MPF® Announcement

MPF Announcement:
2026-60

Date:
September 23, 2026

Alert:
Clarification
New Policy
Policy Update
Reminder
Training Information

Audience:
Compliance/Legal
Program Management
Origination
Quality Control
Servicing
Underwriting

Product:
MPF Direct
MPF Government MBS
MPF Traditional
MPF Xtra®

Effective Date:

Immediately *(unless otherwise noted)*

MPF Xtra Selling Guide Updates

Fannie Mae recently published an update to Lender Letter LL-2021-10, expanding the eligibility for the RefiNow option, which includes the following updates:

- Aligned requirements for waiver of project review with Selling Guide policy. In line with FNMA LL-2026-03 and FNMA SEL-2026-07

Effective: These clarifications are effective immediately and apply to manually underwritten loans and DU Version 12.1 loan casefiles. The RefiNow project review message in DU will be updated the evening of September 25, 2026 to reflect these clarifications.

As a reminder, in order for RefiNow to be delivered into the MPF Program, PFIs will need to follow the additional guidelines and operation details provided below:

- Please note that the MPF Program has opted to place a Desktop Underwriter (DU®) requirement on all MPF Xtra RefiNow deliveries. Although FNMA's guidelines allow for the use of manual underwriting, the MPF program will require a Desktop Underwriter (DU®) Approve/Eligible AUS recommendation for all RefiNow loans sold into MPF Xtra.

For questions or assistance, please contact the MPF Service Center by using one of the following options:

- MPF Customer Service Portal
- Email: MPF-Help@fhlbc.com
- Phone: (877) 345-2673

Reference

Fannie Mae Lender Letter LL-2021-10

Fannie Mae Lender Letter LL-2026-03

Fannie Mae SEL-2026-07

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.

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Fannie Mae

Lender Letter (LL-2021-10)

Updated: Aug. 26, 2026

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.

August 26, 2026

- Aligned requirements for waiver of project review with *Selling Guide* policy.

Effective: These clarifications are effective immediately and apply to manually underwritten loans and DU Version 12.1 loan casefiles. The RefiNow project review message in DU will be updated the evening of Sept. 25, 2026 to reflect these clarifications.

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.

RefiNow	
Borrower Eligibility Requirements	
Borrower income limit Oct. 20, 2021	The borrower(s) income must be at or below 100% of the applicable AMI limit for the subject property's location. ▪ 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. ▪ 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.

Requirements for the Existing Loan Being Refinanced

Existing loan eligibility
Oct. 20, 2021

✓	**The existing loan must…**
	be a conventional loan owned or securitized by Fannie Mae.
	be seasoned at least 12 months (from the original note date to new loan note date).
	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).
	not be an existing high LTV refinance loan, DU Refi Plus® loan, or Refi Plus® loan.

Requirements for the New Loan

New loan eligibility
Oct. 20, 2021

✓	**The new RefiNow loan must…**
	be a fixed-rate loan.
	have maximum LTV, CLTV, and HCLTV ratios as permitted in the *Eligibility Matrix.*
	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.
	have a loan limit that conforms to the general loan limits (high-balance loans are not permitted).
	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: • 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 • due to the death of a borrower (evidence of the deceased borrower's death must be documented in the loan file). **NOTE:** *Non-occupant borrowers are permitted (see below).*
	not be a Texas Section 50(a)(6) loan.
	not be subject to a temporary interest rate buydown.

NOTE: *A RefiNow loan may not be combined with a HomeReady® refinance transaction.*

Borrower benefit
Oct. 20, 2021

The refinanced loan must provide the following benefits to the borrower:

- a reduction in interest rate of at least 50 basis points, and
- a reduction in the monthly payment that includes principal, interest, and the mortgage insurance payment (if applicable).

Eligible subordinate financing
Jun. 16, 2021

- Existing subordinate financing
  - may not be satisfied with the proceeds of the new loan,
  - can remain in place if it is resubordinated to the new loan, and
  - may be simultaneously refinanced with the existing first lien mortgage, provided that:
    - 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
    - there is no increase in the monthly principal and interest payment on the subordinate lien.
- New subordinate financing is only permitted if it replaces existing subordinate financing.

