



We make home possible®



# Freddie Mac Relief Refinance Mortgage<sup>SM</sup>

## Overview for Housing Professionals

**Refinancing solutions for borrowers who are timely on their mortgage payments, including those who have little or no equity in their homes.**

The Freddie Mac Relief Refinance Mortgage<sup>SM</sup> helps borrowers who are making timely mortgage payments refinance into mortgages that better position them for long-term homeownership success. Two options allow borrowers to refinance through their existing lender if the lender is participating, or a different participating lender. For borrowers with little or no equity in their homes, there is no cap on the maximum loan-to-value ratio in many cases.

The Freddie Mac Relief Refinance Mortgage includes solutions for homeowners available through the federal Home Affordable Refinance Program (HARP).

### Homeowner Profile

#### Homeowner Eligibility

- Homeowner owns a 1- to 4-unit primary residence, a second home, or a 1- to 4-unit investment property.
- Homeowner owes more than 80 percent of the home's current value. Homeowners who owe less than 80 percent of the home's current value are also eligible, with additional requirements.
- Mortgage is owned or guaranteed by Freddie Mac.
- Homeowner is timely on mortgage payments. The refinance improves the long-term affordability or stability of homeowner's mortgage.

### Key Features

#### Creates Stable, More Affordable Mortgages

- Eligible homeowners whose mortgage interest rates are much higher than the current market rate may see an immediate reduction in their mortgage payment.
- Eligible homeowners who are paying interest only or have adjustable-rate mortgages will benefit from improved stability and long-term savings.

#### Offers Two Options, Broad Market Availability

- Relief Refinance Mortgage – Same Servicer offers simplified borrower eligibility requirements. The mortgage being refinanced must be serviced by the Seller/Servicer (if they are participating in the program).
- Relief Refinance Mortgage – Open Access requires full underwriting by submitting the mortgage for assessment through Freddie Mac's Loan Prospector<sup>®</sup> automated underwriting service.

## RELIEF REFINANCE MORTGAGE -- SAME SERVICER REQUIREMENTS

### ELIGIBILITY REQUIREMENTS FOR MORTGAGE BEING REFINANCED

<b>General Eligibility Requirements</b>	<ul style="list-style-type: none"> <li>• The mortgage <b>being refinanced</b> must:                             <ul style="list-style-type: none"> <li>○ Be a first-lien, conventional mortgage currently owned or securitized by Freddie Mac.</li> <li>○ Have a Freddie Mac settlement date on or before May 31, 2009.</li> <li>○ Be serviced by the Seller or an affiliate of the Seller.</li> </ul> </li> <li>• The originator of the new refinance mortgage must have the mortgage file for the mortgage being refinanced.</li> </ul>
<b>Mortgage Payment History</b>	<ul style="list-style-type: none"> <li>• No delinquency in the most recent six months.</li> <li>• No more than one 30-day delinquency in the past 12 months.</li> </ul>

