Transaction Type	Number of Units	Maximum LTV/CLTV/HCLTV	Minimum Credit Score
Limited Cash-out Refinance	1 Unit	97%	620

The following guidelines describe the eligibility, underwriting, and other requirements for the Fannie Mae RefiNow option. All standard Selling Guide requirements apply unless otherwise indicated below. All provisions of Lender Letter 2021-03, Impact of COVID-19 on Originations continue to apply.

TOPIC	BORROWER ELIGIBILITY AND REQUIREMENTS FOR EXISTING AND NEW LOAN
Borrower Benefit	The refinanced loan must provide 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)
Borrower Income Limit	The borrower's/borrowers' income must be less than or equal to the applicable Area Median Income (AMI) limit for the subject property's location: • AMI Lookup Tool: https://ami-lookup-tool.fanniemae.com/amilookuptool/ • 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 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

Eligible Subordinate Financing	• New subordinate financing is only permitted if it replaces existing subordinate financing
	• Existing subordinate financing:
	  o May not be satisfied with the proceeds of the new loan,
	  o Can remain in place if it is resubordinated to the new loan, and
	  o 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 that 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

TOPIC	BORROWER ELIGIBILITY AND REQUIREMENTS FOR EXISTING AND NEW LOAN	
Existing Loan Eligibility	✓	**The existing loan must…**
		be a conventional mortgage loan owned or securitized by Fannie Mae.
		be seasoned at least 12 months (from the original Note date to the new loan Note date).
		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).
		not be an existing High LTV refinance loan, DU Refi Plus loan, or Refi Plus loan.
New Loan Eligibility	✓	**The new RefiNow loan must…**
		be a fixed-rate loan.
		have maximum LTV/CLTV/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).
		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: • the remaining borrower(s) meet the payment history requirements and provide evidence that they have made at least the last 12 months of payments from their own funds; or • due to the death of a borrower (evidence of the borrower's death must be documented in the loan file). **NOTE:** Non-occupant borrowers are permitted (see below).
		not be a Texas Section 50(a)(6) loan.
		not be subject to a temporary interest rate buydown.
	NOTE: A RefiNow loan may not be combined with a HomeReady refinance transaction.	
Occupancy and Property Types	• The new loan must be secured by a one-unit principal residence	

TOPIC	BORROWER ELIGIBILITY AND REQUIREMENTS FOR EXISTING AND NEW LOAN
	• All eligible property types are permitted • All project review requirements will be waived for properties located in a condo or PUD project except that the lander must confirm the project is not a condo hotel, motel, houseboat, timeshare, or segmented ownership project; the lender must confirm appropriate property and flood insurance is obtained. Requirements in LL-2021-14 *Temporary Requirements for Condo and Co-op Projects* must be met (co-ops are not eligible).

TOPIC	COLLATERAL REQUIREMENTS
Property Valuation	• Standard property valuation requirements for an appraisal waiver or appraisal apply • A $500 credit will be provided to the borrower at closing if an appraisal is obtained for the transaction NOTE: The appraisal credit will be applied based on the delivery of Special Feature Code (SFC) 868 and data in the Loa Delivery file that indicates an appraisal was obtained for the transaction

TOPIC	DOCUMENTATION AND UNDERWRITING REQUIREMENTS FOR THE NEW LOAN
Credit Score and Significant Derogatory Credit	• The loan must have a minimum representative credit score of 620 • The borrower must comply with all applicable waiting periods following derogatory credit events (see B3-5.3-07 Significant Derogatory Credit Events – Waiting Periods and Re-establishing credit) o EXCEPTION: The LTV ratio limitation that applies to a previous foreclosure is not applicable; standard LTV ratios are permitted
Debt-to-Income (DTI) Ratio	The DTI must be less than or equal to 65%
Documentation Requirements	See table below

