



Freddie Mac Refi Possible

Borrower Eligibility Requirements

Borrower Income	• The Borrower's qualifying income converted to an annual basis must not exceed 80% of the area median income (AMI) for the location of the Mortgaged Premises. • To determine if the Borrower's income exceeds the income limits, MCFI will rely on the income used to qualify the Borrower and submitted to Loan Product Advisor for Loan Product Advisor Mortgages • For Loan Product Advisor Mortgages, Loan Product Advisor will determine the income eligibility of the Mortgage • For non-Loan Product Advisor Mortgages, MCFI will only use the Home Possible® Income & Property Eligibility tool to determine subject property AMI. Home Possible Eligibility Map - Freddie Mac Single-Family • MCFI will NOT use other published AMI versions (such as AMIs posted on https://www.huduser.gov/portal/home.html) to determine Mortgage or product eligibility
Change in Borrowers	• 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: ➢ 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 ➢ In the case of death, MCFI must obtain and retain in the Mortgage file documentation of the Borrower's death • In all cases, at least one Borrower from the Mortgage being refinanced must be retained

Eligibility Requirements for Mortgage Being Refinanced

General Eligibility Requirements	The Mortgage being refinanced MUST: • Be a First Lien, conventional Mortgage currently owned by Freddie Mac, in whole or in part, or securitized by Freddie Mac; see loan look up link www.freddiemac.com/mymortgage • Be seasoned for at least 12 months and no more than 120 months (i.e., the Note Date of the Mortgage being refinanced must be at least 12 months prior to, but no more than 120 months prior to, the Note Date of the Refi Possible Mortgage).
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Ineligible Mortgages	The Mortgage being refinanced must not be: • A Freddie Mac Relief Refinance MortgageSM • A Freddie Mac Enhanced Relief Refinance[®] Mortgage • A Refi Possible Mortgage • A Mortgage subject to an outstanding repurchase request • 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)
Payment History	The Mortgage being refinanced must have a payment history that indicates the following: • The Mortgage has not been 30 days delinquent in the most recent six months; and • The Mortgage has not been 30 days delinquent more than once in the most recent 12 months; and • The Mortgage has not been 60 or more days delinquent in the most recent 12 months
Loan Product Advisor Assessment	Loan Product Advisor will assess whether the Mortgage being refinanced complies with the above eligibility requirements with the following exceptions: • MCFI is responsible for ensuring the mortgage is seasoned at least 12 months by the Note Date of the Refi Possible Mortgage, and • MCFI is responsible for determining whether the payment history requirements are met after the date of the last Loan Product Advisor submission

Special Underwriting Requirements for Refi Possible Mortgage

Underwriting Path	The Refi Possible Mortgage must be submitted to Loan Product Advisor. MCFI does not allow manually underwritten loans for this program.
General Eligibility Requirements	• The Refi Possible Mortgage must be a fixed-rate Mortgage • The Refi Possible Mortgage must not be: ➢ A Mortgage with a temporary interest rate buydown ➢ A super conforming Mortgage ➢ Originated pursuant to Section 50(a)(6) of Article XVI of the Texas Constitution. Refer to FHLMC Guide Section 4301.7 for additional information regarding Texas Equity Section 50(a)(6) Mortgages.



Occupancy and Property Eligibility	- The Refi Possible Mortgage must be secured by a one-unit Primary Residence - For Mortgages secured by Condominium Units or Cooperative Share Loans, MCFI is not required to evaluate if the Condominium or Cooperative Project meets the project eligibility requirements, provided that: - condo project is not located in a Condominium Hotel, houseboat project, timeshare project or project with segmented ownership; and - The project has insurance that meets the applicable insurance requirements of Guide Chapter 4703	
Maximum loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratios	Property/transaction type	Max LTV/TLTV/ HTLTV ratios
	1-unit	95%*
	Mortgage with a non-occupying Borrower	95%*
	*A TLTV ratio up to 105% is permitted when secondary financing is an Affordable Second®.	
Borrower Benefit	The refinance transaction must result in both of the following: - A First Lien Mortgage interest rate reduction of at least 50 basis points (bps) AND - A reduction in the monthly payment that includes principal, interest, and the mortgage insurance payment (if applicable).	
Use of Mortgage Proceeds	The proceeds of the Refi Possible Mortgage must be used only to: - Pay off the first Mortgage - Disburse cash to the Borrower not to exceed \$250 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.	
Minimum Credit Score	The Mortgage must have a minimum Indicator Score of 620. If no Borrower has a usable Credit Score, then the Mortgage does not have an Indicator Score and is not eligible.	