### REQUIREMENTS FOR NEW RELIEF REFINANCE MORTGAGE

<b>Borrower Benefit</b>	<p>The Relief Refinance Mortgage must result in at least <b>one</b> of the following:</p> <ul style="list-style-type: none"> <li>• Reduction in the interest rate of the first-lien mortgage.</li> <li>• Replacement of an ARM, Initial Interest<sup>®</sup> Mortgage (or any mortgage with an interest-only period), or a balloon/reset mortgage with a fixed-rate, fully amortizing mortgage.</li> <li>• Reduction in the amortization term of the first-lien mortgage.</li> <li>• Reduction in the monthly principal and interest (P&amp;I) payment of the first-lien mortgage.</li> </ul>												
<b>Eligible Mortgage Products</b>	<p>The Relief Refinance Mortgage – Same Servicer must be:</p> <ul style="list-style-type: none"> <li>• Originated by the Seller or an affiliate of the Seller.</li> <li>• Conventional 15-, 20- or 30-year fixed-rate, fully amortizing mortgages.</li> <li>• Conventional nonconvertible 5/1, 7/1 or 10/1 fully amortizing adjustable-rate mortgages (ARMs).</li> <li>• The Relief Refinance Mortgage – Same Servicer may be a super conforming mortgage.</li> </ul> <p>If the mortgage being refinanced is a fixed-rate mortgage, the new Relief Refinance Mortgage – Same Servicer may not be an ARM.</p>												
<b>Eligible Property Types</b>	<p><b>For mortgages with LTV ratios greater than 80 percent:</b></p> <ul style="list-style-type: none"> <li>• 1- to 4-unit primary residence</li> <li>• Second home</li> <li>• 1- to 4-unit investment property</li> <li>• The mortgage being refinanced and the Relief Refinance Mortgage do not have to represent the same occupancy.</li> </ul> <p><b>For mortgages with LTV ratios less than or equal to 80 percent:</b></p> <ul style="list-style-type: none"> <li>• 1- to 4-unit primary residence</li> <li>• Second home, provided the mortgage being refinanced was underwritten and sold to Freddie Mac as a second home mortgage.</li> <li>• 1- to 4-unit investment property provided the mortgage being refinanced was underwritten and sold to Freddie Mac as an investment property mortgage.</li> <li>• Second home mortgages and 1- to 4-unit investment property mortgages that are now owner-occupied primary residences are eligible for sale as a primary residence if the borrower(s) obligated on the note is now an owner-occupant.</li> </ul>												
<b>Refinance Proceeds</b>	<ul style="list-style-type: none"> <li>• Depending on the LTV ratio of the Relief Refinance Mortgage – Same Servicer, the refinance proceeds must be used only to:</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th style="text-align: center;">Use of Proceeds</th> <th style="text-align: center;">&gt;80 percent LTV</th> <th style="text-align: center;">≤80 percent LTV</th> </tr> </thead> <tbody> <tr> <td>Pay off the first mortgage (amount includes the UPB and accrued interest through the payoff date).</td> <td style="text-align: center;">Yes</td> <td style="text-align: center;">Yes</td> </tr> <tr> <td>Pay related closing costs, financing costs and prepaids/escrows.</td> <td>Not to exceed the lesser of 4 percent of the current unpaid principal balance (UPB) of the mortgage being refinanced, or \$5,000</td> <td>Yes, includes all closing and financing costs and prepaids/escrows to the Relief Refinance Mortgage</td> </tr> <tr> <td>Disburse as cash to the borrower</td> <td>Not to exceed \$250</td> <td>Not to exceed the lesser of 2 percent of the Relief Refinance Mortgage or \$2,000, whichever is less</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>• In the event that there are remaining proceeds from the Relief Refinance Mortgage – Same Servicer</li> </ul>	Use of Proceeds	>80 percent LTV	≤80 percent LTV	Pay off the first mortgage (amount includes the UPB and accrued interest through the payoff date).	Yes	Yes	Pay related closing costs, financing costs and prepaids/escrows.	Not to exceed the lesser of 4 percent of the current unpaid principal balance (UPB) of the mortgage being refinanced, or \$5,000	Yes, includes all closing and financing costs and prepaids/escrows to the Relief Refinance Mortgage	Disburse as cash to the borrower	Not to exceed \$250	Not to exceed the lesser of 2 percent of the Relief Refinance Mortgage or \$2,000, whichever is less
Use of Proceeds	>80 percent LTV	≤80 percent LTV											
Pay off the first mortgage (amount includes the UPB and accrued interest through the payoff date).	Yes	Yes											
Pay related closing costs, financing costs and prepaids/escrows.	Not to exceed the lesser of 4 percent of the current unpaid principal balance (UPB) of the mortgage being refinanced, or \$5,000	Yes, includes all closing and financing costs and prepaids/escrows to the Relief Refinance Mortgage											
Disburse as cash to the borrower	Not to exceed \$250	Not to exceed the lesser of 2 percent of the Relief Refinance Mortgage or \$2,000, whichever is less											

