

PRIMARY RESIDENCE – RATE/TERM REFINANCE				
Property Type ¹	Maximum LTV	Maximum CLTV/HCLTV	Minimum Credit Score	Underwriting Engine & Required Response
1-unit Condo PUD	97%	Refer to Subordinate Financing section below	620	DU – <i>Approve/Eligible</i>
Manufactured Home (double-wide) ²	95%	Refer to Subordinate Financing section below	620	DU – <i>Approve/Eligible</i>

1. Texas properties – any loan that must be classified as Section 50(a)(6) is not eligible for RefiNow.
2. Refinances of loans not currently serviced by Flagstar are not eligible.

PROGRAM SUMMARY

Fixed rate, fully amortizing, conventional conforming first lien mortgage loan program used to refinance one-unit primary residences for borrowers whose income is at or below 80% of the area median income (AMI).

Additional requirements of the existing loan being refinanced include:

- Must be a conventional mortgage loan owned or securitized by Fannie Mae.
- Must be seasoned at least 12 months but no more than 120 months (from the original note date to new loan note date).
- Must 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).
- Must not be an existing high LTV refinance loan, DU Refi Plus[®] loan, or Refi Plus[®] loan.

A look up tool is available at knowyouroptions.com to determine whether the borrower’s existing loan is owned by Fannie Mae. Refer to [Fannie Mae Lender Letter LL-2021-10](#) and the [Desktop Underwriter/Desktop Originator Release Notes DU Version 11.0 June Update](#) for further program details.

BORROWER BENEFIT

The refinanced loan must provide both of the following benefits to the borrower:

- 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) of at least \$50.00.

PRODUCTS OFFERED

Loantrac Product Name	Term
Fannie Mae RefiNow 30-Year Fixed	30 years
Fannie Mae RefiNow 25-Year Fixed	25 years
Fannie Mae RefiNow 20-Year Fixed	20 years
Fannie Mae RefiNow 15-Year Fixed	15 years
Fannie Mae RefiNow 10-Year Fixed	10 years

LOAN REGISTRATION

When registering a loan with > 95% LTV, the user will be directed to the Additional Loan Purpose Info section of the online 1003 in Loantrac, where the current First Mortgage Holder must be selected in the drop-down box.

LOAN AMOUNTS

MAXIMUM

Maximum standard conforming loan limits for 1-unit property (high-cost area limits except for standard AK, HI, and USVI limits, are not eligible under this program).

MINIMUM

\$20,000

ELIGIBLE BORROWERS

- Borrowers whose income is at or below 80% of the area median income (AMI)

The loan must have identical borrowers on the new loan as the existing loan. New borrowers cannot be added. One or more borrowers may only be removed if:

- 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 death of a borrower (evidence of deceased borrower's death must be documented in loan file).

In all cases, at least one borrower from the mortgage being refinanced must be retained.

Non-occupant borrowers are permitted if they were also a borrower on the existing loan, and:

- A maximum LTV, CLTV, and HCLTV ratio of 95% applies (CLTV ratio may be up to 105% when a Community Seconds® is being resubordinated).

ELIGIBLE PROPERTY TYPES

- 1-unit properties
- Condominiums
- Planned unit developments (PUDs)
- Modular homes
- Manufactured homes, double-wide only
 - Manufactured housing is only eligible for refinances of loans currently serviced by Flagstar (Flagstar overlay)

NOTE FOR CONDOS AND PUDS

All project review requirements will be waived for properties located in a condo or PUD project except that the lender must confirm the project is not a condo hotel or motel, houseboat, timeshare or segmented ownership project.

The lender must confirm appropriate property and flood insurance is obtained. **Condos:** Master hazard insurance and HO-6 (if required) will be reviewed by Project Review team.

Search for and select "Fannie Mae RefiNow" from the project list in Loantrac, and enter the actual name of the project in the Condo Name field. Condo Status will default to Established, and it can be left as-is. Leave the remaining fields blank.

INELIGIBLE PROPERTY TYPES

- Condominiums part of a condo hotel or motel, houseboat, timeshare or segmented ownership project
- Cooperative properties (Flagstar overlay)

MINIMUM CREDIT SCORES

All loans must have a minimum representative credit score of 620.

