

# Freddie Mac Relief Refinance Mortgages<sup>SM</sup> – Same Servicer Eligibility Requirements



This quick reference provides the eligibility information on the Freddie Mac Relief Refinance Mortgages – Same Servicer **for Application Received Dates on or after November 19, 2012\***. The Relief Refinance Mortgage offers Borrowers who have been unable to refinance due to declining property values, the ability to refinance into mortgages that better positions them for long-term homeownership success.

For detailed eligibility and underwriting requirements refer to Guide Chapter 4302, Freddie Mac Relief Refinance Mortgages – Same Servicer.

## Important Dates

Freddie Mac Relief Refinance Mortgages – Same Servicer must:

- Have Application Received Dates on or after November 19, 2012 and on or before September 30, 2018.
- Have Settlement Dates no more than 12 months after the Note Date and on or before June 30, 2019.

**Note:** Notwithstanding the provisions of Guide Sections 4201.5 and 5601.8(b), the Seller is not required to obtain a new appraisal if the Settlement Date is more than 120 days after the Note Date.

Topic	Requirement
<b>Allowable Refinance Practices</b>	<p><b>For loan-to-value (LTV) ratios greater than 80%</b>, Mortgages owned or securitized by Freddie Mac may be targeted for Relief Refinance Mortgages – Same Servicer provided that the same advertising and solicitation activities are applied with respect to Borrowers of Mortgages owned or securitized by Fannie Mae that are eligible to be refinanced under the Home Affordable Refinance Program (HARP). Refer to Guide Section 4302.1(b) for complete details on allowable refinance practices.</p> <p><b>For LTV ratios less than or equal to 80%</b>, refer to Guide Section 4301.3 for allowable and unacceptable refinance practices.</p>
<b>Eligibility Requirements for the Mortgage being refinanced</b>	<p>The <b>Mortgage being refinanced</b> must:</p> <ul style="list-style-type: none"> <li>▪ Have a Note Date on or before May 31, 2009. (Refer to Freddie Mac's <a href="#">Home Possible Income &amp; Property Eligibility</a>. For Freddie Mac owned loans, the Note Date will be displayed on the results page.)</li> <li>▪ Be a First Lien, conventional Mortgage currently owned by Freddie Mac in whole or in part, or securitized by Freddie Mac</li> </ul> <p><b>Note:</b> If the Mortgage being refinanced was considered for and/or received a Freddie Mac modification, the Mortgage is eligible to be refinanced as a Relief Refinance Mortgage – Same Servicer. The current contractual payment terms of the modified Mortgage must be used for the purpose of determining whether the Relief Refinance Mortgage – Same Servicer meets the Borrower benefit requirements of the offering.</p>
<b>Servicing</b>	<ul style="list-style-type: none"> <li>▪ The Mortgage being refinanced must be serviced by the Seller, or an Affiliate of the Seller</li> <li>▪ The Mortgage originator of the Relief Refinance Mortgage – Same Servicer must have the Mortgage file of the Mortgage being refinanced</li> </ul>
<b>Mortgage Payment History for the Mortgage being refinanced</b>	<ul style="list-style-type: none"> <li>▪ The Mortgage has not been 30 or more days delinquent in the most recent 6 months; and</li> <li>▪ The Mortgage has not been 30 or more days delinquent more than once in the most recent 12 months</li> </ul>

\*The date on which receipt of the Borrower's financial information first triggers federal Truth-in-Lending disclosure requirements to the Borrower in connection with the Mortgage.

Note: A vertical revision bar " | " is used in the margin of this quick reference to highlight new requirements and significant changes.

