained for the transaction.</p>								
<b>Appraisal Waivers</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" data-bbox="375 533 1541 564" style="background-color: #92d050;">DU Appraisal Waivers (formally known as property inspection waiver)</th> </tr> </thead> <tbody> <tr> <td colspan="2" data-bbox="375 564 1541 646">An appraisal waiver may be received in your DU findings. 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Eligible Transactions	Ineligible Transactions								
<ul style="list-style-type: none"> <li>• Provide evidence the property is not currently listed for sale</li> <li>• DU Approve / Eligible only</li> <li>• Fixed Rate (Conforming loan amounts only)</li> <li>• One-unit properties, including condos and PUDs</li> <li>• Primary Residence only</li> <li>• Max 90% LTV/CLTV</li> <li>• At time of application the loan officer must enter in the note pad that they intend to use the PIW</li> <li>• Loan must be disclosed with full appraisal fee</li> <li>• Property type must be accurate on the DU (changes may lose the waiver)</li> <li>• Any assets submitted in DU must be verified in file (changes may lose the waiver)</li> <li>• At time of underwriting the underwriter will validate that the DU findings allow for PIW.</li> <li>• Underwriter to validate PIW is allowed at each review of the file and at CTC to ensure the PIW option has not been lost.</li> </ul>	<ul style="list-style-type: none"> <li>• HPML loans</li> <li>• Properties listed in disaster area</li> <li>• Properties where the subject property value is \$1,000,000 or greater</li> <li>• Leasehold properties</li> <li>• Cooperative units</li> <li>• Manufactured homes</li> <li>• Construction to perm</li> <li>• New construction</li> <li>• HomeStyle Renovation and HomeStyle Energy mortgage loans</li> <li>• 2-4 unit properties</li> <li>• DU ineligible finding</li> <li>• Loans with Affordable Housing LTV feature</li> <li>• Loans for which the mortgage insurance provider requires an appraisal</li> <li>• Loans for which rental income from the subject property is used to qualify (including Investment Property casefiles)</li> <li>• Texas 50(a)(6) refinance loans (cash-out and limited cash-out refinance transactions)</li> <li>• Gifts of equity</li> </ul> <p><b>Properties with a Recent Appraisal</b> DU will not offer an appraisal waiver when an appraisal has been uploaded to the Uniform Collateral Data Portal (UCDP) within the prior 120 days from any lender.</p>								
<b>Property Types</b>	<p><b>Eligible</b></p> <ul style="list-style-type: none"> <li>• One-unit principal residence only</li> <li>• Condominiums</li> <li>• Planned Unit Developments (PUD's)</li> <li>• Manufactured Homes - Refer to CWL Conventional Manufactured Home guidelines.</li> </ul> <p><b>Note:</b> 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.</p> <p><b>Ineligible</b></p> <ul style="list-style-type: none"> <li>• Second Homes</li> <li>• Investment Properties</li> </ul>								
<b>Unpermitted Additions</b>	<ul style="list-style-type: none"> <li>• Refer to Unpermitted Additions Job Aid in the Job Aid section of PARC.</li> </ul>								