FEES / CLOSING COSTS

There are no limitations on fees or closing costs outside of Flagstar and regulatory standards. However, no more than \$5,000 in closing costs can be financed into the new loan. Any additional costs must be paid by the borrower from their own funds or from another source acceptable to Fannie Mae.

A \$500 credit must be applied to all loans that obtain an appraisal. This credit is not required to be disclosed on the Loan Estimate, but it must be entered as a negative number in the Payoffs and Payments section of the Closing Disclosure and labeled as "RefiNow Appraisal Credit." Loans that are approved by the underwriter with a Property Inspection Waiver (PIW) on the findings of the last DU submission will not receive the credit because there will be no appraisal fee charged.

QUALIFYING RATE

Note rate

QUALIFYING RATIOS

Debt-to-income (DTI) ratios are limited to a maximum of 65%. Refer to mortgage insurance companies for additional restrictions.

RESERVES

Determined by DU

SUBORDINATE FINANCING

- New subordinate financing is only permitted if it replaces existing subordinate financing.
- Existing subordinate financing:
 - May not be paid off with the proceeds of the new loan, and
 - Can remain in place if it is resubordinated to the new loan:
 - Standard subordinate financing up to 97% CLTV (95% CLTV for manufactured homes)
 - Community Seconds subordinate financing up to 105% CTLV (95% for manuf. homes).
 - May be simultaneously refinanced with the existing first lien mortgage, provided that:
 - 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.

Refer to the Subordinate Financing section of the [Conventional Underwriting Guidelines](#) for details.

TEMPORARY BUYDOWNS

Not eligible

UNDERWRITING

- Refer to [Fannie Mae Lender Letter LL-2021-10](#), *Introduction of the RefiNow Option*.
- All loans must be submitted to Desktop Underwriter (DU) and receive an *Approve/Eligible* response.
- Manual underwriting is not allowed (Flagstar overlay).
- 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, qualifying income, and several other factors. Refer to the [Desktop Underwriter/Desktop Originator Release Notes DU Version 11.0 June Update](#) for additional information.

BORROWER INCOME LIMIT

- Borrowers whose income is at or below 80% of the area median income (AMI)
- 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.

DOCUMENTATION REQUIREMENTS

The temporary credit and underwriting requirements and guidance related to COVID-19 also apply to RefiNow mortgages (e.g., P&L and bank statement for self-employed borrowers). Refer to [Temporary COVID Guidelines](#) for complete details.

Income Type	Minimum Documentation Requirements
Base Pay (non-variable)	The borrower’s most recent year-to-date paystub dated no earlier than 30 days prior to the loan application; see Employment Documentation requirements in the Conventional Underwriting Guidelines
Base Pay (variable) including but not limited to: Fluctuating Hours, Tip, Bonus, Overtime Income, Commission Income	The borrower’s most recent year-to-date paystub and W2 covering the most recent one-year period
Military Income	Military Leave and Earnings Statement
Self-Employment	One year personal and business returns, unless the terms to waive business tax returns are met: <ul style="list-style-type: none"> • closing costs are all personal funds (e.g. business funds are not eligible), and • borrower has been self-employed in the same business for at least 5 years
Alimony, Child Support or Separate Maintenance	Copy of divorce decree, separation agreement, court order or equivalent documentation, and one-month documentation of receipt
Non-Employment Related Assets as Qualifying Income	Not eligible for use as qualifying income with RefiNow
All Other Eligible Income Types	Standard guideline requirements

The following additional documentation requirements apply:

- Verbal verification of employment (employed or self-employment) is required as noted in the [Conventional Underwriting](#) and [Temporary COVID Guidelines](#).

- 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.

PAYMENT HISTORY REQUIREMENTS

Financed properties, including the subject property, must adhere to the mortgage history requirements per the [Temporary COVID Guidelines](#), including validation all mortgages are current up to the Note date.

Missed payments resulting from a COVID-related forbearance must meet the eligibility requirements (e.g. reinstatement or approved servicer resolution) prior to consummation.

The credit report can be relied on for determination of the payment history up to the date last reported on credit. Additional due diligence is required to review the payment history between the date last reported and the Note date in order to meet the eligibility requirements below.

For the loan being refinanced, the loan must not have been:

- 30 days delinquent in the most recent six-months.
- 30 days delinquent more than once in the most recent 12 months.
- 60 or more days delinquent in the most recent 12 months.