Topic	Requirement
<b>Rep/Warrant for the Mortgage being refinanced</b>	<p>The Seller is not required to represent and warrant that the Mortgage being refinanced met the Freddie Mac eligibility requirements in its Purchase Documents related to the following:</p> <ul style="list-style-type: none"> <li>▪ Borrower creditworthiness (credit reputation and capacity) and any other underwriting requirements</li> <li>▪ Value, condition and marketability of the Mortgaged Premises</li> </ul> <p>The Seller is required to represent and warrant the Mortgage being refinanced:</p> <ul style="list-style-type: none"> <li>▪ Was not originated or sold pursuant to a scheme or pattern of fraud that involved two or more Mortgages and two or more perpetrators acting in common effort.</li> <li>▪ Met all other Freddie Mac eligibility requirements in its Purchase Documents such as anti-predatory lending and Condo Project eligibility</li> </ul>
<b>Mortgages with Recourse, Indemnification, Mortgage Pool Insurance or Other Negotiated Credit Enhancements on the Mortgage being refinanced</b>	<ul style="list-style-type: none"> <li>▪ Mortgages being refinanced that have recourse or indemnification are eligible for refinancing under the provisions of 4302. Refer to Guide Section 4302.2(j)</li> <li>▪ For Mortgages being refinanced that have pool insurance or other negotiated credit enhancements, it is eligible for refinancing provided the loan-to-value (LTV) ratio of the Relief Refinance Mortgage is less than or equal to 80%. For Relief Refinance Mortgages with LTV ratios greater than 80%, refer to your Freddie Mac representative for additional instructions for eligibility and delivery of these Mortgages</li> </ul>
<b>Borrower Benefit</b>	<p>The Relief Refinance-Mortgage – Same Servicer must be originated for one of the following purposes:</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>SM</sup> Mortgage (or any Mortgage with an initial 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 (the new refinance Mortgage may have a longer amortization term than the existing Mortgage if at least one of the other requirements is met), or</li> <li>▪ Reduction in the monthly principal and interest payment of the First Lien Mortgage</li> </ul>
<b>Property Type</b>	<p>Attached or detached dwelling, Manufactured Home or unit in a condominium project or PUD, or if permitted by the Seller's Purchase Documents, a Cooperative Unit</p>
<b>Occupancy</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> <p>*A Borrower will be presumed to be creditworthy under the underwriting requirements of Chapter 4201 for Mortgages secured by a second home or an Investment property, including the requirements regarding number of financed properties, if all of the requirements of Guide Chapter 4302 are met.</p> <p><b>Note:</b> The Mortgage being refinanced and the Relief Refinance Mortgage – Same Servicer do not have to represent the same occupancy</p>
<b>Relief Refinance Mortgage Eligibility/ Ineligibility</b>	<p>The refinance Mortgage must be a:</p> <ul style="list-style-type: none"> <li>▪ Conventional 15-, 20- or 30-year fixed-rate, fully amortizing Mortgage</li> <li>▪ Conventional nonconvertible 5/5, 5/1, 7/1 or 10/1 fully amortizing adjustable-rate Mortgage (ARM)</li> </ul> <p><b>Note:</b> A fixed-rate Mortgage may be refinanced into an ARM only when it results in a reduction in the monthly principal and interest payment of the First Lien Mortgage. Eligible Relief Refinance Mortgages that are ARMs are limited to conventional nonconvertible 5/1, 7/1 or 10/1 ARMs. However, because an ARM is a riskier product than a fixed-rate Mortgage, Sellers should urge Borrowers(s) to refinance into fixed-rate Mortgages whenever possible. Also, the refinance Mortgage may be a super conforming Mortgage.</p> <p>Refer to Guide Section 4302.2(b) for a list of ineligible Relief Refinance Mortgages-Same Servicer</p>
<b>Maximum LTV/TLTV/HTLTV</b>	<ul style="list-style-type: none"> <li>▪ Fixed-rate Mortgages: there is no maximum LTV ratio. See note below</li> <li>▪ ARMs: the maximum LTV ratio is 105%</li> <li>▪ There are no maximum TLTV and HTLTV ratios</li> </ul> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>○ The maximum LTV and TLTV ratios for Texas Equity Section 50(a)(6) Mortgages is 80%</li> <li>○ Mortgages with LTV ratios greater than 105% are not eligible for a Cash sale using the servicing-released sales process</li> </ul>

