



JMAC LENDING

RefiNow (FNMA) Guideline

Revision: **November 22, 2021** (Product Information Center, 949-390-2670, www.jmaclending.com)

Rate/Term Refinances			
<p>These loans must be secured by fixed-rate, one-unit property residences, with a limited cash-out refinance transaction that has specific requirements. High Balance loans are not permitted. A RefiNow loan may not be combined with a HomeReady refinance transaction. Current loan must be owned by Fannie Mae. The purpose of this loan is to expand the eligibility to benefit borrowers at or below 80% of the area median income (AMI) limit and to help more borrowers take advantage of the current low interest rate environment to reduce the borrower's monthly housing payment.</p>			
Occupancy	Owner Occupied		
LTV, CLTV, FICO	TERMS	Max LTV/CLTV/HCLTV ²	Min FICO ¹
1 Unit	FIXED	97%	620
<p>¹ Each borrower on the loan must have a minimum fico score of 620 ² Loan with non-occupant co-borrower is cap at 95%</p> <p>Refer to FNMA Lender Letter LL-2021-10 for details on the RefiNow product (issued 10/20/2021).</p> <p>To check if loan is serviced by FNMA: https://www.knowyouroptions.com/loanlookup</p>			



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ATR and QM	All loans must meet the Ability to Repay (ATR) and Qualified mortgage (QM) provisions of the Dodd-Frank Act.
High Cost	Not Eligible
Products/Terms	Fixed Rate (15, 20, and 30-Year)
Borrower Qualification	<u>Fixed Rate</u> : Borrower is qualified at the Note rate.
Maximum Loan Amount	Minimum Conforming Loan Amount is \$75,000.00. Maximum Conforming loan amount loan amount \$548,250.
Underwriting Method	Loans must receive a DU "Approve/Eligible" and qualify for RefiNow option
Eligible Borrowers	US Citizens; Permanent Resident Aliens; Non-Permanent Resident Aliens allowed with required VISAs); Revocable Trust; Must have valid Social Security Number; Maximum of 4 borrowers per loan application are allowed
Qualifying Ratios	Maximum qualifying ratio: 65% (Subject to AUS approval and use of income)
Credit	Follows FNMA guidelines
Borrower Income Eligibility Limit	<p>The borrower(s) income must be less than or equal to 100% of the applicable AMI limit for the subject property's location:</p> <ul style="list-style-type: none"> In determining whether a loan is eligible under the borrower income limits, the lender must consider the income from <u>all borrowers</u> 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 reporting "Monthly Income" in Loan Delivery. <p>AMI Loan limit look up: https://ami-lookup-tool.fanniemae.com/amilookuptool/</p>
Occupancy and Property types	<ul style="list-style-type: none"> The new loan must be secured by a one-unit principal residence. SFR, PUD, Condos (attached and detached) All project review requirements will be waived for properties located in a condo, or PUD project. Master policy, HO-6 and flood insurance (if applicable) are required.
Borrower Benefit	<p>The refinanced loan must provide the following benefits to the borrower:</p> <ul style="list-style-type: none"> A reduction in .50% (half) in interest rate, and A reduction in the monthly payment that includes, principal, interest and mortgage insurance payment (if applicable) of at least \$50.00.
Existing Loan Eligibility	<ul style="list-style-type: none"> A conventional mortgage loan or securitized by Fannie Mae The loan must be seasoned at least 12 months (from the original note date to new loan note date) The loan is not 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). The loan is not an existing high LTV refinance loan, DU Refi Plus loan or Ref Plus loan.



New Loan Eligibility	<ul style="list-style-type: none"> • The loan must be fixed rate loan • The maximum LTV, CLTV and HCLTV ratios as permitted in the matrix • The loan be limited cash-out refinance with <ul style="list-style-type: none"> ○ Cash-out less than or equal to \$250. Excess proceeds may be applied as a curtailment on the new loan • New loan amount cannot be High Balance • New loan must have the same borrowers as previous loan. New borrowers cannot be added or removed. One or more borrowers may only be removed if: <ul style="list-style-type: none"> ○ The remaining borrower(s) meet the payment history requirements and provides evidence that they have made at least the 12 months of payments from their own funds, or ○ Due to the death of a borrower (evidence of the deceased borrower’s death must be documented) • Non-occupant borrowers are permitted only if they were on the existing loan. <ul style="list-style-type: none"> • A maximum LTV, CLTV, and HCLTV ratio of 95% applies to loans underwritten with DU • Non-occupant cannot be added to the loan for qualification purpose. • Not be a Texas Section 50(a) (6) loan • Not be subject to a temporary interest rate buydown <p>NOTE: A RefiNow loan may not be combined with a HomeReady refinance transactions.</p>
Eligible Subordinate Financing	<ul style="list-style-type: none"> • New subordinate financing is only permitted if it replaces existing subordinate financing. • Existing subordinate financing <ul style="list-style-type: none"> ○ May not be satisfied with the proceeds of the new loan, and ○ Can remain in place if it is resubordinated to the new loan
Payment History	<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 (0x30x6), and • No more than 1x30 delinquency in months 7 through 12
Property Valuation	<ul style="list-style-type: none"> • Standard property valuation requirements for an appraisal waiver or appraisal apply. • A \$500 credit for appraisal will be adjusted at closing.
Usage	<p>The RefiNow option may only be used one time.</p>