	<p>after the proceeds are applied as described above:</p> <ul style="list-style-type: none"> <li>o The mortgage amount must be reduced, or</li> <li>o The excess amount must be applied as a principal curtailment to the new refinance mortgage at closing and must be clearly reflected on the HUD-1 form or other equivalent closing statement.</li> <li>• Under no circumstances may cash disbursed to the borrower (or any other payee) exceed the maximum permitted above.</li> </ul>
<b>Maximum LTV/TLTV/HTLTV</b>	<p><b>For Relief Refinance Mortgage – Same Servicer with LTV ratios greater than 80 percent:</b></p> <ul style="list-style-type: none"> <li>• For adjustable-rate mortgages, the maximum LTV ratio is 105 percent</li> <li>• For fixed-rate mortgages, there is no maximum LTV ratio</li> <li>• There are no maximum TLTV and HTLTV ratios</li> <li>• The LTV and TLTV ratios for Texas Equity Section 50(1)(6) Mortgages must not exceed 80 percent.</li> </ul>
<b>Mortgage Insurance</b>	<p><b>For an LTV greater than 80 percent:</b></p> <ul style="list-style-type: none"> <li>• If the mortgage being refinanced has mortgage insurance coverage, then the same mortgage insurance coverage percentage must be maintained for the Relief Refinance Mortgage – Same Servicer on the entire unpaid principal balance.</li> <li>• If the mortgage being refinanced does not have mortgage insurance, then no mortgage insurance coverage is required for the Relief Refinance Mortgage – Same Servicer.</li> </ul>
<b>Underwriting Requirements</b>	<ul style="list-style-type: none"> <li>• The Relief Refinance Mortgage – Same Servicer must not be submitted through Loan Prospector® or any other automated underwriting system.</li> <li>• Requalifying the borrower is not required unless the borrower's principal and interest payment on the refinance mortgage increases by more than 20 percent. At least one borrower must have a verifiable source of income.</li> <li>• Minimum Indicator Score (credit score) of 620 for mortgages with LTVs less than or equal to 80 percent when the principal and interest (P&amp;I) payment increase is greater than 20 percent.</li> <li>• A borrower on the mortgage being refinanced may be omitted from the Relief Refinance Mortgage for any reason, provided that the omitted borrower is removed from the deed and does not retain any ownership interest in the mortgaged premises. Except in the case of death, the mortgage file must contain evidence that the remaining borrower has been making the mortgage payments, including payments for any secondary financing, for the most recent 12-month period.</li> <li>• Lender may use Freddie Mac's automated home valuation model or a new appraisal to determine property value.</li> </ul>
<b>Secondary Financing</b>	<ul style="list-style-type: none"> <li>• Existing junior liens may be refinanced simultaneously with the first mortgage provided the junior lien is being refinanced for one of the following purposes: <ul style="list-style-type: none"> <li>o A reduction in the interest rate of the junior lien.</li> <li>o To replace an ARM, an interest-only junior lien, or a junior lien with a balloon or call option with a fixed-rate, fully amortizing junior lien.</li> <li>o A reduction in the amortization term of the junior lien.</li> <li>o A reduction in the monthly payment of the junior lien.</li> </ul> </li> <li>• The unpaid principal balance of the new junior lien cannot be more than the unpaid principal balance, at the time of payoff, of the junior lien being refinanced.</li> <li>• If the junior lien being refinanced is a fixed-rate junior lien, the new junior lien cannot be an ARM.</li> <li>• An existing junior lien must be subordinate to the Relief Refinance Mortgage – Same Servicer, regardless of whether it is refinanced simultaneously with the first-lien mortgage.</li> <li>• No new secondary financing is permitted.</li> </ul>
<b>RELIEF REFINANCE MORTGAGE – OPEN ACCESS</b>	
<b>ELIGIBILITY REQUIREMENTS FOR MORTGAGE BEING REFINANCED</b>	
<b>General Eligibility Requirements</b>	<ul style="list-style-type: none"> <li>• The mortgage <b>being refinanced</b> must: <ul style="list-style-type: none"> <li>o Be a first-lien, conventional mortgage currently owned or securitized by Freddie Mac.</li> <li>o Have a Freddie Mac settlement date on or before May 31, 2009.</li> </ul> </li> </ul> <p>The Servicer of the mortgage being refinanced may be any Freddie Mac-approved Servicer.</p>
<b>RELIEF REFINANCE MORTGAGE – OPEN ACCESS ELIGIBILITY REQUIREMENTS</b>	
<b>Borrower Benefit</b>	<p>The Relief Refinance Mortgage must result in at least <b>one</b> of the following:</p> <ul style="list-style-type: none"> <li>• Reduction in the interest rate of the first-lien mortgage.</li> <li>• Replacement of an ARM, Initial Interest® Mortgage (or any mortgage with an interest-only period) or a</li> </ul>