Topic	Requirement
<b>Mortgage Proceeds/ Closing Costs, Financing Costs and Prepaid Items</b>	<p>The proceeds of the Relief Refinance Mortgage must be used only to:</p> <ul style="list-style-type: none"> <li>▪ Pay off the first Mortgage (amount including only the unpaid principal balance and interest accrued through the date the Mortgage being refinanced is paid off)</li> <li>▪ Pay related Closing Costs, Financing Costs, Prepays, and Escrows not to exceed \$5,000</li> <li>▪ Disburse cash to the Borrower not to exceed \$250.</li> </ul> <p><b>Note:</b> The proceeds may not be used to pay off or pay down any junior liens</p> <p>Refer to: <a href="#">Determining the Maximum Loan Amount on Freddie Mac Relief Refinance Mortgages</a> quick reference</p>
<b>Excessive Funds Remaining from Proceeds</b>	<p>In the event there are remaining proceeds from the Relief Refinance Mortgage after the proceeds are applied as described above:</p> <ul style="list-style-type: none"> <li>▪ The mortgage amount must be reduced, or</li> </ul> <p>The excess amount must be applied as a principal curtailment to the Relief Refinance Mortgage at closing and must be clearly reflected on the Settlement/Closing Disclosure Statement Under no circumstances may cash disbursed to the Borrower exceed \$250.</p>
<b>Lender Contributions</b>	<ul style="list-style-type: none"> <li>▪ The lender may provide the Borrower with a cash or a cash-like (e.g., a gift card) contribution that is not reflected on the Settlement/Closing Disclosure Statement provided that: <ul style="list-style-type: none"> <li>○ The amount of the contribution does not exceed \$500.00; and</li> <li>○ No repayment is required</li> </ul> <p><b>Note:</b> The contribution is not considered cash out to the Borrower and does not have to be included in the calculation of the proceeds of the Relief Refinance Mortgage as described above and in Guide Section 4302.2(a).</p> </li> <li>▪ The lender may provide a contribution towards the payoff of the Mortgage being refinanced, provided that: <ul style="list-style-type: none"> <li>○ The amount of the contribution does not exceed \$2,000.00;</li> <li>○ No repayment is required; and</li> <li>○ The contribution is reflected on the Settlement/Closing Disclosure Statement</li> </ul> <p><b>Note:</b> The contribution is not considered cash out to the Borrower provided it does not result in cash disbursed to the Borrower exceeding \$250.00, as required in Guide Section 4302.2.</p> </li> </ul> <p>As required under the Guide for all Mortgages sold to Freddie Mac, the Seller must comply with the requirements of all applicable laws in structuring and providing the contributions.</p>
<b>Subordinate/ Junior Liens</b>	<ul style="list-style-type: none"> <li>▪ Existing junior liens must be re-subordinated to the new refinance Mortgage and meet the requirements of the Guide Chapter 4204 pertaining to secondary financing</li> <li>▪ An increase in the current unpaid principal amount of any junior lien is prohibited to curtail the Relief Refinance Mortgage – Same Servicer or to pay related Closing Costs, Financing Costs or Prepays/Escrows, and no new secondary financing is permitted</li> <li>▪ May be refinanced simultaneously with the First Lien Mortgage 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 the monthly principal and interest (P&amp;I) payment</li> </ul> </li> </ul> <p>For additional requirements refer to Same Servicer Guide Section 4302.2(a)(v)</p>
<b>Mortgage Insurance</b>	<p>For an <b>LTV ratio greater than 80%:</b></p> <ul style="list-style-type: none"> <li>▪ If the existing Mortgage has mortgage insurance coverage, then the same percentage of coverage must be maintained for the refinance Mortgage on the entire unpaid principal balance</li> <li>▪ If the existing Mortgage did not have mortgage insurance coverage, then no Mortgage insurance coverage is required for the new Freddie Mac Relief Refinance Mortgage</li> </ul> <p><b>Note:</b> If mortgage insurance is present on the existing Mortgage, refer to Guide Section 4302.3(e) for special delivery requirements</p>
<b>New Loan Application</b>	<p>Form 65, Uniform Residential Loan Application is required</p>

