

FHLMC Refi Possible

Loan Product Advisor ¹		
Transaction Type	Number of Units	Maximum LTV / CLTV
PRIMARY RESIDENCE		
No Cash-Out Refinance	1 Unit (not Manufactured)	97%
	Manufactured Homes	95%

¹Super Conforming 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. LPA will determine the income eligibility of the Mortgage. To review income limits outside of LPA the Home Possible Income and Property Eligibility Tool must be used. AMI's posted on HUD websites are not eligible to be used. The same methodology in determining income eligibility for a Refi Possible loan per the income requirements referenced in the Freddie Mac 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 Freddie Mac. 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 Freddie Mac Relief Refinance Mortgage, Enhanced Relief Refinance Mortgage or Refi Possible Mortgage.
New Loan Eligibility	<p>The new Refi Possible loan must:</p>

Please refer to the Freddie Mac Seller Guide for all other parameters.

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	<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. Super Conforming loans are not eligible. • Have identical borrowers on the new loan as the existing loan. New borrowers cannot be added or removed. One or more borrower 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). ➢ In all cases, at least one Borrower from the Mortgage being refinanced must be retained.
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 first lien mortgage principal, interest, and mortgage insurance, 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 • Single-wide manufactured home (in or out of a PUD) <p>Not Eligible:</p> <ul style="list-style-type: none"> • Co-op • Houseboat • Timeshare

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Other Restrictions	Not eligible: <ul style="list-style-type: none"> • Texas Section 50(a)(6) • Temporary Buydowns 				
Underwriting					
Underwriting Method	<ul style="list-style-type: none"> • Loans must be underwritten with Loan Product Advisor (LPA). LPA will automate the identification of loan casefiles that appear to be eligible for Refi Possible based on the borrowers listed on the loan application, the property address, and qualifying income. • Manual underwriting is not eligible. • Must contain Investor Feature Identifier of J05, indication Refi Possible Mortgage. • Loan investor type = FRE • Related Investor Loan Identifier should be the 9-digit Freddie Mac loan number assigned to the original Mortgage. 				
Freddie Mac Owned	The file must contain evidence that Freddie Mac owns the loan that is being paid off through the following website: https://loanlookup.freddiemac.com/				
Credit History	<p>Credit Score and History:</p> <ul style="list-style-type: none"> • Minimum representative score of 620. • The borrower must comply with all applicable waiting periods following derogatory credit events in the FHLMC Seller's Guide. <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. 				
Debt-To-Income Ratio	Per AUS findings. There is no maximum housing expense-to-income ratio. The DTI ratio must be less than or equal to 65%.				
Documentation Requirements	The following table describes the income documentation requirements:				
	<table border="1" style="width: 100%;"> <thead> <tr> <th style="background-color: #4a7ebb; color: white;">Income Type</th> <th style="background-color: #4a7ebb; color: white;">Minimum Documentation Requirements</th> </tr> </thead> <tbody> <tr> <td style="height: 20px;"> </td> <td> </td> </tr> </tbody> </table>	Income Type	Minimum Documentation Requirements		
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	Base Pay (non-variable)	Most recent paystub (YTD) documenting YTD or written verification of employment (VOE) documenting the YTD earnings, and pre-closing verification of employment.
	Base Pay (variable), Tip, Bonus, Overtime, Commission	Most recent paystub and W-2 covering the most recent one-year period, or written VOE documentation the YTD earnings and the earnings for the most recent calendar year, and pre-closing verification of employment.
	Military Income	Military Leave and Earnings Statement
	Self-employment	One year personal and business tax returns and verification of the current existence of the business through a third-party source.
	Alimony, child Support, or Separate Maintenance	Copy of divorce decree, separation agreement, court order or equivalent documentation, and one-month documentation of receipt and copy of the signed court order, legally binding separation agreement and/or final divorce decree verifying the payor's obligation for the previous one month, including the amount and the duration of the obligation.
	All Other Eligible Income Types	Standard FHLMC Selling guide requirements apply.
	Pre-Closing Verbal Verifications of Employment	Required in accordance with the On Q policy.
	Assets	Minimum Documentation Requirements
	When funds required for closing are more than \$500, sufficient Borrower funds must be documented in accordance with Topic 5500, except that 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	
Property Valuation	<ul style="list-style-type: none"> • Standard property valuation requirements for an appraisal or appraisal waiver applies. • ACE + PDR is not eligible. • 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 FHLMC Selling Guide. LPA 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 LPA findings as the current insurer to be eligible. Order certification as a refinance. 	

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	<ul style="list-style-type: none"> ➤ Essent – Essent must be identified on the LPA findings as the current insurer to be eligible. Order certification as a refinance. ➤ Enact – No overlays ➤ MGIC – MGIC must be identified on the LPA findings as the current insurer to be eligible. Order certification as a refinance. ➤ National MI – No overlays ➤ Radian – Radian must be identified on the LPA findings as the current insurer to be eligible. Order certification as a refinance.
Other Requirements	
Refi Possible Usage	The Refi Possible option may only be used one time.
Geographic Restrictions	Georgia

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