INCOME DOCUMENTATION REQUIREMENTS

Income Type	Minimum Documentation Requirements
Base Pay (non-variable)	The borrower's most recent paystub dated no earlier than 30 days prior to the loan application date
Base Pay (variable), Bonus, Commission, Overtime, Tip	The borrower's most recent paystub and W2 covering the most recent one-year period
Military Income	Military Leave and Earnings Statement
Self-employment	One year personal and business tax returns, unless the terms to waive business tax returns are met in accordance with the Selling Guide
Alimony, Child Support, or Separate Maintenance	Copy of divorce decree, separation agreement, court order (or equivalent documentation), and one month documentation of receipt

TOPIC	DOCUMENTATION AND UNDERWRITING REQUIREMENTS FOR THE NEW LOAN
Documentation Requirements (Continued)	All Other Eligible Income Types Standard [Selling Guide](#) requirements apply The following additional documentation requirements apply: • Verbal verification of employment (employment or self-employment) is required in accordance with the [Selling Guide](#) • 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 • Verification of Funds to Close is required. Acceptable asset documentation includes one recent statement (monthly, quarterly, or annual) showing the asset balance
Loan Amount	• The maximum loan amount is $726,200 • The minimum loan amount is $75,000
Non-occupant Borrowers	• Non-occupant borrowers are permitted • A maximum LTV/CLTV/HCLTV ratio of 95% applies to loans underwritten with DU (CLTV ratio may be up to 105% when a Community Seconds© is being resubordinated)
Payment History Requirements	For the loan being refinanced, the borrower cannot have had: • any 30-day mortgage delinquencies in the most recent six-month period; and • no more than one 30-day delinquency in months 7—12 o if the borrower has missed payments due to COVID-19 forbearance, and those payments have been resolved in accordance with temporary eligibility requirements for refinance transactions in LL-2021-03, then the missed payments are not considered delinquencies for the purposes of meeting these payment history requirements (this will only apply for as long as the temporary policies remain in effect)
Underwriting Method	• Loans must be underwritten with DU • 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 [Release Notes](#) for additional information

TOPIC	MISCELLANEOUS INFORMATION
FNMA Loan Lookup Tool	Use this tool to see if the existing loan is a Fannie Mae loan: https://www.knowyouroptions.com/loanlookup
Mortgage Insurance	All Mortgage Insurance must be ordered through National MI
Special Feature Code (SFC)	• All loans must be delivered with SFC 868; or • If PIW is exercised, SFC 801 applies
Usage	The RefiNow option may only be used one time per borrower
TOPIC	**STANDARD LENDINGPROS CONFORMING OVERLAYS**
Assets	• Internet Statements obtained from financial institution's website must contain the same information found on a standard bank statement • VOD as stand-alone document is not permitted unless obtained from a Third-party Vendor

Electronic Signatures/eSigning	• eSigning is allowed for most documents
	• eSigning is not allowed for:
	  o Note and Note Rider(s)
	  o Notice of Right to Cancel
	  o Power of Attorney
	  o Security Instrument and Security Instrument Rider(s)

Ineligible Properties	• Co-op • Indian Leased Land • Property Flip of Non-Arm's Length Transaction • Resale Type Deed Restrictions • Single-wide Manufactured Home • Solar Panels that Affect the First Lien Position
Manufactured Housing	• Maximum LTV of 95% • Must meet all FNMA guidelines

TOPIC	STANDARD LENDINGPROS CONFORMING OVERLAYS
	• No Deed Restrictions • No Leased Land • Single-wide Manufactured Home not allowed
Power of Attorney (POA)	POA may not be eSigned, and must be specific to the transaction
Social Security Number	All borrowers must have a valid SSN
Tax Transcripts	Required when tax returns are used to qualify borrower income
Underwriting Method	Manual underwriting is not allowed; all loans must receive DU Approve/Eligible findings
Unpaid Federal Tax Debts	• LendingPROS considers all unpaid tax debt from prior years as delinquent, even if a lien has not been filed • One monthly payment is required on a payment plan • Borrower with delinquent Federal Tax Debt is ineligible **NOTE:** Record of account can be used in lieu of canceled check or proof of electronic payment