Topic	Requirement
<p><b>Change in Borrowers</b></p>	<p>The Borrower(s) obligated on the Note of the new refinance Mortgage must be the same as the borrower obligated on the Note of the Mortgage being refinanced, except that a Borrower obligated on the Note of the Mortgage being refinanced may be omitted from the Note of the Relief Refinance Mortgage – Same Servicer, provided that:</p> <ul style="list-style-type: none"> <li>▪ The Mortgage file contains evidence that remaining borrower has been making the Mortgage payments, including the payments for any secondary financing, for the most recent 12-month period, or</li> <li>▪ The remaining Borrower(s) qualifies for the Mortgage based on meeting the requirements for Mortgages with a principal and interest payment increase (Guide Section 4302.2(g), or</li> <li>▪ In the case of death, documentation of the borrower’s death is obtained and retain in the Mortgage file</li> </ul> <p><b>Note:</b> At least one borrower(s) must be retained on the new refinance Mortgage</p>
<p><b>Loan Product Advisor</b></p>	<p>Must not be submitted to Loan Product Advisor or any other automated underwriting system. The Mortgage must be manually underwritten</p>
<p><b>Indicator Score</b></p>	<ul style="list-style-type: none"> <li>▪ A new Indicator Score must be identified and delivered for all Freddie Mac Relief Refinance Mortgages – Same Servicer. Refer to Guide Sections 5203.2(e) for identifying the Indicator Score, and 5302.2(f) and 6302.11 for Indicator Score delivery requirements</li> <li>▪ There is no minimum Indicator Score requirement, unless the Borrower’s principal and interest payment on the new refinance Mortgage increases by more than 20%. See Principal &amp; Interest Increases more than 20%, below, for requirements</li> <li>▪ If no minimum Indicator Score is required, and there is no usable credit score due to insufficient or inaccurate information, Mortgage is eligible for purchase</li> <li>▪ If a minimum Indicator Score is required, and there is no usable score, then the Mortgage is ineligible for purchase</li> </ul>
<p><b>Monthly Debt-Payment-to Income Ratio</b></p>	<p>Not required to calculate unless principal and interest increases by more than 20%. See Principal &amp; Interest Increases more than 20%, below, for requirements</p>
<p><b>Employment and Income Documentation</b></p>	<p>Regardless of change in principal and interest, verify source of income. At least one Borrower must have a source of income and verification of the income source is required:</p> <ul style="list-style-type: none"> <li>▪ Employed income: verbal verification of employment is required and must meet the requirements of Guide Section 5302.3 and Guide Topic 5300</li> <li>▪ Self-employed: verification of existence of the business is required and must meet the requirements of Guide Topic 5300</li> <li>▪ Other income sources: verification of the source of income is required and must be an eligible source under Guide Topics 5100 through 5500</li> </ul> <p>In lieu of verifying an income source, the Seller may verify 12 months’ reserves (using the monthly payment amount described in Guide Sections 5501.2 and 5501.3) for the new refinance Mortgage using funds in the borrower’s depository accounts, meeting the requirements in Guide Section 5501.3(b). Document the Mortgage file with the most recent monthly or quarterly account statement</p> <p><b>Note:</b> If principal and interest increases by more than 20%, see Principal &amp; Interest Increases more than 20%, below, for additional eligibility requirements.</p>
<p><b>Asset Documentation</b></p>	<p>Not required. If principal and interest increases by more than 20% then verification of Borrower Funds needed for closing is required. See Principal &amp; Interest Increases more than 20%, below, for additional eligibility requirements</p> <p><b>Note:</b> The use of Hardest Hit Funds (HHF) by a Housing Financing Agency (HFA) to pay down or curtail the outstanding mortgage balance on a Borrower’s existing loan at the time of refinancing or to pay Closing Costs, Financing Costs and Prepays/Escrows is permitted, as long as the funds provided do not result in a lien on the property. The Mortgage file must contain documentation verifying the terms and conditions of the HHF funds provided to the Borrower.</p>