Occupancy and property types Aug. 26, 2026	▪ The new loan must be secured by a one-unit principal residence. ▪ All eligible property types are permitted. ▪ For properties located in a condo, co-op, or PUD project, the lender is not required to perform a full project review or confirm the priority of common expense assessments. However, the lender must confirm the project meets the applicable requirements in B4-2.1-02, Waiver of Project Review. Specifically, the lender must confirm the project meets the following: • all property eligibility requirements; • the project does not appear in Condo Project Manager (CPM) with a status of "unavailable"; • the project is not a condo hotel or motel, houseboat project, or a timeshare or segmented ownership project; • when an appraisal is available, all appraisal requirements; • all insurance requirements; • there are no unaddressed critical repairs outstanding and the property is not subject to evacuation orders. (This requirement applies to projects with more than ten attached units, as well as projects with five- to ten-attached units that are part of a larger development or master association; and • the project is not terminating or involved in insolvency proceedings. **NOTE:** *The lender must have approval to deliver co-op share loans.*
Underwriting and Documentation Requirements for the New Loan	
Underwriting method	▪ 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. See the Release Notes related to RefiNow Implementation for additional information. ▪ Manual underwriting may be used if the loan is otherwise eligible for manual underwriting. Manually underwritten loans: • are only required to comply with the maximum LTV, CLTV, HCLTV ratios listed on the *Eligibility Matrix* and as otherwise stated within this document. • may follow the DTI ratio and credit score requirements below. There are no required minimum reserves.
Minimum credit score and significant derogatory credit April 06, 2022	▪ No minimum credit score is required, but each borrower must have a credit score and it must be provided at loan delivery. ▪ The borrower must comply with all applicable waiting periods following derogatory credit events in B3-5.3-07, 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.)
Payment history requirements Jun. 16, 2021	For the loan being refinanced, the borrower cannot have had ▪ any 30-day mortgage delinquencies in the most recent six-month period, and ▪ no more than one 30-day delinquency in months 7 through 12.
Maximum DTI ratio	The DTI ratio must be less than or equal to 65%.
Non-occupant borrowers	▪ Non-occupant borrowers are permitted. ▪ 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® is being resubordinated). ▪ Manually underwritten loans are not subject to the occupying borrower DTI ratio of 43%.
Documentation requirements Jun. 16, 2021	The following table describes income documentation requirements. For more specific information on various forms of income, see the related *Selling Guide* topic.

<table>
<tr><td></td><td>
<table>
<tr><th>Income type</th><th>Minimum documentation requirements</th></tr>
<tr><td>Base Pay (fixed)</td><td>The borrower’s year-to-date paystub dated no earlier than 30 days prior to the loan application date.</td></tr>
<tr><td>Base Pay (variable)
Tip, Bonus, Overtime Income Commission Income</td><td>The borrower’s year-to-date paystub and W2 covering the most recent one-year period.</td></tr>
<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 Selling Guide.</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 Selling Guide requirements apply</td></tr>
</table>
The following additional documentation requirements apply:

Verbal verification of employment (employment or self-employment) is required in accordance with the Selling Guide.
Verification of funds to close are required. Acceptable asset documentation includes one recent statement (monthly, quarterly, or annual) showing asset balance.
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.

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<tr><th colspan="2">Collateral Requirements</th></tr>
<tr><td>Property valuation</td><td>

Standard property valuation requirements for an appraisal waiver or appraisal apply.
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.

NOTE: 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.
</td></tr>
<tr><th colspan="2">Other</th></tr>
<tr><td>Usage</td><td>The RefiNow option may only be used one time.</td></tr>
<tr><td>Expiration</td><td>There is currently no expiration date for this refinance option. We will incorporate these policies into a future Selling Guide update.</td></tr>
<tr><td>Mortgage insurance</td><td>All standard mortgage insurance requirements apply in accordance with the Selling Guide. 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.</td></tr>
<tr><td>Solicitation
Oct. 20, 2021</td><td>
<table>
<tr><th>✓</th><th>Permissible solicitation for RefiNow loans to borrowers at or below 100% of AMI</th></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>
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	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 B2-1.3-04, Prohibited Refinancing Practices, remain in effect.
	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:
	• “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.”
	• “You can determine whether your mortgage is owned by either Freddie Mac or Fannie Mae by checking the following websites:
	  • Freddie Mac Loan Look-up Tool or
	  • Fannie Mae Mortgage Loan Lookup”

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 Oct. 20, 2021	▪ For whole loans, lenders will commit and deliver RefiNow loans into standard whole loan commitments. ▪ 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. ▪ All loans must be delivered with SFC 868. ▪ SFC 801 must be delivered if an appraisal waiver is exercised, in addition to all other applicable SFCs. ▪ 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). ▪ All standard loan-level price adjustments apply.

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.

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
April 6, 2022	▪ Removed the minimum representative credit score requirement of 620.
Oct. 20, 2021	▪ Increased the borrower income limit to allow up to 100% of the applicable AMI limit. ▪ Eliminated the maximum loan seasoning requirement of 10 years. ▪ Removed the $5,000 cap on the financing of closing costs, prepaid items, and points. ▪ Allowed for any reduction to the monthly mortgage payment instead of requiring a minimum reduction of $50. We also removed the Adverse Market Refinance Fee to align with LL-2021-13 and added reference to LL-2021-14. DU: The updates applied to DU Version 11.0 loan casefiles submitted or resubmitted on or after the weekend of Dec. 4, 2021. ▪ Loan casefiles underwritten as RefiNow that received an Approve/Eligible recommendation could be delivered immediately. • 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. • 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. ▪ 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. Manual: Lenders were allowed to apply the updates to manually underwritten loans immediately.
Jun. 16, 2021	▪ Allowed existing subordinate financing to be simultaneously refinanced as part of a RefiNow transaction, provided certain requirements are met. ▪ 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 LL-2021-03 to be eligible for a new RefiNow transaction. Clarified the paystub requirements to align with current policy.RefiNow became available for Desktop Underwriter® loan casefiles submitted or resubmitted to DU® Version 11.0 beginning Jun. 5, 2021, and for manually underwritten loans with application dates beginning Jun. 5^{th}. Loans were eligible for delivery immediately.