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Maximum Debt Payment-To-Income (DTI) Ratio	- There is no maximum housing expense-to-income ratio - The total monthly DTI ratio must be less than or equal to 65%, including when a non-occupying Borrower is present	
Income and Employment Documentation Requirements	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 in FHLMC Guide Topic 5300	
	Income Type	Minimum Documentation Requirements
	Base non-fluctuating employment (primary only)	- Year-to-date (YTD) paystub documenting the YTD earnings 10-day pre-closing verification of employment
	Fluctuating hourly employment (primary only) Tip, bonus, overtime and commission income	- YTD paystub documenting the YTD earnings - W-2 for the most recent calendar year 10-day pre-closing verification of employment
	Military income (basic pay, entitlements, Reserve and National Guard income)	Military Leave and Earnings Statement
	Self-employment	- Complete federal individual and business income tax returns for the most recent one-year period, and - Verification of the current existence of the business through a third-party source obtained either no more than 20 calendar days prior to Note Date
	Alimony, child support or separate maintenance	- Documentation to evidence receipt of the alimony, child support and/or separate maintenance payment amount for the most recent one months, 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 months, including the amount and the duration of the obligation
	- All other income types must be documented in accordance with the Streamlined Accept and Standard Documentation Level requirements in Topic 5300 - All other documentation requirements, including Chapter 5302, General Requirements for Documentation Used to Verify Employment and Income, and additional requirements for certain employment characteristics in Section 5303.2 apply	
	Asset Documentation Requirements	- 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 - When funds required for closing are \$500 or less, verification of funds is not required



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Property Valuation Requirements	• Standard Guide property valuation requirements for appraisal or automated collateral evaluation apply • A \$500 credit will be provided to the Borrower when an appraisal is obtained
Pricing	• Standard Credit Fees in Price apply • Refi Possible Mortgages with an original Note amount of less than or equal to \$300,000 are not subject to the 50 bps Market Condition Credit Fee in Price
Mortgage Insurance Coverage	Mortgages with LTV ratios greater than 80% must have mortgage insurance coverage in accordance with Chapter 4701 .
Revised QM Rule	All Refi Possible mortgages must meet general QM definition under the Revised QM Rule set forth in 12 CFR 1026.43(e)(2) (General QM definition).
Temporary Covid 19 Credit Underwriting Requirements	
Verification of Self-Employment	MCFI must confirm borrower's business is open and operating within 20 Business Days prior to the Note Date. Below are examples of methods MCFI may use to confirm the Borrower's business is currently operating: • Evidence of current work (e.g., executed contracts or signed invoices that indicate the business is operating on the day MCFI verifies self-employment) • Evidence of current business receipts within 20 Business Days of the Note Date (e.g., payment for services performed) • The MCFI certification the business is open and operating confirmed through a phone call or other means • Business website demonstrating activity supporting current business operations (e.g., timely appointments for estimates or service can be scheduled)
Purchase & Refinance Eligibility Requirements for Borrowers with Existing Mortgages	For each existing mortgage on which the Borrower is obligated that is secured by either the subject property or any other 1- to 4-unit residential property, the mortgage must meet the requirements described in the following table:



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	If any existing Mortgage ...	Eligibility requirements	Use of proceeds if the subject transaction is a "no cash-out" or cash out refinance
	Is current as of the Note Date (i.e., the Borrower made all Mortgage payments due in the month prior to the Note Date no later than the last Business Day of that month) and not in a repayment plan, loan modification <u>Trial Period Plan</u> , Payment Deferral or subject to another loss mitigation program	No additional eligibility requirements	As stated in Guide Sections 4301.4 and 4301.5
	Is not current as of the Note Date (as defined above) OR is in a repayment plan, loan modification <u>Trial Period Plan</u> or Payment Deferral	The new Mortgage is ineligible unless the amounts outstanding on any existing Mortgage are resolved by meeting the applicable additional eligibility requirements below	N/A
	Was fully reinstated on or after the <u>Application Received Date</u> but prior to the Note Date	Seller must document the source of funds used for reinstatement. The source of funds must be an eligible source as described in Section 5501.3 .	Proceeds may not be used to reinstate the Mortgage being refinanced or any other Mortgage
	Additional eligibility requirements		
	Is subject to a repayment plan	The Borrower must either: i. Have successfully completed the repayment plan, OR ii. Be performing under the plan (i.e., has not missed any payments due under the plan) and must have made at least three consecutive payments	In connection with the Mortgage being refinanced, proceeds may be used to pay off the remaining payments under the repayment plan
	Is subject to a Payment Deferral	The Borrower must have made at least three consecutive timely payments following the approval of the payment deferral agreement	In connection with the Mortgage being refinanced, proceeds may be used to pay off the deferred amount under the Payment Deferral
	Is subject to a modification <u>Trial Period Plan</u>	The Borrower must have successfully completed the <u>Trial Period Plan</u>	In connection with the Mortgage being refinanced, proceeds may be used to pay off the modified Mortgage
	Is subject to a loss mitigation program not mentioned above	The Borrower must either: i. Have successfully completed the loss mitigation program, OR ii. Be performing under the program (i.e. has not missed any payments due under the program) and must have made at least three consecutive full monthly payments	In connection with the Mortgage being refinanced, proceeds may be used to pay off the remaining payments under the program
Documentation requirements and guidance In addition to reviewing the Borrower's credit report, MCFI must exercise additional due diligence to verify whether or not each Mortgage is current (as defined above), has been reinstated after the Application Received Dates, or is in a repayment plan, loan modification Trial Period Plan, Payment Deferral or is subject to another loss mitigation program, as well as whether the additional requirements in the table above are met, if applicable. MCFI must include any related documentation in the Mortgage file. Examples of ways we may confirm compliance with the above requirements include: ▪ Reviewing the payment history provided by the servicer(s) for each existing Mortgage			



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| | <ul style="list-style-type: none">▪ Reviewing the Borrower-provided Mortgage statements or electronic Mortgage history for each existing Mortgage▪ Using a third-party verification service to confirm Mortgage payment history▪ For Mortgages being refinanced, reviewing the pay-off statement |
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