

**MPF Announcement:**

2022-15

**Date:**

April 19, 2022

**Alert:**

Clarification

New Policy

**Policy Update**

Reminder

Training Information

**Audience:**

Compliance/Legal

Program Management

**Origination**

Quality Control

Servicing

Underwriting

**Product:**

MPF Government MBS

MPF Traditional

**MPF Xtra<sup>®</sup>**

**Effective Date:**

Immediately (unless otherwise noted)

## MPF Xtra Selling Guide Updates

Fannie Mae published the below Selling Guide updates which covers the below referenced topics that are applicable to loans originated under the MPF Xtra product:

### Reference

[Fannie Mae Selling Guide Announcement SEL-2022-02](#)

[Fannie Mae Selling Guide Announcement SEL-2022-03](#)

[Fannie Mae Lender Letter LL-2021-10](#)

Please note you can access the [MPF Guides](#) and [MPF Announcements](#) on our [MPF Website](#).

Visit the [MPF Website](#) to review and register for upcoming complimentary [MPF Webinars](#).

### Follow Us



### Fannie Mae Selling Guide Announcement SEL-2022-02

- Updated the requirements to address the credit and valuation risks for single-close construction-to-permanent transactions covering the following topics:
  - Age of credit documentation
  - Appraisal documentation
  - Requalification of the borrower
  - DU validation service. *Effective: These changes apply to single-close transactions where the note date of the construction loan is on or after June 1, 2022.*
- Updated CPM (Condo Project Manager) status designations to align with the enhancements that will be in the CPM release on March 4, 2022.
- Simplified the policy for the allowable interest rate permitted on a Community Seconds transaction. *Effective: Originators may take advantage of these policy changes immediately; but must comply with these changes for applications dates on or after June 1, 2022.*
- Miscellaneous Updates:
  - Updated the Selling Guide, adding back a policy related to comparable sales in new projects that was inadvertently removed when the December 15, 2021.

### Fannie Mae Selling Guide Announcement SEL-2022-03

- Updated to allow for the use of an attorney title opinion letter in lieu of a title insurance policy for certain transactions.

"Mortgage Partnership Finance", "MPF", "eMPF", "MPF Xtra" and "eMAQCS" are registered trademarks of the Federal Home Loan Bank of Chicago. The "MPF Mortgage Partnership Finance" logo is a trademark of the Federal Home Loan Bank of Chicago.

- Aligned the Selling Guide with changes announced in LL-2022-01 regarding high-balance loan-level (LLPA) waiver requirements.
- Clarified that a new desktop appraisal is required when the effective date of the original desktop appraisal is more than four months from the date of the note and mortgage.

#### **Fannie Mae Lender Letter LL-2021-10 (UPDATE)**

- Updated the RefiNow™, eligibility requirements by removing the 620 minimum credit score requirement. *Effective: This update will apply to manually underwritten loans and DU Version 11.0 loan casefiles submitted or resubmitted on or after the weekend of April 23, 2022.*

To gain a full understanding of these topics, PFIs should review the entire Fannie Mae Announcement and any applicable Fannie Mae Selling Guide chapters, forms, or exhibits noted in the announcements.

# Selling Guide Announcement (SEL-2022-02)

March 2, 2022

The *Selling Guide* has been updated to include changes to the following:

- [Single-close construction-to-permanent transactions](#): requirements to address the credit and valuation risks
- [Condo Project Manager™](#): added CPM™ status designations to align with the enhancements that will be in the CPM release on March 4, 2022
- [Community Seconds® interest rate](#): simplifies policy for the allowable interest rate permitted on a Community Seconds transaction
- [Miscellaneous updates](#):
  - [Comparable sales](#)

View the list of [impacted topics](#).

## Single-close construction-to-permanent transactions

The *Selling Guide* currently supports construction-to-permanent financing through a two-closing transaction or a single-closing transaction. With this update, we are changing our requirements to address the credit and valuation risks associated with single-close construction-to-permanent transactions.

These updates cover the following topics:

- Age of credit documentation
  - clarifying the requirement for the credit documents to be no more than four months old as of the note date and at the time of conversion to permanent financing;
  - allowing income, employment, and credit documentation to be more than four months but not exceeding 12 months old at the time of conversion if certain eligibility parameters are met; and
  - requiring updated asset documentation only in certain circumstances.
- Appraisal documentation
  - the effective date of the appraisal must be no more than four months prior to the note date of the construction loan;
  - a full *Appraisal Update and/or Completion Report* ([Form 1004D](#)) is required at the time of completion of construction; and
  - a new appraisal must be obtained if the value of the property has declined at the time of construction completion.
- Requalification of the borrower
  - requalification continues to be required if updated credit documents must be obtained or the LTV ratio increases due to a decline in property value.
- DU validation service
  - clarifying the age of documentation requirements on loans with income, employment, or assets validated through the DU validation service.

