

# REM N WS FHLMC REFI POSSIBLE PRODUCT GUIDELINES

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# REMN WS FHLMC REFI POSSIBLE PRODUCT GUIDELINES

## REFI POSSIBLE PRODUCT MATRIX

<b>Product Overview</b>	<b>All requirements of the Freddie Mac Single-Family Seller/Servicer Guide apply, except as otherwise stated in the chart below.</b>
<b>Borrower Income</b>	<ul style="list-style-type: none"> <li>The Borrower's qualifying income converted to an annual basis must not exceed 100% 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 <ul style="list-style-type: none"> <li>The borrower's base earnings must be considered for both non-fluctuating and fluctuating employment earnings before any additional employment earnings (e.g., bonus, commission, overtime, tips) may be considered.</li> </ul> </li> <li>For Loan Product Advisor Mortgages, Loan Product Advisor will determine the income eligibility of the Mortgage</li> <li>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: <ul style="list-style-type: none"> <li>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</li> <li>In the case of death, the Seller obtains and retains in the Mortgage file documentation of the Borrower's death</li> </ul> </li> <li>In all cases, at least one Borrower from the Mortgage being refinanced must be retained.</li> </ul>
<b>General Eligibility Requirements</b>	<p>The Mortgage being refinanced must:</p> <ul style="list-style-type: none"> <li>Be a First Lien, conventional Mortgage currently owned by Freddie Mac, in whole or in part, or securitized by Freddie Mac.</li> <li>Be seasoned for at least 12 months (i.e., the Note Date of the Mortgage being refinanced must be at least 12 months prior to the Note Date of the Refi Possible Mortgage).</li> </ul> <p>You can determine if your Mortgage is owned by Freddie Mac by checking the <a href="#">Freddie Mac Loan Lookup Tool</a></p>
<b>Ineligible Mortgages</b>	<p>The Mortgage being refinanced must not be:</p> <ul style="list-style-type: none"> <li>A Freddie Mac Relief Refinance Mortgage</li> <li>A Freddie Mac Enhanced Relief Refinance® Mortgage</li> <li>A Refi Possible Mortgage</li> <li>A Mortgage subject to an outstanding repurchase request</li> <li>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)</li> </ul>
<b>Payment History</b>	<p>The Mortgage being refinanced must have a payment history that indicates the following:</p> <ul style="list-style-type: none"> <li>The Mortgage has not been 30 days delinquent in the most recent six months; and</li> <li>The Mortgage has not been 30 days delinquent more than once in the most recent 12 months, and</li> <li>The Mortgage has not been 60 or more days delinquent in the most recent 12 months.</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 transactions, 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>Loan Product Advisor (LPA) Assessment</b>	<p>Loan Product Advisor will assess whether the Mortgage being refinanced complies with the above eligibility requirements with the following exceptions:</p> <ul style="list-style-type: none"> <li>The Seller is responsible for ensuring the mortgage is seasoned at least 12 months by the Note Date of the Refi Possible Mortgage, and</li> <li>The Seller is responsible for determining whether the payment history requirements are met after the date of the last Loan Product Advisor submission</li> </ul>

