

Freddie Mac Relief Refinance MortgagesSM - Eligibility Requirements



This job aid provides eligibility information on both of Freddie Mac's Relief Refinance Mortgage offerings: Freddie Mac Relief Refinance Mortgages – Same Servicer, and Freddie Mac Relief Refinance Mortgages – Open Access. The Relief Refinance Mortgage offers Borrowers who are making timely Mortgage payments but 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.

Important Dates

- Relief Refinance Mortgages – Same Servicer must have Note Dates on or after March 4, 2009, and on or before June 30, 2012. The refinance Mortgage must also have a Freddie Mac Settlement Date on or after April 1, 2009, and be delivered no more than 120 days after the Note Date.
- Relief Refinance Mortgages – Open Access must have Note Dates on or after October 1, 2009, and on or before June 30, 2012. The refinance Mortgage must also have a Freddie Mac Settlement Date on or after October 1, 2009, and be delivered no more than 120 days after the Note Date.

For complete details on Relief Refinance Mortgages, including whether and how other Purchase Document provisions apply to these Mortgages, refer to Guide Chapters A24 (Same Servicer) and B24 (Open Access).

Existing Mortgage Eligibility Requirements		
Topic	Same Servicer	Open Access
Mortgage Requirements	The Mortgage being refinanced must: <ul style="list-style-type: none"> ▪ Have a Freddie Mac Settlement Date on or before May 31, 2009 ▪ Be a First Lien, conventional Mortgage currently owned by Freddie Mac in whole or in part, or securitized by Freddie Mac (no Restructured Mortgages) ▪ Have met Freddie Mac eligibility requirements on the Note Date as stated in the Seller's Purchase Documents 	The Mortgage being refinanced must: <ul style="list-style-type: none"> ▪ Have a Freddie Mac Settlement Date on or before May 31, 2009 ▪ Be a First Lien, conventional Mortgage currently owned by Freddie Mac in whole or in part, or securitized by Freddie Mac (no Restructured Mortgages)
Servicing	<ul style="list-style-type: none"> ▪ Serviced by Seller originating the new Mortgage, or an Affiliate¹ of the Seller ▪ Seller/Servicer must have possession of the Mortgage file of the existing Mortgage 	Available to all Freddie Mac Seller/Servicers, regardless of whether they are Servicer of record
Seasoning	At least three months prior to the Note Date of the new refinance Mortgage	
Property Type	Attached or detached dwelling, Manufactured Home or unit in a condominium project or PUD	
Mortgage Payment History	<ul style="list-style-type: none"> ▪ No 30-day or more delinquencies in the past 12 months ▪ If Mortgage is seasoned less than 12 months, no 30-day or more delinquencies since the Note Date of the existing Mortgage 	

Note: Vertical revision bars " | " are used in the margin of this quick reference to highlight new requirements and significant changes

Existing Mortgage Eligibility Requirements, *continued*

Topic	Same Servicer	Open Access
<p>Occupancy</p>	<ul style="list-style-type: none"> ▪ 1- to 4-unit Primary Residence ▪ 1-unit second home, provided the Mortgaged being refinanced was underwritten and sold to Freddie Mac as a second home Mortgage ▪ 1- to 4-unit Investment Property, provided Mortgage being refinanced was underwritten and sold to Freddie Mac as an Investment Property Mortgage <p>Note: If the Mortgage being refinanced was underwritten and sold to Freddie Mac as a second home or Investment Property Mortgage, and the property is now a Primary Residence and the Borrower(s) obligated on the Note is now an Owner-Occupant, the Relief Refinance Mortgage is eligible for sale to Freddie Mac as a Primary Residence Mortgage, provided it meets all of the other Relief Refinance Mortgage requirements</p>	<ul style="list-style-type: none"> ▪ 1- to 4-unit Primary Residence ▪ 1-unit second home ▪ 1- to 4-unit Investment Property
<p>Appraisal or AVM Requirements</p>	<ul style="list-style-type: none"> ▪ Original collateral documentation (original appraisal, Last Feedback Certificate if eligible for the Property Inspection Alternative or original AVM documentation if AVM permitted by Seller's Purchase Documents) must be in the existing Mortgage file ▪ The original appraisal, Property Inspection Alternative or AVM must meet the requirements of the Seller's Purchase Documents ▪ The Seller retains all representations and warranties for the original appraisal or AVM for the existing Mortgage 	<p>Not applicable</p>
<p>Mortgages with Recourse, Indemnification, Mortgage Pool Insurance or Other Negotiated Credit Enhancements</p>	<ul style="list-style-type: none"> ▪ For Mortgages with recourse or indemnification, refer to Guide Sections A24.3 (k) and A24.4 (e) ▪ For Mortgages with pool insurance or other negotiated credit enhancements, refer to your Freddie Mac representative for additional instructions for eligibility and delivery of these Mortgages 	<ul style="list-style-type: none"> ▪ Mortgages with recourse, indemnification or another negotiated credit enhancement are ineligible for refinancing as a Relief Refinance Mortgage – Open Access ▪ Mortgages with a pool insurance credit enhancement are eligible for refinancing as a Relief Refinance Mortgage – Open Access
<p>Borrower Impact</p>	<p>Relief Refinance Mortgage must result in at least one of the following:</p> <ul style="list-style-type: none"> ▪ Reduction in the interest rate of the First Lien Mortgage, ▪ Replacement of an ARM, Initial InterestSM Mortgage (or any Mortgage with an initial interest-only period) or a Balloon/Reset Mortgage with a fixed-rate, fully amortizing Mortgage, or ▪ 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) 	