**Effective:** These changes apply to single-close transactions where the note date of the construction loan is on or after June 1, 2022.



## Condo Project Manager

Condo Project Manager (CPM) is a free, web-based tool that enables lenders to quickly and easily certify a condo project (or a legal phase of a project). We are releasing enhancements to CPM on March 4, 2022, that will improve user experience and address new data elements to support policy items such as deferred maintenance. Lenders will find project eligibility decisions in CPM, including thousands of condo and co-op projects that meet our eligibility requirements and projects made “unavailable” because they do not meet our requirements. We will discontinue publishing the list of approved projects on our website.

The *Selling Guide* was updated to reflect the status designations that will be available in CPM after the release. We also updated the description for Project Type Codes T and 2 to reflect their usage for all Fannie Mae-approved projects (these codes are no longer limited to PERS approvals). As a reminder, the CPM ID Number is also required at delivery (ULDD SORT ID 39).

Beginning in September 2022, we will require lenders to use CPM to determine condo project eligibility for certain projects. Additional information and details on the required use of CPM will be announced during the second half of 2022. See our [website](#) for more details about the CPM enhancements, including the [release notes](#), FAQs, and training materials.

**Effective:** The updated CPM status designations will appear in CPM beginning March 4, 2022. The description of Project Type Codes T and 2 will be updated in the Loan Delivery user interface in a future release.

## Community Seconds interest rate

To simplify eligibility requirements for Community Seconds transactions, we eliminated the more restrictive interest rate requirement that applied to a Community Seconds loan with negative amortization. Instead, the standard restriction that the interest rate for the Community Seconds loan is limited to no more than 2% (or 200 basis points) more than the initial note rate of the first mortgage applies. In addition, we added a requirement that the amount of scheduled monthly interest deferred on the Community Seconds transaction for any full calendar month may never exceed the scheduled monthly principal payment of the first mortgage for that month (within the initial five years of the loan).

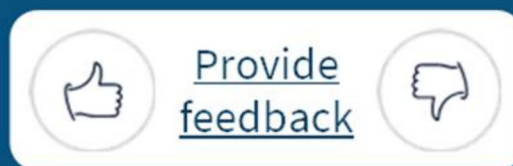
**Effective:** Lenders may take advantage of these policy changes immediately; but must comply with these changes for applications dated on and after June 1, 2022.

## Miscellaneous updates

**B4-1.3-08, Comparable Sales:** A policy related to comparable sales in new projects has been added back to the *Selling Guide*. It was inadvertently removed when the Dec. 15, 2021, Guide was published. (See [SEL-2022-01](#)).

Lenders may contact their Fannie Mae Account Team if they have questions about this Announcement.  
Have guide questions? Get answers to all your policy questions, straight from the source. [Ask Poli](#).

**Let your voice be heard!** We want your feedback on our policy communications to help us improve the clarity of new and updated policy and understand any implications to borrowers. Click below to take a short survey regarding this Announcement.





## Impacted Topics

Section of the Announcement	Updated <i>Selling Guide</i> Topics (Dated March 02, 2022)
<b>Single-close construction-to-permanent</b>	<ul style="list-style-type: none"><li>▪ <a href="#">B4-1.2-03, Appraisal Age and Use Requirements</a></li><li>▪ <a href="#">B5-3.1-02, Conversion of Construction-to-Permanent Financing: Single-Closing Transactions</a></li></ul>
<b>Condo Project Manager</b>	<ul style="list-style-type: none"><li>▪ <a href="#">B4-2.1-01, General Information on Project Standards</a></li><li>▪ <a href="#">B4-2.2-02, Full Review Process</a></li><li>▪ <a href="#">B4-2.2-04, Geographic-Specific Condo Project Considerations</a></li><li>▪ <a href="#">E-1-02, List of Contacts</a></li><li>▪ <a href="#">E-3-03, Acronyms and Glossary of Defined Terms: C</a></li></ul>
<b>Community Seconds interest rate</b>	<ul style="list-style-type: none"><li>▪ <a href="#">B5-5.1-02, Community Seconds Loan Eligibility</a></li></ul>



