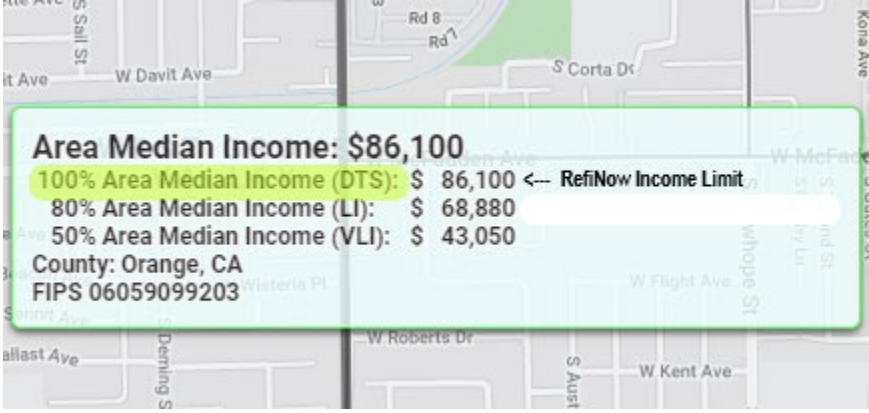


Fixed – Primary Residence		
Limited Cash-Out Refinance		
Property Type	Max LTV/CLTV/TLTV	Min Credit Score
1 Unit	≤ 95%	620
Footnotes		
<ul style="list-style-type: none"> • These loans must be secured by fixed-rate, one-unit principal residences, with a limited cash-out refinance transaction that has specific requirements. • High-balance loans are not permitted. • A RefiNow loan may not be combined with a HomeReady refinance transaction. See LL2021-10 for additional information and exceptions to this Matrix. 		

Introduction	<p>Effective Jun.5, 2021, 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. https://ami-lookup-tool.fanniemae.com/amilookuptool/ (see resource tool below).</p>
RefiNow Requirements	<p>The following table describes the eligibility, underwriting, and other requirements for the RefiNow option. All standard <i>Selling Guide</i> requirements apply unless otherwise indicated below. All provisions of Lender Letter LL-2021-03, Impact of COVID-19 on Originations, continue to apply.</p>
Borrower Eligibility Requirements	
Borrower Income Limit	<p>The borrower(s) income must be less than or equal to 100% 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.
Requirements for the existing Loan Being Refinanced	
Existing Loan Eligibility	<p>The Existing Loan must...</p> <ul style="list-style-type: none"> • Be a conventional mortgage loan owned or securitized by Fannie Mae. Verify with the Loan Look Up Tool. • Be seasoned at least 12 months but no more than 12 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.
Requirements for the New Loan	
New Loan Eligibility	<p>The new RefiNow loan must...</p> <ul style="list-style-type: none"> • 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"> ○ Cash out less than or equal to \$250. Excess proceeds may be applied as curtailment on the new loan. • Have a loan 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). • Note: Non-occupant borrowers are permitted (see below). • Not be a Texas Section 50(a)(6) loan. • Not be subject to a temporary interest rate buydown <p>Note: a RefiNow loan may not be combined with a HomeReady refinance transaction.</p>
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)
Eligible Subordinate Financing	<ul style="list-style-type: none"> • Existing subordinate financing <ul style="list-style-type: none"> ○ may not be satisfied with the proceeds of the new loan, ○ can remain in place if it is resubordinated to the new loan, and ○ may be simultaneously refinanced with the existing first lien mortgage, provided that: <ul style="list-style-type: none"> ▪ 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 ▪ there is no increase in the monthly principal and interest payment on the subordinate lien. • New Subordinate financing is only permitted if it replaces existing subordinate financing.

