



Fannie Mae Refi Now

Last Update: 7.08.22

Primary Residence

Loan Purpose	Minimum FICO	Max DTI	Units	Max LTV/CLTV/HCLTV
Limited Cash-Out	620	65%	1	Fixed 97%/105% ^{1, 2}
			Manufactured	95%

¹ Loans with Non-occupant borrowers are limited to 95% max LTV.

² Loans with a resubordinated Community Second have max CLTV of 105%.

Requirements

FNMA Loan Lookup	Product Types
FNMA Loan Lookup	15yr, 20yr, 25yr and 30yr Fixed
FNMA Area Median Income Lookup Link	Occupancy
FNMA AMI Lookup	Primary Residence Only
Property Types	AUS
SFRs, PUDs, Warrantable Condo, Multi-Wide Manufactured Homes*	All loans must receive DU Approve/Eligible Findings. DU must reflect RefiNow Eligible.
Max Loan Amount	Minimum Loan Amount
Conforming Limits Only. No High Balance.	\$75,000
Max Cash Back	
\$250	

Mortgage Insurance

Standard mortgage insurance is used when required. Lender Paid MI with single premium is permitted. BPMI monthly and Single Premium allowed.

Loan Term	LTV			
	80.01-85%	85.01-90%	90.01-95%	95.01-97%
25 & 30 Year Terms, Manufactured, ARMs	12%	25%	30%	35%
10, 15 & 20 Year	6%	12%	25%	35%

General Eligibility

Borrower Benefit	The refinanced loan must provide the following benefits to the borrower: <ul style="list-style-type: none"> 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).
Existing Loan Eligibility	The existing loan must: <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 new loan note date). not be subject to recourse, repurchase agreement, indemnification, outstanding repurchase demand, or credit enhancement.
Net Tangible Benefit	The refinance transaction must result in both of the following: <ul style="list-style-type: none"> A First Lien mortgage interest rate reduction of at least 50 basis points (bps) and, A reduction in the Borrower's First Lien monthly principal, interest and mortgage insurance (if applicable) payment.

New Loan Eligibility	<p>The new RefiNow loan must:</p> <ul style="list-style-type: none"> • be a fixed-rate loan. • have maximum LTV, CLTV, and HCLTV ratios as permitted in the Eligibility Matrix. • be a limited cash-out refinance with cash out less than or equal to \$250. Excess proceeds may be applied as a curtailment on the new loan. • have a loan limit that conforms to the general loan limits (high-balance loans are not permitted). • not be a Texas Section 50(a)(6) loan. • one time use only • may not be combined with a HomeReady refinance transaction.
Credit Requirements	
Acceptable Borrowers	<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"> o 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 (including any secondary financing, or o due to the death of a borrower documented in the loan file. • Non-occupant co-borrowers are permitted if he/she is on the existing loan. <ul style="list-style-type: none"> o A maximum LTV, CLTV, and HCLTV ratio of 95% applies, (CLTV ratio may be up to 105% when a Community Seconds is being resubordinated).
Age of Documents	<ul style="list-style-type: none"> • 120 Days for Credit Report, Income, Asset and Appraisal • 90 days Title <p>All items are measured from Note Date</p>
Borrower Eligibility	<p>Eligible Borrowers: Must have legal residency and valid Social Security Number</p> <ul style="list-style-type: none"> • US Citizens, Permanent Residents and Non Permanent Resident Aliens • Inter-Vivos Revocable Trusts <p>Ineligible Borrowers:</p> <ul style="list-style-type: none"> • Foreign Nationals • Limited and General Partnerships • Irrevocable Trusts • ITIN borrowers
Contingent Liabilities	<p>Debts Paid by Others -</p> <ul style="list-style-type: none"> • Non-Mortgage Debt - 12months canceled checks or bank statements from the other party making the payments that document a 12 month payment history with no delinquency. The party does not have to be obligated to the non-mortgage debt. • Mortgage debt - may be excluded if: <ul style="list-style-type: none"> o The party making the payments is obligated on the mortgage debt, o No delinquencies in the most recent 12 months o the borrower is not using rental income from the applicable property to qualify
Credit Refresh / Soft Pull	<p>Required within 10 calendar days of Note date. Any additional inquiries found on soft pull must be addressed by borrower.</p>
Debt Paid By Borrower's Business	<p>The account payment does not need to be considered as part of the borrower's DTI ratio if:</p> <ul style="list-style-type: none"> • The account in question does not have a history of delinquency, and • The business provides acceptable evidence that the obligation was paid out of company funds (such as 12 months of canceled company checks), and • Tax returns show that cash flow analysis of the business took payment of the obligation into consideration.
Derogatory Credit	<p>Per DU</p>
DTI	<p>Per DU; The DTI ratio must be less than or equal to 65%.</p>