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Documentation requirements	The following table describes the income documentation requirements.	
	Income Type	Minimum Documentation Requirements
	Base Pay (non-variable)	The borrower's most recent paystub
	Base Pay (variable) Tip, Bonus, Overtime Income Commission Income	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 Agency Guides
	Alimony, Child Support, or Separate Maintenance	Copy of divorce decree, separation agreement, court order or equivalent documentation, and one month documentation of receipt
	All other eligible income types	Standard Agency Guides requirements apply
	<p>The following additional documentation requirements apply:</p> <ul style="list-style-type: none"> • Verbal verification of employment (employment or self-employment) is required in accordance with the Agency Guides. • 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. 	
Mortgage Insurance	All standard mortgage insurance requirements apply in accordance with Agency Guides. Mortgage insurance coverage for RefiNow loans is not restricted to the current mortgage insurer on the existing loan. However, DU will identify the insurer that is currently providing coverage.	
Assets	Follow agency guidelines.	
Student Loan	Follow agency guidelines.	
Recently Listed Properties	Follow agency guidelines.	
Community Seconds	Follow agency guidelines.	
Non-Traditional Credit	Not allowed	
Cash Out Transaction	Not allowed	



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Leasehold Requirements	<ul style="list-style-type: none">• Must not be impaired by any merger of title between the lessor and lessee• If a sublease is included within the leasehold estate, the documents must provide that a default under the leasehold estate will not by such default result in the termination of the sublease.• The term of the leasehold must extend beyond our loan term by no less than 5 years unless it can be documented that title will vest as Fee Simple at an earlier date. IE Leasehold expires and automatically converts to Fee Simple.• Lease must provide that the leasehold can be assigned, transferred, mortgaged and sublet unlimited without restrictions or on payment of a reasonable fee and delivery of reasonable documentation to the lessor. The lessor cannot require a credit review or require any qualifying criteria to any assignee, transferee, mortgagee or sub-lessee. The lease must provide that in addition to the obligation to pay lease rents, the borrower will pay taxes, insurance, utilities and homeowners' association dues (if applicable), related to the land in addition to those he or she is paying on the improvements• The lease must be valid, in good standing, and in full force and effect in all respects.• The lease must not include any default provisions that could give rise to forfeiture or termination of the lease, except for nonpayment of the lease rents.• The lease must include provisions to protect the mortgagee's interests in the event of a property condemnation.• The lease must provide lenders with the right to receive a minimum of 30 days' notice of any default by the borrower, and the option to either cure the default or take over the borrower's rights under the lease.• The lease must be current on all payments and assessments nor can the borrower be in default or have any claims of default under any provision of the lease.• Leasehold may not contain any deed or resell restrictions. (Age Restrictions are acceptable)• Cannot be held in a Community Land Trust• Indian Leased Land is not eligible• Leaseholds are not eligible on Texas(a)6 loans• A full appraisal is required regardless of AUS findings <p>Documentation Requirements: Copy of the full lease agreement including any sub lease agreement(s)</p> <ul style="list-style-type: none">• Evidence of the monthly Ground Rent payment (must be included in the Housing DTI Calculations if subject and total DTI if a property other than subject); Ground rent payment should be included in any calculations toward reserve requirements as well.• Appraiser must provide 3 closed Leasehold interest comparables; Fee Simple Comparables are not acceptable.• Title must include an ALTA Endorsement 13.1-06 plus include the value of the lessee's leasehold improvements if any. Full Title Policy is required.• Leasehold Rider will be included as an attachment to the Deed of Trust/Mortgage and will require the borrower's signature.
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