# Selling Guide Announcement (SEL-2022-03)

April 6, 2022

The *Selling Guide* has been updated to include changes to the following:

- [Attorney title opinion letter](#): allowing for the use of an attorney title opinion letter in lieu of a title insurance policy for certain transactions
- [High-balance LLPA waiver](#): aligning the *Selling Guide* with changes announced in LL-2022-01
- [Desktop appraisal clarifications](#): clarifying when a new desktop appraisal is required based on the age of the appraisal and that ANSI® measurement standards do not apply to desktop appraisals
- [Miscellaneous Updates](#):
  - Removal of ARM plan references
  - Document custody forms
  - Measuring condos

View the list of [impacted topics](#).

## Attorney title opinion letter

We updated the *Selling Guide* to permit lenders to obtain either a lender's title insurance policy or, in limited circumstances, an attorney title opinion letter. By selling a loan to us the lender must ensure the loan is covered by either a title policy issued by an acceptable insurer (including any required endorsements) or a title opinion letter issued by an attorney. Some of the requirements for using an attorney title opinion letter include:

- The attorney issuing the title opinion letter must be licensed to practice law in the jurisdiction where the subject property is located and must be insured against malpractice in rendering opinions of title in an amount commonly prevailing in the jurisdiction.
- The attorney title opinion letter must:
  - be addressed to the lender and all successors in interest of the lender,
  - be commonly accepted in the area where the subject property is located,
  - provide gap coverage for the duration between the loan closing and recordation of the mortgage,
  - list all other liens and state they are subordinate, and
  - state the title condition of the property is acceptable and the mortgage constitutes a lien of the required priority on a fee simple estate in the property.

The lender must report Special Feature Code 155 when delivering a loan that uses an attorney title opinion letter in lieu of a title insurance policy. See the *Selling Guide* for a complete list of requirements and ineligible transactions.

**Effective:** Lenders may begin using attorney title opinion letters immediately.



## High-balance LLPA waiver

We added previously communicated information about the high-balance loan-level price adjustment (LLPA) waiver requirements and the use of SFC 873 into the Guide. See [LL-2022-01](#) for additional information. The [LLPA Matrix](#) has also been updated.

**Effective:** The updated LLPAs became effective for all whole loans purchased on or after April 1, 2022 and for loans delivered into MBS pools with issue dates on or after April 1, 2022.

## Desktop appraisal clarifications

In the February 2022 *Selling Guide* update, we announced allowing the use of desktop appraisals for certain purchase transactions. To further clarify, we added “traditional” to the description of the applicable appraisal report forms to differentiate traditional appraisals from desktop appraisals.

Additionally, we added that when the effective date of the original desktop appraisal report is more than four months from the date of the note and mortgage, a new appraisal is required. We also clarified that the floor plan for a desktop appraisal does not have to meet the Square Footage-Method for Calculating: ANSI® Z765-2021 standards.

**Effective:** Lenders may take advantage of these policy clarifications immediately.

## Miscellaneous updates

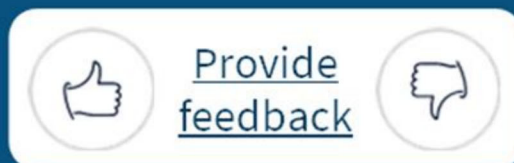
**B3-6-04, Qualifying Payment Requirements and B5-6-01, HomeReady Mortgage Loan and Borrower Eligibility:** We removed reference to retired constant maturity treasury (CMT) indexed ARM plans.

**C1-2-03, Ownership of Mortgage Loans Prior to Purchase or Securitization and Third-Party Security Interests and C1-2-04, Bailee Letters:** We removed reference to retired document custody forms.

**B4-1.2-01, Appraisal Report Forms and Exhibits and B4-1.3-05, Improvements Section of the Appraisal Report:** We clarified the Square Footage-Method for Calculating ANSI® Z765-2021 standard cannot be used to measure attached (apartment-style) units in PUD, condo, or co-op projects as stated in the ANSI standard.

Lenders may contact their Fannie Mae Account Team if they have questions about this Announcement.  
Have guide questions? Get answers to all your policy questions, straight from the source. [Ask Poli](#).

**Let your voice be heard!** We want your feedback on our policy communications to help us improve the clarity of new and updated policy and understand any implications to borrowers. Click below to take a short survey regarding this Announcement.





