



Key Features:

- 1- to 4-unit primary residences, second homes and 1- to 4-unit investment properties
- Up to 90% LTV for 1- to 2-unit primary residence or second home
- May use proceeds of the refinance to pay off junior liens or other needs
- Roll all related closing costs and prepaid items into the new loan amount
- Special Purpose Cash-out Refinance Mortgages

Looking for Other Refinance Mortgages and More Ways to Retain Your Customers?

Visit FreddieMac.com for more information on:

- Streamlined Refinance Mortgages
- No Cash-out Refinance Mortgages
- Streamlined Purchase for Homeowners Mortgages

Cash-out Refinance Mortgages

Cash Out for Many Purposes

With Freddie Mac's Cash-out Refinance Mortgages, borrowers are able to receive cash out from the value of their home to use for debt consolidation or any other purpose.

Our Cash-out Refinance Mortgage offers flexibility and variety, so you can meet a diverse range of borrower needs: obtaining cash for home improvements, reducing a rate and monthly payment, paying off a purchase money junior lien used for any purpose, or paying off a leasehold interest. Plus, all related closing costs, financing costs and prepaid items can be rolled into the new loan amount, further maximizing your borrower's cash flow potential. In addition, our Special Purpose Cash-out Refinance Mortgage allows borrowers in special circumstances to use the proceeds of the refinance transaction to buy out the equity of a co-owner. With the Special Purpose Cash-out refinance Mortgage in your product line, you can now offer your borrowers another option to meet their specific needs.

With our Cash-out Refinance Mortgages there's no seasoning requirement for the mortgage being refinanced as long as the mortgage does not exceed our maximum loan amounts and maximum LTV ratios. When you use Loan Prospector® automated underwriting technology to assess these mortgages, you'll further streamline your process at the point of sale.

Lender Benefits

Cash-out Refinance Mortgages help you:

- Meet the needs of more refinance borrowers looking to leverage their home equity for a variety of purposes.
- Retain more of your customer base in refinance markets.
- Improve efficiencies using Loan Prospector technology.
- Meet the needs of borrowers with special circumstances using the Special Purpose Cash-out Refinance option.

Borrower Benefits

For your borrowers, Cash-out Refinance Mortgages:

- Provide cash out to consolidate debt or for any other purpose.
- Allow them to pay off junior liens, including HELOCs, pay off a leasehold interest, pay for home improvements or buy out the equity of an ex-spouse, joint heir or joint devisee.
- Eliminate upfront costs by rolling in all related closing costs, financing costs and prepaid items into the new loan amount.

See reverse for underwriting, execution and other details.

Eligible Property Types

- 1- to 4-unit primary residence
- 1- to 4-unit investment property
- Second home

Eligible Mortgages

- 15-, 20-, 30- and 40-year* fixed-rate mortgages
- 5- and 7-year balloon/reset mortgages
- Most standard ARMs
- No seasoning requirement for eligible mortgages and inherited properties

* 40-year fixed-rate mortgages are eligible for Loan Prospector assessment, commitment and delivery beginning September 1, 2006.

Maximum LTV for New Mortgage

- For mortgages other than 40-year fixed-rate mortgages:
 - 1- to 2-unit primary residence or second home:
 - ⇒ Max. LTV without secondary financing: 90%
 - ⇒ Max. LTV with secondary financing: 85%
 - ⇒ Max. TLTV with secondary financing: 90%
 - ⇒ Max. HTLTV: 95%
 - 1- to 2-unit investment property:
 - ⇒ Max. LTV without secondary financing: 85%
 - ⇒ Max. LTV with secondary financing: 80%
 - ⇒ Max. TLTV with secondary financing: 85%
 - ⇒ Max. HTLTV: 90%
 - 3- to 4-unit primary residence:
 - ⇒ Max. LTV without secondary financing: 75%
 - ⇒ Max. LTV with secondary financing: 70%
 - ⇒ Max. TLTV with secondary financing: 75%
 - ⇒ Max. HTLTV: 80%
 - 3- to 4-unit investment property:
 - ⇒ Max. LTV without secondary financing: 70%
 - ⇒ Max. LTV with secondary financing: 65%
 - ⇒ Max. TLTV with secondary financing: 70%
 - ⇒ Max. HTLTV: 75%
- For 40-year fixed-rate mortgages, maximum LTV ratios must comply with *Single-Family Seller/Service Guide*(Guide), Section 23.4 for Loan Prospector® and manually underwritten mortgages

