

Home Affordable Refinance Refi Plus™ Options

		DU Refi Plus™ (Desktop Underwriter®/DU®)		Refi Plus™ (manual underwriting)
		April 4 Update	May 2 Update	
General Information	Description	Home Affordable Refinance provides refinance opportunities to borrowers with existing Fannie Mae loans who have demonstrated an acceptable payment history on their mortgage but due to declining home prices have been unable to refinance to obtain a lower payment or move to a more stable product. Refi Plus offers lenders two underwriting options for Fannie Mae to Fannie Mae refinances.		
	Borrower Benefit	<p>The Refi Plus options are intended to assist borrowers by providing a benefit that seeks to ensure long-term homeownership sustainability. The lender must represent and warrant that the borrower is receiving a benefit in the form of either:</p> <ul style="list-style-type: none"> • A reduced monthly mortgage principal and interest payment; or • A more stable mortgage product; for example, movement from an ARM to a fixed-rate mortgage (lenders are encouraged to provide fixed-rate mortgages to borrowers whenever possible). 		
	Borrower Marketing	Lenders are reminded that, in accordance with the provisions of the Fannie Mae <i>Selling and Servicing Guides</i> Part I: Lender Relationships, Chapter 3, Maintaining Eligibility, Section 309, Questionable Refinancing Practices, <i>the lender may not specifically target market borrowers whose mortgages are owned or securitized by Fannie Mae for a new mortgage.</i>		
Lender Eligibility/ Underwriting	Business Channel	Retail, wholesale, and correspondent		Retail only
	Existing Servicer	The originating lender is not required to be the current servicer of the existing mortgage (available to any lender or third-party originator using DU and/or Desktop Originator®)		Originating lender (or an affiliate or subsidiary) must be the current servicer of the existing mortgage
	Underwriting Method (new mortgage)	Must be underwritten through DU; eligibility for DU Refi Plus determined by DU and identified in the DU Underwriting Findings Report		Manual underwriting only

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Eligibility and Underwriting (continued)	Loan Purpose	Limited cash-out refinance (LCOR) only, with payoff of existing first-lien mortgage, financing of closing costs, and up to the lesser of 2% or \$2,000 cash to borrower			
	Maximum LTV	<ul style="list-style-type: none"> DU will apply standard guidelines, except will allow 3- to 4-unit primary residences, 2-unit primary residences with a high-balance loan, cooperative second homes, and investment properties to 80% (standard is 75%) Lenders may manually apply the DU Refi Plus LTV flexibilities up to 105% prior to May 2* 	Up to 105%		
	Maximum CLTV/HCLTV	<ul style="list-style-type: none"> DU will apply guidelines based on occupancy and number of units. Lenders may manually apply the DU Refi Plus CLTV or HCLTV flexibilities prior to May 2* 	No maximum CLTV ratio or HCLTV		
	Subordinate Financing	<ul style="list-style-type: none"> All existing subordinate financing must be resubordinated No new subordinate financing is permitted 			
	MI Coverage Requirements	<ul style="list-style-type: none"> Loans with an original LTV of 80% or less will not require MI <ul style="list-style-type: none"> DU will issue standard MI requirements for loans with an original LTV ratio over 80% Lenders may manually apply the DU Refi Plus MI flexibilities prior to May 2* 	Original Loan LTV Ratio	Existing MI Coverage	MI Coverage for New Loan
			80% or less	None	Not required
Over 80%	None (MI previously canceled or terminated per <i>Selling and Servicing Guide</i> requirements)	Yes	The level of MI coverage in force on the existing loan or standard coverage required in accordance with the <i>Selling Guide</i> Lenders are encouraged to use best efforts to obtain MI coverage that provides the lowest-cost option available to the borrower		