Refinance Mortgage Eligibility Requirements		
Topic	Same Servicer	Open Access
New Refinance Mortgage Eligibility/ Ineligibility	<p>The refinance Mortgage must be a:</p> <ul style="list-style-type: none"> ▪ Conventional 15-, 20- or 30-year fixed-rate, fully amortizing Mortgage ▪ Conventional nonconvertible 5/1, 7/1 or 10/1 fully amortizing adjustable-rate Mortgage (ARM), provided the ARM has a loan-to-value (LTV) ratio not exceeding 105% <p>Note: If the Mortgage being refinanced is a fixed-rate Mortgage, the new Relief Refinance Mortgage may not be an ARM. Also, the refinance Mortgage may be a super conforming Mortgage</p> <p>Refer to Guide Sections A24.3 (b) (Same Servicer) and B24.2 (d) (Open Access) for a list of ineligible Relief Refinance Mortgages</p>	
Subordinate/ Junior Liens	<ul style="list-style-type: none"> ▪ Existing junior liens must be re-subordinated to the new refinance Mortgage and meet the requirements of the Guide Chapter 25 pertaining to secondary financing ▪ 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. ▪ May be refinanced simultaneously with the First Lien Mortgage for one of the following purposes: <ul style="list-style-type: none"> - A reduction in the interest rate of the junior lien - 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 - A reduction in the amortization term of the junior lien <p>For additional requirements refer to Guide Section A24.3 (Same Servicer) and B24.3 (Open Access)</p>	
Mortgage Proceeds/ Closing Costs, Financing Costs and Prepaid Items	<p>The proceeds of the Relief Refinance Mortgage must be used only to:</p> <ul style="list-style-type: none"> ▪ 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). ▪ Pay up to the lesser of 4% of the unpaid principal balance or \$5,000 in related Closing Costs, Financing Costs and Prepays/Escrows ▪ Under no circumstances may cash disbursed to the Borrower exceed \$250 <p>Note: The proceeds may not be used to pay off or pay down any junior liens</p>	
Excessive Funds Remaining from Proceeds	<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"> ▪ The mortgage amount must be reduced, or ▪ The excess amount must be applied as a principal curtailment to the Relief Refinance Mortgage at closing and must be clearly reflected on the HUD-1 form or equivalent closing statement ▪ Under no circumstances may cash disbursed to the Borrower exceed \$250 	
Maximum LTV/TLTV/ HTLTV	<ul style="list-style-type: none"> ▪ The maximum LTV ratio for Freddie Mac Relief Refinance Mortgages must not exceed: <ul style="list-style-type: none"> - 105% for ARMs - 125% for fixed-rate Mortgages ▪ There is no maximum TLTV and HTLTV ratio <p>Note: If the existing Mortgage is a Texas Equity Section 50(a)(6) Mortgage, the maximum LTV and TLTV ratios must not exceed 80%. A Seller must ensure that a Mortgage secured by Borrower's homestead in Texas is originated in accordance with the Section 50(a)(6) of Article XVI of Texas Constitution</p>	