Borrower Eligibility Requirements

- Loan Prospector Accept

- For manually underwritten Cash-out Refinance Mortgages, the Seller must make the determination regarding borrower creditworthiness in accordance with the requirements of the Guide Chapter 37.4(b), Establishing Borrower credit reputation for Manually Underwritten Mortgages.
- For Cash-out Refinance Mortgages with an LTV ratio greater than 70%, the mortgage must be:
 - ⇒ A Loan Prospector Accept mortgage
 - ⇒ An A-minus mortgage
 - ⇒ A manually underwritten mortgage with a minimum Indicator Score of 720

Closing Costs, Financing Costs & Prepaids/Escrows

All closing costs, financing costs and prepaids can be rolled into the new loan amount.

Cash Back to Borrower

No limit on cash back for cash-out refinances.

Special Underwriting Requirements

- New loan application required.
- No restrictions on change in borrowers.
- Mortgage payment history and minimum income documentation in accordance with Loan Prospector credit risk/documentation class or Guide requirements.
- No asset documentation required. Seller must verify reserves if they are entered in Loan Prospector.

Subordinate Liens

- Can be paid off from the proceeds of the new loan regardless of purpose; may be subordinated or paid off with borrower funds.
- Pay off purchase money junior liens secured by the mortgaged premises that were not used in their entirety to acquire the subject property.

Special Requirements for Special Purpose Cash-out Refinances

- Freddie Mac considers a Cash-out Refinance Mortgage made to a borrower buying out the equity of a co-owner to be a Special Purpose Cash-out Refinance Mortgage. For these mortgages:
 - ⇒ The borrower and co-owner must have jointly owned the property for at least 12 months prior to the loan application (parties who inherit an interest in the property are exempt).

- ⇒ The borrower and co-owner must have occupied the property as their primary residence (parties who inherit an interest in the property are exempt).
- ⇒ Borrower retaining sole ownership of the property may not receive any proceeds from the refinance transaction.

- For our Special Purpose Cash-out Refinance Mortgages, the borrower is not required to use loan proceeds to satisfy existing junior liens (including home equity lines of credit) if the liens are subordinated to the new refinance mortgage and meet Freddie Mac requirements.

Collateral Assessment

The Seller must provide an appraisal with an interior and exterior inspection that meets the requirements of Guide Chapter 44.

Eligible Executions

- Servicing-released cash*
- Servicing-retained cash
- Fixed-rate Guarantor
- WAC ARM Guarantor
- MultiLender Swap
- 40-year fixed-rate mortgages may be sold under Fixed-rate Guarantor and cash executions through the selling system only, beginning September 1, 2006.

* See our selling system availability matrix for a list of specific mortgages eligible for sale through Cash under mandatory contracts servicing released and best efforts contracts servicing released or servicing retained.

Delivery Requirements

- SCC: 003
- SCC: 203 for a Special Purpose Cash-out Refinance of a Freddie Mac-owned mortgage

Delivery Fees

A Cash-out Refinance postsettlement delivery fee applies, in addition to any other fees assessed based on the individual characteristics of the mortgage. See Guide Exhibit 19 for details, or access Guide Exhibit 19 online at www.FreddieMac.com/singlefamily/pdf/ex19.pdf.

Freddie Mac's Cash-out Refinance delivery fee is not billed for Special Purpose Cash-out Refinance Mortgages delivered in accordance with the requirements of Guide Section 17.18.

Learn More About Freddie Mac Cash-out Refinances:

- Call (800) FREDDIE
- Visit FreddieMac.com
- Refer to your *Single-Family Seller/Servicer Guide* Chapter 24.

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.