

Freddie Mac Refinance Programs



A refinance Mortgage can be either:

- A Mortgage the proceeds of which are used to pay off an existing Mortgage or Mortgages secured by the Mortgaged Premises with the cancellation of the existing promissory note(s) and the execution of a new promissory note and a new Security Instrument, or
- A Mortgage secured by Mortgaged Premises previously owned free and clear by the Borrower.

The following chart is a detailed comparison of different refinance Mortgages Freddie Mac will purchase under the terms of your Purchase Documents or *Single-Family Seller/Service Guide* (Guide) Chapter 24.

Attribute	Refinance Mortgages			
	Freddie Mac-owned Streamlined	“No Cash-out”	Cash-out	Special Purpose Cash-out
Guide reference	Sections 24.2 and 24.4	Sections 24.2 and 24.5	Sections 24.2 and 24.6	Sections 24.2 and 24.7
Purpose of Refinance/ Special Requirements	<p>Originated for one or more of the following reasons:</p> <ul style="list-style-type: none"> ▪ To reduce the interest rate of the First Lien Mortgage, or ▪ To reduce the amortization term of the First Lien Mortgage, or ▪ To replace an adjustable-rate Mortgage (ARM), an Initial Interest Mortgage or a Balloon/Reset Mortgage with a fixed-rate, fully amortizing Mortgage 	<p>Mortgage in which the use of the loan amount is limited to the payoff of the first mortgage, pay off junior liens used to acquire the property in its entirety, pay related closing cost, financing costs, and prepaids and disburse cash out to the Borrower not to exceed \$2,000 or 2% of new refinance Mortgage, whichever is less.</p> <p>If the Mortgage being refinanced is a First Lien, conventional Mortgage currently owned by Freddie Mac in whole or in part or securitized by Freddie Mac, the Mortgage may be eligible for higher LTV/TLTV/HTLTV ratios (refer to Guide Section 23.4) if the following requirements are met:</p> <ul style="list-style-type: none"> ▪ The proceeds of the new refinance Mortgage may not pay off a junior lien secured by the Mortgaged Premises, and ▪ Proof of the Freddie Mac loan number of the existing Mortgage is provided in the Mortgage file <p>Super conforming Mortgages that are Freddie Mac-owned “no cash-out” refinance Mortgages are not eligible for the higher LTV/TLTV/HTLTV ratios</p>	<p>Mortgage in which the use of the loan amount is not limited to specific purposes.</p> <p>If the Mortgage is being placed on a property previously owned free and clear by the Borrower, it is considered a cash-out refinance Mortgage</p>	<p>Mortgage in which the owner of the property uses the proceeds of the refinance transaction to buy out the equity of a co-owner.</p> <p>The Mortgage file must include:</p> <ul style="list-style-type: none"> ▪ Documentation evidencing that the borrower and co-owner jointly occupied the subject as their primary residence for a minimum of twelve months prior to initial loan application ▪ Written agreement stating the terms of property transfer and the disposition of refinance proceeds

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	Freddie Mac-owned Streamlined	“No Cash-out”	Cash-out	Special Purpose Cash-out
Existing Mortgage Requirements	<ul style="list-style-type: none"> ▪ First lien conventional Mortgage currently owned by Freddie Mac in whole or in part, or securitized by Freddie Mac ▪ Met Freddie Mac’s eligibility requirements in the Guide as of the Note Date, and was: <ul style="list-style-type: none"> - An Accept Mortgage, or - A Manually Underwritten Mortgage that conformed to Freddie Mac underwriting guidelines on the Note Date, and - Not an A-minus Mortgage ▪ Be serviced by the Seller or an affiliate of the Seller, originating the Freddie Mac-owned streamlined refinance Mortgage; Seller must have possession of the Mortgage file containing the original underwriting documentation 	N/A		
Seasoning	The Mortgage being refinanced must be seasoned for at least three months (the Note Date of the Mortgage being refinanced must be at least 3 months prior to the Note Date of the Freddie Mac-owned streamlined refinance Mortgage)	No minimum	No minimum seasoning requirement for existing Mortgage. However, at least one Borrower must have been on title to the subject property for at least six months prior to the Note Date of the cash-out refinance Mortgage	No minimum seasoning requirement for existing Mortgage. However, the Borrower and the co-owner receiving the buy-out proceeds must have jointly owned the property for a minimum of 12 months prior to the initial loan application (parties who inherited an interest in the property are exempt from this requirement)
Mortgage Payment History on Existing Mortgage	Current for the most recent 90 days, and has not been 30 days delinquent more than once in the most recent 12 months (or if seasoned less than 12 months, since the Note Date)	In accordance with Loan Prospector credit risk class and documentation level or Guide requirements		
New Loan Application	Required			