<p>Federal Income Tax Installment Agreements</p>	<p>The debt may include the monthly payment amount in liabilities (in lieu of requiring payment in full) if:</p> <ul style="list-style-type: none"> • There is no indication that a Notice of Federal Tax Lien has been filed against the borrower in the county in which the subject property is located. <p>To do so the following must be provided:</p> <ul style="list-style-type: none"> • An approved IRS installment agreement with the terms of repayment, including the monthly payment amount and total amount due; and • Evidence the borrower is current on the payments associated with the tax installment plan. (Acceptable evidence includes the most recent payment reminder from the IRS, reflecting the last payment amount and date and the next payment amount owed and due date); and • At least one payment must have been made prior to closing.
<p>Mortgage Payment History Requirements</p>	<p>For the loan being refinanced, the borrower cannot 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>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 in LL-2021-03, 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>
<p>Non-Occupant Co-Borrower</p>	<p>If the income of Non-Occupant borrower is being used to qualify, the max LTV may not exceed 95%.</p>
<p>Open-End or 30 day Accounts</p>	<p>Are not required to be included in the DTI. Must verify borrower funds to cover the account balance. The verified funds must be in addition to any funds required for closing costs and reserves.</p>
<p>Solar Panels (Leased or PPA)</p>	<ul style="list-style-type: none"> • Solar Lease or Power Purchase Agreement must be obtained and reviewed. • If the solar panels are included in Title and UCC fixture filing remains, the solar debt secured in real estate must be included in the CLTV ratio and subordination is required. The solar panel can then be included and given value in the property appraisal based on standard appraisal requirements. • The monthly lease payment must be included in the DTI ratio calculation unless the lease is structured to <ul style="list-style-type: none"> o provide delivery of a specific amount of energy at a fixed payment during a given period, and o have a production guarantee that compensates the borrower on a prorated basis in the event the solar panels fail to meet the energy output required for in the lease for that period. • Payments under power purchase agreements where the payment is calculated solely based on the energy produced may be excluded from the DTI ratio.
<p>Student Loan Qualification</p>	<p>If a monthly student loan payment is provided on the credit report, that payment is used. If the credit report does not reflect the correct monthly payment, the monthly payment on the student loan documentation may be used.</p> <p>If the credit report does not provide a monthly payment or if the credit report shows \$0 as the monthly payment, the following must be determined for qualifying monthly payment:</p> <ul style="list-style-type: none"> • If the borrower is on an income-driven payment plan and there is documentation to verify the actual monthly payment is \$0. This amount may be used. • For deferred loans or loans in forbearance, calculate <ul style="list-style-type: none"> o a payment equal to 1% of the outstanding student loan balance (even if the amount is lower than the actual fully amortizing payment) or o a fully amortizing payment using the documented loan repayment terms.