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Eligibility and Underwriting (continued)	Eligible Borrowers	<ul style="list-style-type: none"> Borrowers on existing mortgage must match borrowers on the new loan Borrowers may be added in the new transaction provided the original borrowers remain on the loan <ul style="list-style-type: none"> Borrowers <i>may not be removed</i> in the new transaction 		<ul style="list-style-type: none"> Borrowers <i>may only be removed due to death or divorce</i>, provided remaining borrower(s) shows proof of making payments for 12 months Borrowers may be added in the new transaction provided the original borrowers remain on the loan
	Eligible Existing Mortgage	Includes first-lien loans documented per the <i>Selling Guide</i> (or per negotiated lender variance); subprime; Alt-A; Expanded Approval® (EA)		Fully documented first-lien loans, originated in accordance with Fannie Mae guidelines and previous Streamlined Refinance
	Ineligible Existing Mortgage	Loans delivered to Fannie Mae after February 28, 2009; loans subject to any credit enhancement (e.g., full or partial recourse) other than borrower-paid MI; loans with outstanding purchase requests; reverse mortgages; second mortgages; government mortgages		Alt-A; subprime; loans subject to any credit enhancement other than borrower-paid or lender-paid MI; loans with outstanding repurchase requests; loans that received an Ineligible, Refer with Caution IV, or EA recommendation in DU; reverse mortgages; second mortgages; government mortgages
	Eligible New Mortgage	Fully amortizing first-lien FRMs and fully amortizing ARMs with initial fixed period of 5 years or more, both up to 40-year terms		
	Ineligible New Mortgage	ARMs with initial fixed periods of less than 5 years; interest-only; balloon mortgages; MyCommunityMortgage®; HomeStyle® Renovation; new subordinate financing		
	Loan Limits	Existing Jumbo-Conforming Mortgages and high-balance mortgage loans are eligible for Refi Plus; the new loan will be subject to the loan limits in place at the time of delivery of the refinanced loan (implementation of 2009 temporary limits is pending as of 3/4/09)		
	Occupancy and Property Types	1- to 4-unit primary residences, second homes, and 1- to 4-unit investment properties; all property types including condos, co-ops, manufactured housing, and PUDs		
	Seasoning	None required		

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Eligibility and Underwriting (continued)	Payment History and Payment Increase	<ul style="list-style-type: none"> No 60-day late in past 12 months (any mortgage tradeline) No limit on payment increase, subject to the borrower benefit requirements 		Subject to the borrower benefit requirements: <ul style="list-style-type: none"> Same or decreasing payment: No more than one 30-day delinquency on existing mortgage in the lesser of the past 12 months or the life of the loan Increasing payment (no limit): No 30-day delinquency on existing mortgage in the lesser of the past 12 months or the life of the loan 	
	Income Documentation	DU minimum documentation: <ul style="list-style-type: none"> Salary/hourly/bonus: One paystub and verbal verification of employment (VOE) Commission/self-employed: One-year federal tax return 		Verbal VOE required	
	Minimum Credit Score	<ul style="list-style-type: none"> DU will not apply minimum credit score requirements for loans with LTV <= 80% Lenders may manually apply the Refi Plus credit score flexibilities, prior to May 2* 	DU will not apply minimum credit score requirements to any DU Refi Plus loan casefiles		<ul style="list-style-type: none"> No minimum credit score required for eligibility
		Current representative credit score required at loan delivery for pricing purposes			
	Maximum Debt-to-Income Ratio	Subject to the maximum allowable debt-to-income ratio in DU		None (not required to be calculated); but lender must determine that the borrower has a reasonable ability to repay the loan	
	Bankruptcy and Foreclosure	Standard <i>Selling Guide</i> and DU policies apply regarding prior bankruptcy or foreclosure			
	No. of Financed Properties	No limit			
	Property Valuation	DU Refi Plus property fieldwork waiver offered on certain loan casefiles (\$75 fee at delivery); representation and warranty relief on the value, condition, and marketability of the subject property available on loans with exercised waiver (subject to waiver conditions; see DU Release Notes for details)		<ul style="list-style-type: none"> Lender must represent and warrant that property value is not less than original appraised value Otherwise, new appraisal or exterior-only inspection required* 	

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Pricing and Delivery	Pricing	Lender base plus all applicable loan-level price adjustments (LLPAs) and the Adverse Market Delivery Charge, as shown on the Refi Plus Pricing Matrix		
	Special Feature Code(s) (SFC)	<ul style="list-style-type: none"> • 147 • 807 if property fieldwork waiver exercised • Plus all other applicable standard SFCs DO NOT use Flexible mortgage SFCs for DU Refi Plus loan casefiles with an LTV or CLTV over 95%	<ul style="list-style-type: none"> • 288 • Plus all other applicable standard SFCs 	
	MI Delivery Code	Use MI Code 95 at delivery for all Refi Plus refinance loans with LTVs over 80% and no MI coverage		
	Condo / Co-Op / PUD Delivery Codes	No new project review required (Fannie Mae will rely on the original project eligibility determination) <ul style="list-style-type: none"> ▪ Use these delivery codes: <ul style="list-style-type: none"> • V – Condominium • E – planned unit development • 2 – cooperative 		
	Delivery Dates	Refi Plus eligibility applies to loans delivered on or after April 1, 2009		

* See Announcement 09-04 for details.