## Impacted Topics

Section of the Announcement	Updated <i>Selling Guide</i> Topics (Dated April 06, 2022)
<b>Attorney title opinion letter</b>	<ul style="list-style-type: none"><li>▪ <a href="#">A2-4.1-01, Establishing Loan Files</a></li><li>▪ <a href="#">B7-2-01, Provision of Title Insurance</a></li><li>▪ <a href="#">B7-2-06, Attorney Title Opinion Letter Requirements</a> (NEW topic)</li></ul>
<b>High-balance LLPA waiver</b>	<ul style="list-style-type: none"><li>▪ <a href="#">B5-1-02, High-Balance Pricing, Mortgage Insurance, Special Feature Codes, and Delivery Limitations</a></li></ul>
<b>Desktop appraisal clarifications</b>	<ul style="list-style-type: none"><li>▪ <a href="#">B4-1.2-01, Appraisal Report Forms and Exhibits</a></li><li>▪ <a href="#">B4-1.2-02, Desktop Appraisals</a></li><li>▪ <a href="#">B4-1.2-03, Appraisal Age and Use Requirements</a></li></ul>



# Lender Letter (LL-2021-10)

Updated: April 6, 2022

## To: All Fannie Mae Single-Family Sellers Expanding Refinance Eligibility with RefiNow™

This Lender Letter describes the RefiNow option originally published on May 5, 2021 and updated as described below.

April 6, 2022

- Removed the minimum representative credit score requirement of 620.

**Effective:** This update will apply to manually underwritten loans and DU Version 11.0 loan casefiles submitted or resubmitted on or after the weekend of April 23, 2022.

See the [Change Control Log](#) for a description of the updates that were previously made to this Lender Letter, and correspond to the dates reflected in the table below.

## Introduction

We are committed to fulfilling our affordable housing mission to serve low-income borrowers by offering home financing options that help them build equity and grow wealth, while continuing to promote a stronger, safer housing finance system. Barriers that hamper low-income borrowers from refinancing result in those borrowers typically refinancing at a slower pace than higher income borrowers and potentially missing the opportunity to take advantage of lower interest rates that would improve affordability by reducing their monthly housing payment.

In coordination with Freddie Mac and under the guidance of FHFA, Fannie Mae introduced the RefiNow refinance option that provides expanded eligibility to benefit borrowers at or below 100% of the area median income (AMI) limit and helps more borrowers take advantage of the current lower interest rate environment.

## RefiNow requirements

The following table describes the eligibility, underwriting, and other requirements for the RefiNow option. All standard *Selling Guide* requirements apply unless otherwise indicated below. All current provisions of Lender Letter [LL-2021-03, Impact of COVID-19 on Originations](#), continue to apply.

RefiNow	
Borrower Eligibility Requirements	
Borrower income limit <a href="#">Oct. 20, 2021</a>	<p>The borrower(s) income must be at or below 100% of the applicable AMI limit for the subject property's location.</p> <ul style="list-style-type: none"> <li>In determining whether a loan is eligible under the borrower income limits, the lender must consider the income from all borrowers who will sign the note, to the extent that the income is considered in evaluating creditworthiness for the new loan.</li> <li>The lender must use the same methodology in determining income eligibility for a RefiNow loan as they use in reporting "Monthly Income" in Loan Delivery.</li> </ul>