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Property Type	<ul style="list-style-type: none"> 1- to 2-unit Primary Residence 1-unit Second Home, if previously underwritten and sold to Freddie Mac as a second home Mortgage 	<ul style="list-style-type: none"> 1- to 4-unit Primary Residence 1-unit Second Home 1- to 4-unit Investment Property 		<ul style="list-style-type: none"> 1-to-4-unit Primary Residence 1-unit Second Home, if inherited Investment properties, if inherited
New Lien	<p>The new refinance Mortgage must be a:</p> <ul style="list-style-type: none"> 15-, 20- or 30-year fixed-rate, fully amortizing Mortgage 5/1, 7/1 or 10/1 fully amortizing ARM (If the mortgage being refinanced is a fixed-rate Mortgage, the Freddie Mac-owned streamlined refinance Mortgage may not be an ARM) <p>Refer to Guide Section 24.4 for ineligible Mortgages</p>	All product types, unless specifically prohibited	All product types unless specifically prohibited. New refinance Mortgage must not be a special purpose cash-out refinance Mortgage	All product types, except new refinance Mortgage must not be a streamlined refinance Mortgage
New Mortgage Amount	<p>The new refinance Mortgage amount may not exceed the original Mortgage amount. The new Mortgage amount is limited to:</p> <ul style="list-style-type: none"> Pay off the first Mortgage Pay related closing costs, financing costs and prepaids/escrows Disburse cash out to the Borrower (or any other payee) up to 2% of the new refinance Mortgage or \$2,000, whichever is less 	<p>The new refinance Mortgage amount is limited to:</p> <ul style="list-style-type: none"> Pay off of first mortgage, regardless of age Pay off junior liens secured by subject and used in its entirety to acquire the subject property Pay related closing costs, financing costs and prepaids/escrows Disburse cash out to the Borrower (or any other payee) up to 2% of the new refinance Mortgage or \$2,000, whichever is less 	<p>The new refinance Mortgage amount may not exceed Freddie Mac maximum mortgage amounts. No restrictions on the amount of cash back to the borrower</p>	<p>The new refinance Mortgage amount is limited to the amount used to buy out the equity of co-owner including:</p> <ul style="list-style-type: none"> Pay off of first mortgage, regardless of age Pay off junior liens secured by subject Pay related closing costs, financing costs and prepaids/escrows <p>The Borrower who retains sole ownership of the property may not receive any of the proceeds from the refinance transaction</p>
Maximum LTV/TLTV/ HLTV	Refer to Guide section 23.4 for complete LTV/TLTV/HLTV requirements			

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Maximum Housing Payment Increase (P&I)	Not more than 20% greater than the P&I payment most frequently made by the Borrower during the most recent 12 months, or since the Note Date if seasoned less than 12 months	N/A		
Change in Borrowers	<p>When an existing Mortgage will be satisfied as a result of a refinance transaction, one of following requirements must be met:</p> <ul style="list-style-type: none"> ▪ At least one Borrower on the refinance Mortgage was a Borrower on the Mortgage being refinanced ▪ At least one Borrower on the refinance Mortgage held title to and resided in the mortgaged premises as a primary residence for at least 12 months and the Mortgage file contains documentation evidencing that the Borrower either: <ul style="list-style-type: none"> - Has been making timely mortgage payments (including the payments for any secondary financing) for the most recent 12-month period, or - Is a related person to the Borrower on the Mortgage being refinanced, or ▪ At least one Borrower on the refinance mortgage inherited or was legally awarded the Mortgaged Premises by a court in the case of divorce, separation or dissolution of a domestic partnership 	N/A		
	<p>In addition, Borrowers on the new refinance Mortgage must be the same except:</p> <ul style="list-style-type: none"> ▪ A Borrower that contributed no qualifying income, assets or reserves to the Mortgage being refinanced may be omitted ▪ If seasoned at least 12 months, a Borrower may be omitted due to death or divorce, provided the Seller: <ul style="list-style-type: none"> - Obtains and retains in the Mortgage file documentation of the death or divorce, and - Obtains evidence that the remaining Borrower has been making all Mortgage payments (including any secondary financing payments) for the most recent 12 months 	N/A		