Topic	Requirement
<p><b>Principal and Interest (P&amp;I) Increases more than 20% / HPCTs and HPMLs</b></p>	<p>When,</p> <ul style="list-style-type: none"> <li>▪ The principal and interest payment increases* by more than 20% of the current contractually obligated payment under the Note (in the event that the Note provides for more than one payment option, the Seller must use the lowest payment option to determine whether the increase exceeds 20%); or</li> <li>▪ A Relief Refinance Mortgage – Same Servicer is a High-Priced Covered Transaction (HPCT) or a Higher-Priced Mortgage Loan (HPML) with an Application Received Date on or after January 10, 2014, the following requirements must be met: <ul style="list-style-type: none"> <li>– New credit report must be obtained</li> <li>– A new minimum Indicator Score is required and must be at least 620. If no Borrower has a usable Credit Score, the Mortgage does not have an Indicator Score so the Mortgage is not eligible for purchase as a Relief Refinance Mortgage – Same Servicer.</li> <li>– Verification of income source and amount required. For minimum documentation requirements, refer to <a href="#">Freddie Mac Relief Refinance Mortgages Income and Asset Documentation Requirements</a> job aid. For complete requirements, refer to Guide Section 4302.2 (g) (ii).</li> <li>– Verification of Borrower Funds needed for closing. For minimal documentation requirements, refer to <a href="#">Freddie Mac Relief Refinance Mortgages Income and Asset Documentation Requirements</a> job aid. For complete requirements, refer to Guide Section 4302.2 (g) (ii).</li> <li>– Debt payment-to-income (DTI) ratio must be calculated using new credit report and verified income and cannot exceed 45%.</li> </ul> </li> </ul> <p><b>Note:</b> When repayment of Hardest Hit Fund program funds is required, and the principal and interest increases by more than 20%, the verified payment must be included in the DTI ratio, unless repayment of funds is due only upon sale or default.</p> <p>* There is no limit on the amount of the increase</p>
<p><b>Collateral Documentation and Property Value Determination</b></p>	<p><b>For the Mortgage being refinanced:</b> the Seller must have and retain in the existing Mortgage file the original collateral documentation used to originate the Mortgage being refinanced (Original appraisal, Last Feedback Certificate if eligible for the Property Inspection Alternative or original AVM documentation if AVM was permitted by Seller's Purchase Documents):</p> <ul style="list-style-type: none"> <li>▪ The original appraisal, Property Inspection Alternative or AVM must meet the requirements of the Seller's Purchase Documents</li> <li>▪ The Seller retains all representations and warranties for the original appraisal or AVM for the existing Mortgage, except that the Seller is not responsible for the representations and warranties regarding the value, condition and marketability of the Mortgaged Premises for the Mortgage being refinanced</li> </ul> <p><b>Property value may be determined for the Relief Refinance Mortgage by one of two different methods:</b></p> <p><b>Option One: Home Value Explorer® (HVE)</b></p> <p>Seller may determine the value of the Mortgaged Premises using a point value estimate from HVE. Sellers using HVE data agree to the terms and conditions of Guide Exhibit 32, Terms Relating to Use of Data Generated by Home Value Explorer. All the following requirements must be met:</p> <ul style="list-style-type: none"> <li>▪ Property is a 1- to 2-unit attached or detached dwelling, or a unit in a Condominium Project or PUD (no Manufactured Homes, dwelling on a leasehold estate, or if a Seller is permitted to deliver Cooperative Share Loans under its Purchase Documents, a Cooperative Unit)</li> <li>▪ The Forecast Standard Deviation is no greater than 0.20 (corresponding to a Confidence Score of "H" (high) or "M" (medium))</li> <li>▪ The Seller must maintain the HVE point value estimate for the Relief Refinance Mortgage – Open Access and any information necessary to evidence compliance with the HVE requirements. Upon Freddie Mac's request, the Seller must provide Freddie Mac with a copy of this HVE documentation</li> <li>▪ As of the Note Date of the refinance Mortgage, the HVE point value estimate may not be more than 120 days old</li> </ul> <p><b>Seller Representation and Warranties:</b></p> <ul style="list-style-type: none"> <li>▪ Relieved of representations and warranties regarding value, internal and external condition and marketability of the Mortgaged Premises for the refinance Mortgage. Seller may not use the HVE value option if aware of any circumstances or conditions adversely affecting the value, condition or marketability of the Mortgaged Premises as of the Settlement Date</li> <li>▪ Represents and warrants all information provided for the purpose of obtaining the HVE point value estimate, including the address of the Mortgaged Premises, is true, complete and accurate</li> </ul>