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, co-op or PUD project except that the lender must confirm the project is not a condo or co-op hotel or motel, houseboat, timeshare or segmented ownership project. The lender must also comply with the requirements of LL-2021-14, Temporary Requirements for Condo and Coop Projects. The lender must confirm appropriate property and flood insurance is obtained. <p>NOTE: The lender must have approval to deliver co-op share loans.</p>														
Underwriting and Documentation Requirements for the New Loan															
Underwriting Method	<ul style="list-style-type: none"> Loans may be underwritten with DU. DU will automate the identification of loan casefiles that appear to be eligible for RefiNow based on the borrower 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 not be used. 														
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 average median credit score policy does not apply.) 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 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. <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 transactions in LL-2021-03, 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>														
Maximum DTI Ratio	<p>The DTI Ratio must be less than or equal to 65%</p>														
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 Community Seconds is being resubordinated). Manually underwritten loans are not subject to the occupying borrower DTI ratio of 43%. 														
Documentation Requirements	<p>The following table describes the income documentation requirements.</p> <table border="1" data-bbox="423 993 1456 1394"> <thead> <tr> <th data-bbox="423 993 683 1024">Income Type</th> <th data-bbox="683 993 1456 1024">Minimum Documentation Requirements</th> </tr> </thead> <tbody> <tr> <td data-bbox="423 1024 683 1100">Base Pay (non-variable)</td> <td data-bbox="683 1024 1456 1100">The borrower’s year-to-date paystub dated no earlier than 30 days prior to the loan application date. See Selling Guide B3-3.1-02, Standards for Employment Documentation.</td> </tr> <tr> <td data-bbox="423 1100 683 1205">Base Pay (variable) Tip, Bonus, Overtime Income Commission Income</td> <td data-bbox="683 1100 1456 1205">The borrower’s year-to-date paystub and W2 covering the most recent one-year period. See also B3-3.1-02.</td> </tr> <tr> <td data-bbox="423 1205 683 1236">Military Income</td> <td data-bbox="683 1205 1456 1236">Military Leave and Earnings Statement</td> </tr> <tr> <td data-bbox="423 1236 683 1289">Self-employment</td> <td data-bbox="683 1236 1456 1289">One year personal and business tax returns, unless the terms to waive business tax returns are met in accordance with the Selling Guide</td> </tr> <tr> <td data-bbox="423 1289 683 1344">Alimony, Child Support, or Separate Maintenance</td> <td data-bbox="683 1289 1456 1344">Copy of divorce decree, separation agreement, court order or equivalent documentation, and one month documentation of receipt</td> </tr> <tr> <td data-bbox="423 1344 683 1394">All Other Eligible Income Types</td> <td data-bbox="683 1344 1456 1394">Standard Selling Guide requirements apply</td> </tr> </tbody> </table> <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. 	Income Type	Minimum Documentation Requirements	Base Pay (non-variable)	The borrower’s year-to-date paystub dated no earlier than 30 days prior to the loan application date. See Selling Guide B3-3.1-02, Standards for Employment Documentation.	Base Pay (variable) Tip, Bonus, Overtime Income Commission Income	The borrower’s year-to-date paystub and W2 covering the most recent one-year period. See also B3-3.1-02.	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 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	Standard Selling Guide requirements apply
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All Other Eligible Income Types	Standard Selling Guide requirements apply														
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. <ul style="list-style-type: none"> 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. 														

Other	
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.
LPMI	<ul style="list-style-type: none"> Not allowed
Resources/Tools	<ul style="list-style-type: none"> Fannie Mae Mortgage Loan Lookup: https://www.knowyouroptions.com/loanlookup Area Median Income Lookup Tool: https://ami-lookup-tool.fanniemae.com/amilookuptool/ Lookup Tool Tips: https://singlefamily.fanniemae.com/media/8326/display <p>Example of AMI for Orange County, CA</p> 

Product Name		Terms
Fixed	RefiNow 15 Year Fixed	Fully Amortizing 15 Years
	RefiNow 30 Year Fixed	Fully Amortizing 30 Years