	<p>balloon/reset mortgage with a fixed-rate, fully amortizing mortgage.</p> <ul style="list-style-type: none"> <li>• Reduction in the amortization term of the first-lien mortgage.</li> <li>• Reduction in the monthly principal and interest payment of the first-lien mortgage.</li> </ul>												
<b>Eligible Mortgage Products</b>	<p>Relief Refinance Mortgage – Open Access must be:</p> <ul style="list-style-type: none"> <li>• Conventional 15-, 20- or 30-year fixed-rate, fully amortizing mortgages.</li> <li>• Conventional nonconvertible 5/1, 7/1 or 10/1 fully amortizing adjustable-rate mortgages (ARMs).</li> <li>• The Relief Refinance Mortgage – Open Access may be a super conforming mortgage.</li> <li>• If the mortgage being refinanced is a fixed-rate mortgage, the new Relief Refinance Mortgage – Open Access may not be an ARM.</li> </ul>												
<b>Eligible Property Types</b>	<ul style="list-style-type: none"> <li>• 1- to 4-unit primary residence.</li> <li>• 1-unit second home.</li> <li>• 1- to 4-unit investment property.</li> </ul>												
<b>Refinance Proceeds</b>	<ul style="list-style-type: none"> <li>• Depending on the LTV ratio of the Relief Refinance Mortgage – Open Access, the refinance proceeds must be used only to: <table border="1" data-bbox="406 646 1516 1066"> <thead> <tr> <th>Use of Proceeds</th> <th>&gt;80 percent LTV</th> <th>≤80 percent LTV</th> </tr> </thead> <tbody> <tr> <td>Pay off the first mortgage (amount includes the unpaid principal balance and accrued interest through the payoff date).</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>Pay related closing costs, financing costs, and prepaids/escrows.</td> <td>Not to exceed the lesser of 4 percent of the current unpaid principal balance of the mortgage being refinanced, or \$5,000</td> <td>Yes</td> </tr> <tr> <td>Disburse as cash to the borrower.</td> <td>Not to exceed \$250</td> <td>Not to exceed 2 percent of the Relief Refinance Mortgage, or \$2,000, whichever is less</td> </tr> </tbody> </table> </li> <li>• In the event that there are remaining proceeds from the Relief Refinance Mortgage – Open Access after the proceeds are applied as described above: <ul style="list-style-type: none"> <li>○ The mortgage amount must be reduced, or</li> <li>○ The excess amount must be applied as a principal curtailment to the new refinance mortgage at closing and must be clearly reflected on the HUD-1 form or other equivalent closing statement.</li> </ul> </li> <li>• The proceeds may not be used to pay off or pay down any junior liens.</li> <li>• Under no circumstances may cash disbursed to the borrower (or any other payee) exceed the maximum permitted above.</li> </ul>	Use of Proceeds	>80 percent LTV	≤80 percent LTV	Pay off the first mortgage (amount includes the unpaid principal balance and accrued interest through the payoff date).	Yes	Yes	Pay related closing costs, financing costs, and prepaids/escrows.	Not to exceed the lesser of 4 percent of the current unpaid principal balance of the mortgage being refinanced, or \$5,000	Yes	Disburse as cash to the borrower.	Not to exceed \$250	Not to exceed 2 percent of the Relief Refinance Mortgage, or \$2,000, whichever is less
Use of Proceeds	>80 percent LTV	≤80 percent LTV											
Pay off the first mortgage (amount includes the unpaid principal balance and accrued interest through the payoff date).	Yes	Yes											
Pay related closing costs, financing costs, and prepaids/escrows.	Not to exceed the lesser of 4 percent of the current unpaid principal balance of the mortgage being refinanced, or \$5,000	Yes											
Disburse as cash to the borrower.	Not to exceed \$250	Not to exceed 2 percent of the Relief Refinance Mortgage, or \$2,000, whichever is less											
<b>Maximum LTV/TLTV/HTLTV</b>	<ul style="list-style-type: none"> <li>• There is no maximum LTV ratio for fixed-rate mortgages.</li> <li>• The maximum LTV ratio for ARMs is 105 percent.</li> <li>• There are no maximum TLTV and HTLTV ratios.</li> <li>• The LTV and TLTV ratios for Texas Equity Section 50(a)(6) Mortgages must not exceed 80 percent.</li> </ul>												
<b>Mortgage Insurance</b>	<p>For an LTV ratio greater than 80 percent:</p> <ul style="list-style-type: none"> <li>• If the mortgage being refinanced has mortgage insurance coverage, then the same mortgage insurance coverage percentage must be maintained for the Relief Refinance Mortgage – Open Access, on the entire unpaid principal balance.</li> <li>• If the mortgage being refinanced does not have mortgage insurance, then no mortgage insurance coverage is required for the Relief Refinance Mortgage – Open Access.</li> </ul>												
<b>Underwriting Requirements</b>	<ul style="list-style-type: none"> <li>• Must be submitted to Loan Prospector<sup>®</sup>, Freddie Mac's automated underwriting service.</li> <li>• Noncredit payment references are prohibited and may not be used to establish an acceptable credit reputation.</li> <li>• A borrower on the mortgage being refinanced may be omitted from the Relief Refinance Mortgage for any reason, provided that the omitted borrower is removed from the deed and does not retain any ownership interest in the mortgaged premises and at least one borrower(s) from the mortgage being refinanced is retained.</li> <li>• A borrower who is not on the mortgage being refinanced may be added to the Relief Refinance Mortgage, provided at least one of the existing borrower(s) is retained. A non-occupying borrower may not be added to a mortgage secured by a primary residence.</li> </ul>												