<b>Requirements for the Existing Loan Being Refinanced</b>			
Existing loan eligibility <a href="#">Oct. 20, 2021</a>	<p>✓ <b>The existing loan must...</b></p> <p>be a conventional mortgage loan owned or securitized by Fannie Mae.</p> <p>be seasoned at least 12 months (from the original note date to new loan note date).</p> <p>not be subject to recourse, repurchase agreement, indemnification, outstanding repurchase demand, or credit enhancement (unless the new loan is also subject to the credit enhancement or it is no longer required).</p> <p>not be an existing high LTV refinance loan, DU Refi Plus® loan, or Refi Plus® loan.</p>		
	<b>Requirements for the New Loan</b>		
	New loan eligibility <a href="#">Oct. 20, 2021</a>	<p>✓ <b>The new RefiNow loan must...</b></p> <p>be a fixed-rate loan.</p> <p>have maximum LTV, CLTV, and HCLTV ratios as permitted in the <a href="#">Eligibility Matrix</a>.</p> <p>be a limited cash-out refinance with cash out less than or equal to \$250. Excess proceeds may be applied as a curtailment on the new loan.</p> <p>have a loan limit that conforms to the general loan limits (high-balance loans are not permitted).</p> <p>have identical borrowers on the new loan as the existing loan. New borrowers cannot be added or removed. One or more borrowers may only be removed if:</p> <ul style="list-style-type: none"> <li>▪ the remaining borrower(s) meet the payment history requirements and provides evidence that they have made at least the last 12 months of payments from their own funds, or</li> <li>▪ due to the death of a borrower (evidence of the deceased borrower's death must be documented in the loan file).</li> </ul> <p style="margin-left: 40px;">  <b>NOTE:</b> <i>Non-occupant borrowers are permitted (see below).</i></p> <p>not be a Texas Section 50(a)(6) loan.</p> <p>not be subject to a temporary interest rate buydown.</p> <p style="margin-left: 40px;">  <b>NOTE:</b> <i>A RefiNow loan may not be combined with a HomeReady® refinance transaction.</i></p>	
		Borrower benefit <a href="#">Oct. 20, 2021</a>	<p>The refinanced loan must provide the following benefits to the borrower:</p> <ul style="list-style-type: none"> <li>▪ a reduction in interest rate of at least 50 basis points, and</li> <li>▪ a reduction in the monthly payment that includes principal, interest, and the mortgage insurance payment (if applicable).</li> </ul>
		Eligible subordinate financing <a href="#">Jun. 16, 2021</a>	<ul style="list-style-type: none"> <li>▪ Existing subordinate financing <ul style="list-style-type: none"> <li>• may not be satisfied with the proceeds of the new loan,</li> <li>• can remain in place if it is resubordinated to the new loan, and</li> <li>• may be simultaneously refinanced with the existing first lien mortgage, provided that: <ul style="list-style-type: none"> <li>○ the unpaid principal balance (UPB) of the new subordinate lien is not more than the UPB of the subordinate lien being refinanced at the time of payoff, and</li> <li>○ there is no increase in the monthly principal and interest payment on the subordinate lien.</li> </ul> </li> </ul> </li> <li>▪ New subordinate financing is only permitted if it replaces existing subordinate financing.</li> </ul>



