



## Relief Refinance Mortgages – Program Highlights

With the federal Making Home Affordable Program extended through June 2012, interest rates still near historic lows, and the Freddie Mac Relief Refinance Mortgage<sup>SM</sup> providing both the Same Servicer and Open Access options, this is a good time to help borrowers refinance into mortgages that better position them for a successful long-term homeownership experience. The following information outlines key highlights and benefits of Freddie Mac's Relief Refinance Mortgage.

| Relief Refinance Mortgage – Program Highlights |   |  |
|--|---|--|
|  | Same Servicer   | Open Access  |
| <b>Seller Benefits</b>                         | <ul style="list-style-type: none"> <li>Retain borrowers through the Same Servicer option</li> </ul>   | <ul style="list-style-type: none"> <li>Reach new borrowers through the Open Access option</li> </ul> |
|  | <ul style="list-style-type: none"> <li>Generate additional revenue from new originations</li> <li>Tap niche borrowers who would otherwise not be eligible for a traditional refinance</li> <li>Demonstrate commitment to stabilizing the communities you serve</li> </ul>   |  |
| <b>Borrower Benefits</b>                       | <ul style="list-style-type: none"> <li>Potential to reduce the interest rate of the first-lien mortgage</li> <li>Potential to reduce the amortization term of the first-lien mortgage</li> <li>Create long-term stability by replacing an adjustable-rate mortgage (ARM), interest-only mortgage, or a balloon/reset mortgage with a fixed-rate fully amortizing mortgage</li> </ul>  |  |
| <b>Eligibility Requirements</b>                | <ul style="list-style-type: none"> <li>Existing Junior liens must be subordinated to the Relief Refinance Mortgage</li> <li>Existing junior liens may be refinanced simultaneously with the first mortgage if certain conditions are met</li> <li>An increase in the current unpaid principal amount of any junior lien is permitted for reasons not related to the Relief Refinance Mortgage transaction</li> <li>No new secondary financing is permitted</li> <li>Super conforming mortgages allowed</li> <li>Option to refinance into an ARM – up to 105% loan-to-value (LTV) – provided original mortgage is a balloon/reset mortgage or an ARM and the new mortgage interest rate will be lower</li> </ul> |  |

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|----------------------------------|--|--|
|                                  | <ul style="list-style-type: none"> <li>• Mortgages being refinanced that were sold to Freddie Mac with recourse or indemnification must be delivered with recourse or indemnification</li> <li>• Existing mortgages originated as an investment or second home and are now owner occupied may be eligible to be refinanced as a primary residence mortgage</li> <li>• Borrower allowed to have more than four financed properties</li> </ul>   | <ul style="list-style-type: none"> <li>• Seller originating the new mortgage does not need to be the servicer of the mortgage being refinanced</li> <li>• Occupancy status can change since the Relief Refinance Mortgage is fully underwritten using Loan Prospector®</li> </ul>  |
| <b>Underwriting Requirements</b> | <ul style="list-style-type: none"> <li>• LTV ratio up to 125% for fixed-rated mortgages</li> <li>• LTV ratio up to 105% for ARMs</li> <li>• No maximum TLTV or HTLTV ratio</li> </ul>  |  |
|                                  | <ul style="list-style-type: none"> <li>• No requalification requirement if principal and interest (P&amp;I) payment increases less than 20%</li> <li>• Reduced processing cost and time due to streamlined underwriting</li> <li>• No requirement to verify income and employment when P&amp;I increase is less than 20% or more</li> <li>• New condominium project review not required with origination</li> <li>• Home Value Explorer® (HVE) point value estimate accepted in lieu of appraisal for eligible properties</li> <li>• Seller is relieved of representations and warranties for the value, condition, and marketability of the mortgaged property if certain conditions are met and HVE is used for estimate of value</li> <li>• A borrower may be omitted for any reason provided they are removed from the deed and do 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> </ul> | <ul style="list-style-type: none"> <li>• Automated underwriting through Loan Prospector</li> <li>• Relief from credit and capacity representations and warranties from Loan Prospector</li> <li>• A borrower may be omitted for any reason provided they are removed from the deed and do not retain any ownership interest in the mortgaged premises.</li> <li>• A borrower may be added, 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> |

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|---|---|--------------------|
|   | <b>Same Servicer</b>  | <b>Open Access</b> |
| <b>Relief From Mortgage Insurance Requirements</b>    | <ul style="list-style-type: none"> <li>• Allows transfer of existing mortgage insurance to a Relief Refinance Mortgage, even if current LTV ratio is &gt; 80%</li> <li>• No change in mortgage insurance coverage if the LTV ratio on the Relief Refinance Mortgage is greater than on the existing loan</li> <li>• No mortgage insurance required if existing mortgage did not require mortgage insurance</li> <li>• No new mortgage insurance if mortgage insurance was cancelled, as allowed by the <i>Single-Family Seller/ Servicer Guide</i>, on the mortgage being refinanced</li> </ul> |                    |
| <b>Delivery Fee Savings</b>                           | <ul style="list-style-type: none"> <li>• Exhibit 19 delivery fee rates capped at 200 bps</li> <li>• 50 bps reduced term incentive for fixed-rate Relief Refinance Mortgages with LTV ratios &gt; 105% &amp; ≤125% when the term of the original mortgage being refinanced was 30 years or greater and the term of the Relief Refinance Mortgage will be greater than 15 years and less than or equal to 25 years</li> </ul>   |                    |
| <b>Execution Requirements</b>                         | <ul style="list-style-type: none"> <li>• Servicing-released for mortgages with LTV ratios up to 105%</li> <li>• Cash adjustor applies to all fixed-rate Relief Refinance Mortgages with LTV ratios greater than 105% sold for cash</li> </ul>   |                    |

**Learn more about Relief Refinance Mortgages:**

- Call 800-FREDDIE
- Visit FreddieMac.com

**FreddieMac.com**

Freddie Mac is proud to play a leading role in the Making Home Affordable Program.

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The information in this document is not a replacement or substitute for information found in the *Single-Family Seller/Servicer Guide* and/or the terms of your Master Agreement and/or Master Commitment.