	<ul style="list-style-type: none"><li>• Lender may use Freddie Mac's automated home valuation model or a new appraisal to determine property value.</li></ul>
<b>Secondary Financing</b>	<ul style="list-style-type: none"><li>• Existing junior liens may be refinanced simultaneously with the first mortgage provided the junior lien is being refinanced for one of the following purposes:<ul style="list-style-type: none"><li>○ A reduction in the interest rate of the junior lien.</li><li>○ To replace an ARM, an interest-only junior lien, or a junior lien with a balloon or call option with a fixed-rate, fully amortizing junior lien.</li><li>○ A reduction in the amortization term of the junior lien.</li><li>○ A reduction in the monthly payment of the junior lien.</li></ul></li><li>• The unpaid principal balance of the new junior lien cannot be more than the unpaid principal balance, at the time of payoff, of the junior lien being refinanced.</li><li>• If the junior lien being refinanced is a fixed-rate junior lien, the new junior lien cannot be an ARM.</li><li>• An existing junior lien must be subordinate to the Relief Refinance Mortgage – Open Access, regardless of whether the junior lien is refinanced simultaneously with the first-lien mortgage.<ul style="list-style-type: none"><li>○ An increase in the current unpaid principal amount of any junior lien is permitted for any reason not related to the Relief Refinance Mortgage transaction.</li></ul></li><li>• No new secondary financing is permitted.</li></ul>

*Housing Counselors should understand that this document may not incorporate every requirement under, and is not to be relied on as a replacement or substitute for, the information contained in the Single-Family Seller/Service Guide (Guide) or Guide Bulletin. Lender is responsible for complying with the requirements of the Guide and relevant Guide Bulletin(s), notwithstanding the extent to which they may be inconsistent with this document.*