<p>Occupancy and property types <a href="#">Oct. 20, 2021</a></p>	<ul style="list-style-type: none"> <li>The new loan must be secured by a one-unit principal residence.</li> <li>All eligible property types are permitted.</li> <li>All project review requirements will be waived for properties located in a condo, co-op or PUD project except that the lender must confirm the project is not a condo or co-op hotel or motel, houseboat, timeshare or segmented ownership project. The lender must also comply with the requirements of <a href="#">LL-2021-14</a>, <i>Temporary Requirements for Condo and Co-op Projects</i>. The lender must confirm appropriate property and flood insurance is obtained.</li> </ul> <p><b>NOTE:</b> <i>The lender must have approval to deliver co-op share loans.</i></p>						
<p><b>Underwriting and Documentation Requirements for the New Loan</b></p>							
<p>Underwriting method</p>	<ul style="list-style-type: none"> <li>Loans may be underwritten with DU. DU will automate the identification of loan casefiles that appear to be eligible for RefiNow based on the borrowers listed on the loan application, the property address, qualifying income, and several other factors. Refer to the <a href="#">Release Notes</a> for additional information.</li> <li>Manual underwriting may be used if the loan is otherwise eligible for manual underwriting. Manually underwritten loans:             <ul style="list-style-type: none"> <li>are only required to comply with the maximum LTV, CLTV, HCLTV ratios listed on the <a href="#">Eligibility Matrix</a> and as otherwise stated within this document.</li> <li>may follow the DTI ratio and credit score requirements below. There are no required minimum reserves.</li> </ul> </li> </ul>						
<p>Minimum credit score and significant derogatory credit <a href="#">April 06, 2022</a></p>	<ul style="list-style-type: none"> <li>No minimum credit score is required, but each borrower must have a credit score and it must be provided at loan delivery.</li> <li>The borrower must comply with all applicable waiting periods following derogatory credit events in <a href="#">B3-5.3-07</a>, Significant Derogatory Credit Events – Waiting Periods and Re-establishing Credit. (Exception: The LTV ratio limitation that applies to a previous foreclosure is not applicable – standard LTV ratios are permitted.)</li> </ul>						
<p>Payment history requirements <a href="#">Jun. 16, 2021</a></p>	<p>For the loan being refinanced, the borrower cannot have had</p> <ul style="list-style-type: none"> <li>any 30-day mortgage delinquencies in the most recent six-month period, and</li> <li>no more than one 30-day delinquency in months 7 through 12.</li> </ul> <p>If the borrower has missed payments due to a COVID-19 forbearance, and those payments have been resolved in accordance with the temporary eligibility requirements for purchase and refinance transactions in <a href="#">LL-2021-03</a>, then the missed payments are not considered delinquencies for purposes of meeting these payment history requirements. This will apply for as long as the temporary policies remain in effect.</p>						
<p>Maximum DTI ratio</p>	<p>The DTI ratio must be less than or equal to 65%.</p>						
<p>Non-occupant borrowers</p>	<ul style="list-style-type: none"> <li>Non-occupant borrowers are permitted.</li> <li>A maximum LTV, CLTV, and HCLTV ratio of 95% applies to loans underwritten with DU and manually (CLTV ratio may be up to 105% when a Community Seconds<sup>®</sup> is being resubordinated).</li> <li>Manually underwritten loans are not subject to the occupying borrower DTI ratio of 43%.</li> </ul>						
<p>Documentation requirements <a href="#">Jun. 16, 2021</a></p>	<p>The following table describes the income documentation requirements.</p> <table border="1" data-bbox="383 1696 1468 1965"> <thead> <tr> <th data-bbox="383 1696 704 1734">Income type</th> <th data-bbox="704 1696 1468 1734">Minimum documentation requirements</th> </tr> </thead> <tbody> <tr> <td data-bbox="383 1734 704 1835">Base Pay (non-variable)</td> <td data-bbox="704 1734 1468 1835">The borrower's year-to-date paystub dated no earlier than 30 days prior to the loan application date. See <a href="#">Selling Guide B3-3.1-02</a>, Standards for Employment Documentation.</td> </tr> <tr> <td data-bbox="383 1835 704 1965">Base Pay (variable) Tip, Bonus, Overtime Income Commission Income</td> <td data-bbox="704 1835 1468 1965">The borrower's year-to-date paystub and W2 covering the most recent one-year period. See also <a href="#">B3-3.1.02</a>.</td> </tr> </tbody> </table>	Income type	Minimum documentation requirements	Base Pay (non-variable)	The borrower's year-to-date paystub dated no earlier than 30 days prior to the loan application date. See <a href="#">Selling Guide B3-3.1-02</a> , Standards for Employment Documentation.	Base Pay (variable) Tip, Bonus, Overtime Income Commission Income	The borrower's year-to-date paystub and W2 covering the most recent one-year period. See also <a href="#">B3-3.1.02</a> .
Income type	Minimum documentation requirements						
Base Pay (non-variable)	The borrower's year-to-date paystub dated no earlier than 30 days prior to the loan application date. See <a href="#">Selling Guide B3-3.1-02</a> , Standards for Employment Documentation.						
Base Pay (variable) Tip, Bonus, Overtime Income Commission Income	The borrower's year-to-date paystub and W2 covering the most recent one-year period. See also <a href="#">B3-3.1.02</a> .						