Topic	Requirement
<p><b>Collateral Documentation and Property Value Determination (continued)</b></p>	<p><b>Option Two:</b> Obtain a New Appraisal meeting requirements of Seller's Purchase Documents</p> <p><b>Seller Representations and Warranties for New Appraisal:</b> Relieved of representations and warranties regarding the value, condition and marketability of the Mortgaged Premises</p> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>▪ Freddie Mac will accept appraisal reports with a property condition rating of C5 or C6 and/or a quality rating of Q6 completed on an "as-is" basis</li> <li>▪ The appraisal does not need to be completed subject to needed repairs being completed</li> </ul> <p>Seller is not responsible for the completeness and accuracy of the appraiser's description of the property, and the accuracy of the and support for the appraiser's opinion of the market value of the property as specified in Guide Section 5601.12</p> <p><b>Note:</b> For Texas Equity Section 50(a)(6) Mortgages, the Seller must obtain an appraisal that meets Freddie Mac requirements and complies with Section 50(a)(6)(Q)(ix) and Section 50(h) of Article XVI of the Texas Constitution</p>
<p><b>Properties Affected by Disasters</b></p>	<ul style="list-style-type: none"> <li>▪ Seller is not required to obtain a property inspection or new appraisal when a property valuation (either an HVE point value estimate or an appraisal) was relied on prior to a disaster, provided the Mortgage meets the requirements of Chapter 8202; and</li> <li>▪ Seller can use an HVE point value estimate with a high or medium confidence score after a disaster without obtaining a property inspection or appraisal to determine property condition, provided that the Mortgage meets the requirements of Chapter 8202</li> </ul>
<p><b>Condominium Project or Cooperative Project (if applicable)</b></p>	<ul style="list-style-type: none"> <li>▪ Seller is required to represent and warrant that the <b>Mortgage being refinanced</b> met all Project eligibility requirements for Mortgages secured by Condominium Units, or, if permitted by the Seller's Purchase Documents, Cooperative Share Loans</li> <li>▪ Seller does not need to again represent and warrant that the Condominium Project, or Cooperative Project, as applicable, meets Freddie Mac eligibility requirements as of the Settlement Date of the Relief Refinance Mortgage – Same Servicer</li> </ul> <p><b>Note:</b> Refer to Guide Section 4302.3, as applicable, for delivery requirements for Mortgages secured by units in a Condominium Project</p>

This document is not a replacement or substitute for the information found in the Freddie Mac *Single-Family Seller/Servicer Guide* and/or terms of your Master Agreement and/or other Pricing Identifier Terms.

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