

FNMA RefiNow

Desktop Underwriter ¹		
Transaction Type	Number of Units	Maximum LTV / CLTV
PRIMARY RESIDENCE		
Limited Cash-Out Refinance	1 Unit	95%

¹High balance loans are not permitted.

Loan Eligibility	
Borrower Income Limits	<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 income from all borrowers who will sign the note is considered, to the extent that the income is considered in evaluating creditworthiness for the new loan. The same methodology in determining income eligibility for a RefiNow loan per the income requirements referenced in the Seller's Guide.
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. Be seasoned at least 12 months (from the original note date to the new loan note date) Not be subject to recourse, repurchase agreement, indemnification, outstanding repurchase demand, or credit enhancement. Not be an existing high LTV refinance loan, DU Refi Plus loan, or Refi Plus loan.
New Loan Eligibility	<p>The new RefiNow loan must:</p> <ul style="list-style-type: none"> Be a fixed rate loan. 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 a curtailment and reflected on the CD. Have a conforming loan amount. High-balance loans are not eligible.

Please refer to the Fannie Mae Seller Guide for all other parameters.

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	<ul style="list-style-type: none"> • 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 must be documented in the loan file). ➢ Non-occupant borrowers are permitted.
Benefit to Borrower	<p>The refinanced loan must provide the following benefits to the borrowers:</p> <ul style="list-style-type: none"> • A reduction in interest rate of at least 50 bps; and • A reduction in the monthly payment that includes principal, interest, and the mortgage insurance payment (if applicable).
Eligible Subordinate Financing	<p>New subordinate financing is only permitted if it replaces existing subordinate financing.</p> <p>Existing subordinate financing:</p> <ul style="list-style-type: none"> • May not be satisfied with the proceeds of the new loan; and • Can remain in place if it is resubordinated to the new loan and meets CLTV/HCLTV requirements.
Property Types	<p>Eligible:</p> <ul style="list-style-type: none"> • One-unit • Warrantable condominium • PUD • Double-wide manufactured home <p>Not Eligible:</p> <ul style="list-style-type: none"> • Co-op • Houseboat • Timeshare • Single-wide manufactured home
Geographic Restrictions	<p>Not eligible:</p> <ul style="list-style-type: none"> • Texas Section 50(a)(6) • Temporary Buydowns • Combined with HomeReady refinance

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Underwriting					
Underwriting Method	<ul style="list-style-type: none"> Loans must be underwritten with Desktop Underwriter (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, and qualifying income. Manual underwriting is not eligible. Must contain Special Feature Code 868 for RefiNow Must contain Special Feature Code 801 if an appraisal waiver is exercised. 				
Fannie Mae Owned	The file must contain evidence that Fannie Mae owns the loan that is being paid off through the following website: https://www.knowyouroptions.com/loanlookup				
Credit History and Liabilities	<p>Credit Score and History:</p> <ul style="list-style-type: none"> Minimum representative score of 620 (middle of 3, lower of 2, regardless of the number of borrowers. An average median score will not be used) 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 except for the LTV ratio limitation that applies to a previous foreclosure is not applicable – standard LTV ratios are permitted. <p>Mortgage Payment History: For the loan being refinanced, the borrower <u>cannot</u> 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>Alimony and Child Support Payment: 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.</p>				
Debt-To-Income Ratio	Per AUS findings. The DTI ratio must be less than or equal to 65%.				
Documentation Requirements	<p>The following table describes the income documentation requirements:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #4F81BD; color: white;">Income Type</th> <th style="background-color: #4F81BD; color: white;">Minimum Documentation Requirements</th> </tr> </thead> <tbody> <tr> <td>Base Pay (non-variable)</td> <td>Most recent paystub</td> </tr> </tbody> </table>	Income Type	Minimum Documentation Requirements	Base Pay (non-variable)	Most recent paystub
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	Base Pay (variable), Tip, Bonus, Overtime, Commission	Most recent 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 the FNMA 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 FNMA Selling guide requirements apply.
	Verbal Verifications of Employment	Required in accordance with the FNMA Selling Guide.
	Assets	Minimum Documentation Requirements
	Verification of funds to close is required. Acceptable asset documentation includes one recent statement (monthly, quarterly, or annual) showing asset balance. Proof of liquidation is required based on the type of account in accordance to the FNMA Selling Guide.	
Property Valuation	<ul style="list-style-type: none"> • Standard property valuation requirements for an appraisal or appraisal waiver applies. • If an appraisal is obtained for the transaction the lender must pass a \$500 credit to the borrower on the CD and the Property Valuation Method Type in the ULDD screen must reflect as "Full Appraisal". 	
Mortgage Insurance	<p>All standard mortgage insurance requirements apply in accordance with the FNMA Selling Guide. DU will identify the mortgage insurer that is on the existing loan. Eligible MI providers:</p> <ul style="list-style-type: none"> ➤ Arch MI – Arch MI must be identified on the DU findings as the current insurer to be eligible. Order certification as a refinance. ➤ Essent – Essent must be identified on the DU findings as the current insurer to be eligible. Order certification as a refinance. ➤ Genworth – No overlays ➤ MGIC – MGIC must be identified on the DU findings as the current insurer to be eligible. Order certification as a refinance. ➤ National MI – No overlays 	

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	<ul style="list-style-type: none"> ➤ Radian – Radian must be identified on the DU findings as the current insurer to be eligible. Order certification as a refinance.
Other Requirements	
RefiNow Usage	The RefiNow option may only be used one time.

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