	<table border="1"> <tr> <td>Military Income</td> <td>Military Leave and Earnings Statement</td> </tr> <tr> <td>Self-employment</td> <td>One year personal and business tax returns, unless the terms to waive business tax returns are met in accordance with the <i>Selling Guide</i>.</td> </tr> <tr> <td>Alimony, Child Support, or Separate Maintenance</td> <td>Copy of divorce decree, separation agreement, court order or equivalent documentation, and one month documentation of receipt</td> </tr> <tr> <td>All Other Eligible Income Types</td> <td>Standard <i>Selling Guide</i> requirements apply</td> </tr> </table> <p>The following additional documentation requirements apply:</p> <ul style="list-style-type: none"> <li>▪ Verbal verification of employment (employment or self-employment) is required in accordance with the <i>Selling Guide</i>.</li> <li>▪ Verification of funds to close are required. Acceptable asset documentation includes one recent statement (monthly, quarterly, or annual) showing asset balance.</li> <li>▪ Verification and consideration of recurring alimony and child support payments as a liability, if applicable, are required. Acceptable documentation includes a copy of the divorce decree, separation agreement, court order, or equivalent documentation confirming the amount of the obligation.</li> </ul>	Military Income	Military Leave and Earnings Statement	Self-employment	One year personal and business tax returns, unless the terms to waive business tax returns are met in accordance with the <i>Selling Guide</i> .	Alimony, Child Support, or Separate Maintenance	Copy of divorce decree, separation agreement, court order or equivalent documentation, and one month documentation of receipt	All Other Eligible Income Types	Standard <i>Selling Guide</i> requirements apply
Military Income	Military Leave and Earnings Statement								
Self-employment	One year personal and business tax returns, unless the terms to waive business tax returns are met in accordance with the <i>Selling Guide</i> .								
Alimony, Child Support, or Separate Maintenance	Copy of divorce decree, separation agreement, court order or equivalent documentation, and one month documentation of receipt								
All Other Eligible Income Types	Standard <i>Selling Guide</i> requirements apply								
<b>Collateral Requirements</b>									
Property valuation	<ul style="list-style-type: none"> <li>▪ Standard property valuation requirements for an appraisal waiver or appraisal apply.</li> <li>▪ A \$500 credit will be provided to the lender at the time the loan is purchased if an appraisal was obtained for the transaction. The lender must pass the credit to the borrower.</li> </ul> <p><b>NOTE:</b> <i>The appraisal credit will be applied based on the delivery of Special Feature Code (SFC) 868 and data in the Loan Delivery file that indicates an appraisal was obtained for the transaction.</i></p>								
<b>Other</b>									
Usage	The RefiNow option may only be used one time.								
Expiration	There is currently no expiration date for this refinance option. We will incorporate these policies into a future <i>Selling Guide</i> update.								
Mortgage insurance	All standard mortgage insurance requirements apply in accordance with the <i>Selling Guide</i> . Mortgage insurance coverage for RefiNow loans is not restricted to the current mortgage insurer on the existing loan. However, DU will identify the insurer that is currently providing coverage. Consult your mortgage insurer to determine their eligibility guidelines for RefiNow loans.								
Solicitation Oct. 20, 2021	<table border="1"> <tr> <td style="text-align: center;">✓</td> <td><b>Permissible solicitation for RefiNow loans to borrowers at or below 100% of AMI</b></td> </tr> <tr> <td></td> <td>Lenders may solicit borrowers with mortgages owned or securitized by a particular GSE, provided that the lender simultaneously applies the same advertising and solicitation activities with respect to borrowers of mortgage loans with AMIs less than or equal to 100% and owned or securitized by the other GSE.</td> </tr> <tr> <td></td> <td>Lenders must apply the same advertising and solicitation activities to all mortgage loans with borrowers with AMIs less than or equal to 100% and serviced for a particular GSE, regardless of whether the lender or a third party owns the associated Fannie Mae MBS/UMBS pools or Freddie Mac PC/UMBS pools.</td> </tr> <tr> <td></td> <td>All other provisions of <i>Selling Guide</i> <a href="#">B2-1.3-04</a>, Prohibited Refinancing Practices, remain in effect.</td> </tr> </table>	✓	<b>Permissible solicitation for RefiNow loans to borrowers at or below 100% of AMI</b>		Lenders may solicit borrowers with mortgages owned or securitized by a particular GSE, provided that the lender simultaneously applies the same advertising and solicitation activities with respect to borrowers of mortgage loans with AMIs less than or equal to 100% and owned or securitized by the other GSE.		Lenders must apply the same advertising and solicitation activities to all mortgage loans with borrowers with AMIs less than or equal to 100% and serviced for a particular GSE, regardless of whether the lender or a third party owns the associated Fannie Mae MBS/UMBS pools or Freddie Mac PC/UMBS pools.		All other provisions of <i>Selling Guide</i> <a href="#">B2-1.3-04</a> , Prohibited Refinancing Practices, remain in effect.
✓	<b>Permissible solicitation for RefiNow loans to borrowers at or below 100% of AMI</b>								
	Lenders may solicit borrowers with mortgages owned or securitized by a particular GSE, provided that the lender simultaneously applies the same advertising and solicitation activities with respect to borrowers of mortgage loans with AMIs less than or equal to 100% and owned or securitized by the other GSE.								
	Lenders must apply the same advertising and solicitation activities to all mortgage loans with borrowers with AMIs less than or equal to 100% and serviced for a particular GSE, regardless of whether the lender or a third party owns the associated Fannie Mae MBS/UMBS pools or Freddie Mac PC/UMBS pools.								
	All other provisions of <i>Selling Guide</i> <a href="#">B2-1.3-04</a> , Prohibited Refinancing Practices, remain in effect.								