See the [Eligible Borrowers](#) section for additional requirements when one or more borrowers on the existing loan are being removed.

SPECIAL FEATURE CODE

All RefiNow loans require Special Feature Code 868.

SIGNIFICANT DEROGATORY CREDIT

- The borrower must comply with all applicable waiting periods following derogatory credit; refer to Significant Derogatory Credit Events in the [Conventional Underwriting Guidelines](#) (Exception: The LTV ratio limitation that applies to a previous foreclosure is not applicable – standard LTV ratios are permitted.)

UNDERWRITER REFINOW WORKSHEET

- The underwriter must use the Fannie Mae RefiNow worksheet, Doc. #3296, to:
 - Validate the maximum interest rate,
 - Validate the maximum principal, interest and mortgage insurance (if applicable) payment,
 - Ensure that no more than \$5,000 of eligible closing costs, prepaid items and points are financed into the new loan amount, AND
 - Validate that the borrower does not receive in excess of \$250 in cash back at closing.

As stated on the worksheet, the following items **MUST** be submitted for all RefiNow applications to aid in verifying the calculations:

- Loan File **must** contain documentation to support current interest rate, principal and interest payment, and MI payment (e.g. Note, Mortgage Statement, etc.).
- Payoff **must** be provided in order to accurately determine the maximum loan amount. Loan commitment expiration date cannot exceed the end of the month proceeding the next payment due date.

USE OF PROCEEDS

- The new loan may only be used to pay off the existing first mortgage only.
- Subordinate liens, even if used for the purchase of the property and otherwise eligible for pay off with a rate/term refinance, may not be paid off with proceeds of a RefiNow loan.

TEXAS REFINANCE LOANS

All refinance loans in Texas will be evaluated against the criteria outlined in our [Conventional Underwriting Guidelines](#), Texas Refinances section to determine if the loan must be originated under the requirements of Section 50(a)6 of the Texas Constitution. Loans that must be treated as Section 50(a)(6) are not eligible under this program.

MORTGAGE INSURANCE

Mortgage insurance providers may have additional restrictions not listed within this document; check the provider’s website for completed details. Prior to running an MI quote through the Mortgage Insurance screen in Loantrac, users will be asked to complete a new field to identify the existing MI provider on the loan.

MI Company	How They are Handling RefiNow Applications
Arch	Will insure only RefiNow loans if they currently insure the borrower’s existing loan
MGIC	
Radian	
Enact (f.k.a. Genworth)	Will insure any loan that meets RefiNow guidelines, regardless of the current MI provider
National	

STANDARD MORTGAGE INSURANCE GUIDELINES

All loans above 80% LTV require mortgage insurance coverage according to the following guidelines.

LTV	> 20-Year Term	<= 20-Year Term
95.01 - 97%	35%	35%
90.01 - 95%	30%	25%
85.01 - 90%	25%	12%
80.01 - 85%	12%	6%

Single financed and lender paid MI options are not eligible under this program (Flagstar overlay).

STATE ELIGIBILITY

States not listed are available without restrictions.

State	Restriction
Puerto Rico	Not eligible
Texas	Loans that must be classified as Section 50(a)(6) loans are not eligible

PREPAYMENT PENALTY

None

CLOSING DOCUMENTATION

Closing docs may be ordered through Flagstar's Web Based Closing Docs (WBCD) service available in Loantrac.

A \$500 credit must be applied to all loans that obtain an appraisal. The credit must be entered as a negative number in the Payoffs and Payments section of the Closing Disclosure and labeled as "RefiNow Appraisal Credit." Loans that are approved by the underwriter with a Property Inspection Waiver (PIW) on the findings of the last DU submission will not receive the credit because there will be no appraisal fee charged.

Borrowers may not receive cash out at closing in excess of \$250. Excess proceeds may be applied as a curtailment on the new loan and must be clearly reflected on the Closing Disclosure.

ALL LOANS:

- Fannie Mae/Freddie Mac Uniform Security Instrument, 3000-series.
- Fannie Mae/Freddie Mac multi-state Fixed Rate Note, 3200-series.
- Standard title commitment with all applicable endorsements.

IF APPLICABLE:

- Fannie Mae/Freddie Mac multi-state Condo Rider, Form #3140.
- Fannie Mae/Freddie Mac multi-state PUD Rider, Form #3150.