Subordinate Financing	Existing subordinate financing <ul style="list-style-type: none"> • may not be satisfied with the proceeds of the new loan, • can remain in place if it is resubordinated to the new loan, and • may be simultaneously refinanced with the existing first lien mortgage, provided that: <ul style="list-style-type: none"> • 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. 	
Income / Assets		
Assets	Per DU.	
Income Documentation Requirements	The following table describes the income documentation requirements.	
	Income Type	Minimum documentation requirements
	Base Non-Fluctuating Employment (Primary only)	<ul style="list-style-type: none"> • YTD paystub dated no earlier than 30 days prior to the loan application date. • 10 day pre-closing VOE
	Fluctuating hourly employment (primary only) Tip, bonus, overtime and commission income	<ul style="list-style-type: none"> • YTD paystub dated no earlier than 30 days prior to the loan application date. • W2 for the most recent calendar year • 10 day pre-closing VOE
	Self-employment	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Copy of divorce decree, separation agreement, court order or equivalent documentation, and • one month documentation of receipt
Reserves	Per DU	
Amended Tax Returns Policy	Amended tax returns must be filed before the loan application date. An increase in income of 20% or more from the original return will not be allowed without Management's approval.	
Tax Transcripts	<ul style="list-style-type: none"> • All loans require a signed 4506-C form. Additional 4506-C form is required to be signed by Borrower's LLC, S-Corp or Corporation Name and EIN • Tax Transcripts are required for: <ul style="list-style-type: none"> o Self-employed borrowers o Borrower employed by family member o Using rental income to qualify per tax returns o Relationship between the parties 	
Property		
Appraisal Requirements	<ul style="list-style-type: none"> • Standard property valuation requirements for an appraisal waiver or appraisal apply. • Transferred Appraisal Accepted • FNMA SSR score on Appraisal must be 4.9 or below. A FNMA SSR score of 5 is not acceptable. • A \$500 credit will be provided to the borrower when an appraisal is required and obtained at closing. 	
Condo Project Review	<ul style="list-style-type: none"> • 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 or co-op hotel or motel, houseboat, timeshare or segmented ownership project. 	
Escrow Accounts / Impounds	Required if LTV is \geq 90% in CA or $>$ 80% in all other states.	

**Escrow
Holdbacks for
Minor Repairs**

- Allowed for repairs that do not present a health or safety concern and do not affect the structural integrity of the property.
- \$5,000 limit on required repairs.
- 1.5 times the repair to be held by escrow and released upon clearance by Nations Direct written authorization.
- Repairs to be completed within 10 days of closing.

Ineligible Properties	<ul style="list-style-type: none"> • No Land Trusts, Indian Leased Land, Vacant land • Property Condition rating C6 and/or Quality condition Q6 • Non-Warrantable Condo, Condo-tels, Co-Ops, Manufactured Condos • Commercial Property, Boarding houses, Bed and Breakfast • Working Farms • One Time Close Construction to Perm Loans
Manufactured Homes	<ul style="list-style-type: none"> • Primary Residence • Fixed Rate, Fee Simple Only • Property must not be located in a deed restricted area including restrictions for age and income • HUD Data Plates (Paper Certification located on the interior of the property) or IBTS Verification • Built on or after June 15, 1976 • Built on a permanent chassis in compliance with the applicable Manufactured Homes (HUD Codes) in effect as of the date the Manufactured Home was constructed. • Must be at least 12 feet wide (single-wide not allowed) and have a minimum of 600 square feet of gross living area. • Must be legally classified as real property; it must be a 1-unit dwelling that is permanently affixed to a permanent foundation • Manufactured Condos not allowed • Flood insurance required for properties in flood zone • Manufactured home must be on original site, relocated homes are not permitted • HUD Certification Labels (metal plates attached) or IBTS Verification if not attached to the property • New Construction will require a Structural Engineer's report to show that the property is designed to be used as a dwelling with permanent foundation and meets HUD requirements • Additions to the property are not permitted if the addition was to add GLA or if there were structural changes to the home (additions such as decks and green rooms without structural changes to the property may be accepted) • Borrower must own the land on which the home is located • Affidavit of Affixture (or its equivalent) to evidence property is classified and taxed as real property
Max Financed Properties	<ul style="list-style-type: none"> • Subject is Primary - Unlimited financed properties
Maximum Loan Exposure	<p>NDM will not extend more than 4 active loans to any one individual or an aggregate of \$2 million.</p>
Properties Listed for Sale / Listing History	<p>Cash Out and Rate/Term Transactions: Property must be taken off the market prior to application date and borrowers must confirm the intent to occupy for (primary residence)</p>
State Restrictions	<p>Please see our approved License States. TX 50(a)(6) not allowed.</p>