	<p>If lenders choose to reach out to borrowers, and the lender's communication includes a reference to a GSE, then the communication must include the following:</p> <ul style="list-style-type: none"> <li>▪ “Freddie Mac and Fannie Mae have adopted a new refinance option for loans to borrowers with incomes at or below 100% of area median income and you may be eligible to take advantage of this program. If your mortgage is owned or guaranteed by either Freddie Mac or Fannie Mae, you may be eligible to refinance your mortgage under this refinance option.”</li> <li>▪ “You can determine whether your mortgage is owned by either Freddie Mac or Fannie Mae by checking the following websites: <ul style="list-style-type: none"> <li>• <a href="#">Freddie Mac Loan Look-up Tool</a> or</li> <li>• <a href="#">Fannie Mae Mortgage Loan Lookup</a>”</li> </ul> </li> </ul>
Negotiated provisions	No negotiated terms (such as variances, exceptions, or special requirements) that impact underwriting or eligibility may be used in conjunction with the RefiNow option without prior approval from Fannie Mae.
Loan delivery and pricing <a href="#">Oct. 20, 2021</a>	<ul style="list-style-type: none"> <li>▪ For whole loans, lenders will commit and deliver RefiNow loans into standard whole loan commitments.</li> <li>▪ For MBS loans, lenders will deliver RefiNow loans at their standard base guaranty fee into standard contracts. MBS pools with RefiNow loans are TBA-eligible.</li> <li>▪ All loans must be delivered with SFC 868.</li> <li>▪ SFC 801 must be delivered if an appraisal waiver is exercised, in addition to all other applicable SFCs.</li> <li>▪ Loans must be delivered as “LimitedCashOut” in Sort ID 294 (RefinanceCashOutDeterminationType). We are not requiring a new enumeration in Sort ID 451 (Refinance Program Identifier).</li> <li>▪ All standard loan-level price adjustments apply.</li> </ul>

Lenders may also contact their Fannie Mae Account Team if they have questions about this Lender Letter. Have guide questions? Get answers to all your policy questions, straight from the source. [Ask Poli.](#)

**Let your voice be heard!** We want your feedback on our policy communications to help us improve the clarity of new and updated policy and understand any implications to borrowers. Click below to take a short survey regarding this Lender Letter.


Provide  
feedback




## Change Control Log

The following table provides a description of the updates that have been made to this Lender Letter.

Date of Update	Description of Update
Oct. 20, 2021	<ul style="list-style-type: none"> <li>▪ Increased the borrower income limit to allow up to 100% of the applicable AMI limit.</li> <li>▪ Eliminated the maximum loan seasoning requirement of 10 years.</li> <li>▪ Removed the \$5,000 cap on the financing of closing costs, prepaid items, and points.</li> <li>▪ Allowed for any reduction to the monthly mortgage payment instead of requiring a minimum reduction of \$50.</li> </ul> <p>We also removed the Adverse Market Refinance Fee to align with <a href="#">LL-2021-13</a> and added reference to <a href="#">LL-2021-14</a>.</p> <p>DU: The updates applied to DU Version 11.0 loan casefiles submitted or resubmitted on or after the weekend of Dec. 4, 2021.</p> <ul style="list-style-type: none"> <li>▪ Loan casefiles underwritten as RefiNow that received an Approve/Eligible recommendation could be delivered immediately. <ul style="list-style-type: none"> <li>• Lenders were authorized to disregard the DU message requiring the lender to confirm that no more than \$5,000 in costs would be financed into the loan amount.</li> <li>• Lenders were authorized to disregard the DU message requiring a minimum \$50 payment reduction, provided the borrower received a payment reduction in any amount and a minimum 50 basis point reduction in interest rate.</li> </ul> </li> <li>▪ Lenders were encouraged to take advantage of the increased AMI limit and the elimination of the 10 year seasoning requirement immediately by manually underwriting the loan and delivering as such.</li> </ul> <p>Manual: Lenders were allowed to apply the updates to manually underwritten loans immediately.</p>
Jun. 16, 2021	<ul style="list-style-type: none"> <li>▪ Allowed existing subordinate financing to be simultaneously refinanced as part of a RefiNow transaction, provided certain requirements are met.</li> <li>▪ Permitted borrowers who have resolved missed payments due to a COVID-19 forbearance in accordance with the temporary eligibility requirements for purchases and refinances in <a href="#">LL-2021-03</a> to be eligible for a new RefiNow transaction.</li> </ul> <p>Clarified the paystub requirements to align with current policy. RefiNow became available for Desktop Underwriter<sup>®</sup> loan casefiles submitted or resubmitted to DU<sup>®</sup> Version 11.0 beginning Jun. 5, 2021, and for manually underwritten loans with application dates beginning Jun. 5<sup>th</sup>. Loans were eligible for delivery immediately.</p>