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<b>Underwriting Path</b>	<ul style="list-style-type: none"> <li>The Refi Possible Mortgage must be submitted to Loan Product Advisor                             <ul style="list-style-type: none"> <li>- Manual underwriting is not permitted per REMN WS policy.</li> </ul> </li> </ul>								
<b>General Eligibility Requirements</b>	<ul style="list-style-type: none"> <li>The Refi Possible Mortgage must be a fixed-rate Mortgage</li> <li>The Refi Possible Mortgage must not be:                             <ul style="list-style-type: none"> <li>&gt; A Mortgage with a temporary interest rate buydown</li> <li>&gt; A super conforming Mortgage</li> <li>&gt; Originated pursuant to Section 50(a)(6) of Article XVI of the Texas Constitution. Refer to Guide <a href="#">Section 4301.7</a> for additional information regarding Texas Equity Section 50(a)(6) Mortgages.</li> </ul> </li> </ul>								
<b>Occupancy and Property Eligibility</b>	<ul style="list-style-type: none"> <li>The Refi Possible Mortgage must be secured by a one-unit Primary Residence</li> <li>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:                             <ul style="list-style-type: none"> <li>&gt; 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</li> <li>&gt; The project has insurance that meets the applicable insurance requirements of Guide <a href="#">Chapter 4703</a></li> </ul> </li> </ul>								
<b>Maximum LTV/TLTV/HLTV Ratios</b>	<table border="1"> <thead> <tr> <th>Property Type</th> <th>LTV/TLTV/HLTV</th> </tr> </thead> <tbody> <tr> <td>1 Unit Only</td> <td>97%</td> </tr> <tr> <td>Manufactured Home</td> <td>95%</td> </tr> <tr> <td>Mortgage with NOCB</td> <td>95%</td> </tr> </tbody> </table>	Property Type	LTV/TLTV/HLTV	1 Unit Only	97%	Manufactured Home	95%	Mortgage with NOCB	95%
	Property Type	LTV/TLTV/HLTV							
	1 Unit Only	97%							
	Manufactured Home	95%							
Mortgage with NOCB	95%								
*A TLTV Ratio up to 105% is permitted when secondary financing is an Affordable Second									
<b>Borrower Benefit</b>	The refinance transaction must result in a First Lien Mortgage interest rate reduction of at least 50 basis points (bps)								
<b>Credit Inquiries</b>	<p>The borrower(s) must address <b>all</b> inquiries listed on their credit report within the past 90 days;</p> <ul style="list-style-type: none"> <li>All inquiries listed on the credit report must be addressed by the borrower, specifically stating the creditor(s) and verifying no extension of credit.</li> <li><b>Acceptable response:</b> The inquiries by Chase, Wells &amp; Bank of America have not resulted in any extension of credit.</li> <li><b>Unacceptable response:</b> We have not obtained any additional credit as a result of the inquiries listed on our credit report. (Does not name the creditors - Chase, Wells &amp; Bank of America).</li> </ul>								
<b>Use of Mortgage Proceeds</b>	<p>The proceeds of the Refi Possible Mortgage must be used only to:</p> <ul style="list-style-type: none"> <li>Pay off the first Mortgage</li> <li>Disburse cash to the Borrower not to exceed \$250</li> </ul> <p>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 Settlement/Closing Disclosure Statement.</p>								
<b>Minimum Credit Score</b>	There is no Minimum Indicator Score Indicator required to be eligible for delivery to Freddie Mac.								
<b>Maximum DTI Ratio</b>	<ul style="list-style-type: none"> <li>There is no maximum housing expense-to-income ratio</li> <li>The total monthly DTI ratio must be less than or equal to 65%, including when a non-occupying Borrower is present</li> </ul>								

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Income and Employment Documentation Requirements	<ul style="list-style-type: none"> <li>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.</li> </ul>	
	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
	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>
<ul style="list-style-type: none"> <li>All other income types must be documented in accordance with the Streamlined Accept and Standard Documentation Level requirements</li> <li>All other documentation requirements, including <a href="#">Chapter 5302</a>, General Requirements for Documentation Used to Verify Employment and Income, and additional requirements for certain employment characteristics in <a href="#">Section 5303.2</a> apply</li> </ul>		
Asset Documentation Requirements	<ul style="list-style-type: none"> <li>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</li> <li>When funds required for closing are \$500 or less, verification of funds is not required</li> </ul>	
Property Valuation Requirements	<ul style="list-style-type: none"> <li>Standard Guide property valuation requirements for appraisal or automated collateral evaluation apply</li> <li>A \$500 credit will be provided to the Seller when an appraisal is obtained. The Seller must pass the credit to the Borrower.</li> </ul>	
Pricing	<ul style="list-style-type: none"> <li>Standard Credit Fees in Price apply</li> </ul>	
Mortgage Insurance Coverage	<p>Mortgages with LTV ratios greater than 80% must have mortgage insurance coverage in accordance with <a href="#">Chapter 4701</a>.</p>	
Negotiated Provisions	<p>Unless specifically made applicable to Refi Possible Mortgages, negotiated underwriting provisions that impact the underwriting or eligibility requirements of Refi Possible Mortgages must not be used with these Mortgages.</p>	

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<b>Delivery Requirements</b>	Sellers must deliver the following ULDD Data Points: <ul style="list-style-type: none"> <li>• Related Loan Investor Type (Sort ID 222): FRE</li> <li>• Related Investor Loan Identifier (Sort ID 221): &lt;Associated FRE Loan #&gt;, the 9-digit Freddie Mac loan number assigned to the original Mortgage</li> <li>• Investor Feature Identifier (Sort ID 368): J05, indicating Refi Possible Mortgage</li> </ul>
<b>Delivery Programs and Execution</b>	<ul style="list-style-type: none"> <li>• Refi Possible can be sold through both the Cash and Guarantor Execution</li> <li>• Refi Possible will be eligible for TBA securities</li> </ul>

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