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Underwriting Requirements	<p>The Mortgage must be manually underwritten. The Borrower will be presumed to be creditworthy if:</p> <ul style="list-style-type: none"> ▪ The Seller has reviewed the original underwriting file and has made the determination that the Mortgage being refinanced conformed to Freddie Mac eligibility requirements on the Note Date ▪ The Seller has manually underwritten the Freddie Mac-owned streamlined refinance Mortgage in accordance with the requirements of this section and has determined that the Mortgage is eligible for sale to Freddie Mac. ▪ The minimum Indicator Score is 620. Super conforming manually underwritten Mortgages must meet the minimum indicator score requirements of Guide Section L33.5 (b). A Mortgage that does not have an Indicator Score may not be delivered as a Freddie Mac-owned streamlined refinance Mortgage. <p>Note: If second home, the special underwriting requirements of Guide Section 22.22 (b) do not apply.</p>	<ul style="list-style-type: none"> ▪ For Loan Prospector Accept and A-minus Mortgages, the Seller does not need to determine the Borrower’s creditworthiness ▪ For Manually Underwritten Mortgages, the Seller must make the determination regarding Borrower creditworthiness ▪ The Mortgage must meet the minimum Indicator Score requirements set forth in Guide Exhibit 25, Mortgages with Risk Class and/or Minimum Indicator Score Requirements 		
Minimum Income and Employment Documentation	Not required	In accordance with Loan Prospector credit risk class and documentation level or Guide requirements		
Verification of Funds	Not required	Not required unless: <ul style="list-style-type: none"> ▪ Reserves are entered into Loan Prospector ▪ The loan is a Higher-Priced Mortgage Loan 		

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Subordinate/ Junior Liens	<p>An existing junior lien must:</p> <ul style="list-style-type: none"> Be subordinated to the Freddie Mac-owned streamlined refinance Mortgage Meet the requirements of the Guide Chapter 25 pertaining to secondary financing <p>No increases in the unpaid principal balance amount of the junior lien, or new secondary financing permitted.</p> <p>An existing junior lien may be refinanced simultaneously with the first lien Mortgage being refinanced if it meets the requirements in Guide Section 24.4</p>	<p>The borrower is not required to satisfy an outstanding junior lien provided that:</p> <ul style="list-style-type: none"> The junior lien remains subordinate to the lien of the new refinance Mortgage The requirements of Guide Section 25.2 pertaining to secondary financing are met A copy of the subordination agreement is maintained in the Mortgage file <p>If a junior lien was paid off, obtain documentation in the Mortgage file demonstrating that the full amount of the lien was used for the purchase of the subject property</p>	<p>The borrower is not required to satisfy an outstanding junior lien provided that:</p> <ul style="list-style-type: none"> The junior lien remains subordinate to the lien of the new refinance Mortgage The requirements of Guide Section 25.2 pertaining to secondary financing are met A copy of the subordination agreement is maintained in the Mortgage file 	<p>The borrower is not required to satisfy outstanding junior liens secured by the subject property provided that:</p> <ul style="list-style-type: none"> Junior lien remains subordinate to the lien of the new refinance Mortgage Junior lien meets the requirements of Section 25.2 pertaining to secondary financing A copy of the subordination agreement is maintained in the Mortgage file
Collateral Valuation	<p>Provide either:</p> <ul style="list-style-type: none"> The appraisal used to originate the Mortgage being refinanced or the last Feedback Certificate evidencing that the Mortgage was eligible for the Form 2070 or PIA plus any supporting documentation, or A new appraisal with an interior and exterior inspection <p>The Seller warrants that the value has not declined.</p> <p>Note: If a super conforming Mortgage, the special appraisal and collateral requirements of Guide Section L33.6 do not apply. If a Condominium Unit Mortgage, the seller does not need to again represent and warrant the project meets Freddie Mac’s eligibility requirements</p>	<p>Provide a new appraisal or inspection report meeting the requirements of Chapter 44</p>		

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Owner of Record	Verify the Borrower is an Owner of Record and/or the Borrower is a vendee on the recorded land contract, and the vendor is the Owner of Record. Evidence verification with documentation in the file			
Postsettlement Delivery Fees	Refer to Exhibit 19, Postsettlement Delivery Fees			Refer to Exhibit 19, Postsettlement Delivery Fees. The cash-out delivery fee indicated on Exhibit 19 will not be assessed
Delivery Requirements (Form 11 or 13SF) (Guide Section 17.18)	<ul style="list-style-type: none"> ▪ SCC: 007 and 288 ▪ Reference Code: 0007 ▪ Associated FHLMC Loan # field completed with Freddie Mac supplied number assigned to the original Mortgage ▪ The borrower’s current income stated on Form 65 	<ul style="list-style-type: none"> ▪ SCC: 007 ▪ SCC: D99 if Freddie Mac-owned “no cash-out” refinance mortgage with expanded LTV/TLTV/HTLTV ratios 	SCC: 003	SCC: 003 and 203
Special Postfunding Quality Control Requirement	If the Mortgage is selected for a postfunding quality control review, the Seller must provide both the Mortgage file for the Mortgage being refinanced and the new refinance Mortgage	N/A		