Refinance Mortgage Eligibility Requirements, <i>continued</i>		
Topic	Same Servicer	Open Access
Maximum LTV/TLTV/HTLTV	<ul style="list-style-type: none"> ▪ The maximum LTV ratio for Freddie Mac Relief Refinance Mortgages must not exceed: <ul style="list-style-type: none"> - 105% for ARMs - 125% for fixed-rate Mortgages ▪ There is no maximum TLTV and HTLTV ratio <p>Note: If the existing Mortgage is a Texas Equity Section 50(a)(6) Mortgage, the maximum LTV and TLTV ratios must not exceed 80%. A Seller must ensure that a Mortgage secured by Borrower's homestead in Texas is originated in accordance with the Section 50(a)(6) of Article XVI of Texas Constitution</p>	
Mortgage Insurance	<p>For an LTV ratio greater than 80%:</p> <ul style="list-style-type: none"> ▪ 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 ▪ 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 <p>Note: If mortgage insurance is present on the existing Mortgage, see Relief Refinance Mortgages Pooling and Delivery Requirements job aid for special requirements</p>	
New Loan Application	Form 65, Uniform Residential Loan Application is required	
Loan Prospector/AUS	<p>Must <u>not</u> be submitted to Loan Prospector or any other automated underwriting system. The Mortgage must be manually underwritten</p>	<ul style="list-style-type: none"> ▪ Must be submitted to Loan Prospector. (Reminder: Ensure that "Relief Refinance - Open Access" is entered in the Offering Identifier field and "No cash-out Refi" is entered in the Purpose of Refinance field.) ▪ Must receive a risk class of Accept, or Caution with the Purchase Eligibility message of '500 Freddie Mac Eligible. LP A-minus Offering'. <ul style="list-style-type: none"> - A Mortgage with a risk class of Caution and no A-minus Purchase Eligibility message must be manually underwritten. - A Mortgage with an unresolved AUS Status of ineligible, invalid or incomplete is not eligible for sale to Freddie (refer to Guide Section 2.2.1 on correcting information and resubmitting the Mortgage to Loan Prospector <p>Note: For all A-minus Mortgages, the requirements of Guide Chapter C33 must be met except that the Mortgage payment history requirements above must be met</p>

Refinance Mortgage Eligibility Requirements, *continued*

Topic	Same Servicer	Open Access																							
<p>Indicator Score</p>	<ul style="list-style-type: none"> ▪ A new Indicator Score must be identified and delivered for all Freddie Mac Relief Refinance Mortgages. The Form 11/Form 13SF CSV and CST fields must be appropriately completed. Refer to Guide Sections 37.5 (e) for identifying the Indicator Score, and 37.5 (f) and 17.3 (c) for Indicator Score delivery requirements ▪ There is <u>no minimum Indicator Score requirement, unless</u> the Borrower's principal and interest payment on the new refinance Mortgage increases by more than 20% See Maximum Housing Payment Increase (P & I) below for requirements ▪ If no minimum Indicator Score is required, and there is no usable credit score due to insufficient or inaccurate information, Mortgage is eligible for sale. ▪ If a minimum Indicator Score is required, and there is no usable score, then the Mortgage is ineligible 	<p>For Loan Prospector Caution manually underwritten mortgages, the following minimum indicator score requirements apply:</p> <table border="1" data-bbox="943 470 1511 869"> <thead> <tr> <th>Property Type</th> <th>LTV</th> <th>Min. Ind. Score</th> </tr> </thead> <tbody> <tr> <td rowspan="2">1- to 4-unit Primary Residence</td> <td>> 75%</td> <td>660</td> </tr> <tr> <td>≤ 75%</td> <td>620</td> </tr> <tr> <td rowspan="2">Second Home</td> <td>> 75%</td> <td>720</td> </tr> <tr> <td>≤ 75%</td> <td>620</td> </tr> <tr> <td rowspan="2">1-unit Investment Property</td> <td>> 75%</td> <td>720</td> </tr> <tr> <td>≤ 75%</td> <td>620</td> </tr> <tr> <td rowspan="2">2- to 4-unit Investment Property</td> <td>> 75%</td> <td>720</td> </tr> <tr> <td>≤ 75%</td> <td>660</td> </tr> </tbody> </table> <p>If there are no usable credit scores due to insufficient information or inaccurate information, the mortgage is not eligible. The Form 11/Form 13SF CSV and CST fields must be appropriately completed. Refer to Guide Sections 37.5 (e) for identifying the Indicator Score, and 37.5 (f) and 17.3 (c) for Indicator Score delivery requirements</p>	Property Type	LTV	Min. Ind. Score	1- to 4-unit Primary Residence	> 75%	660	≤ 75%	620	Second Home	> 75%	720	≤ 75%	620	1-unit Investment Property	> 75%	720	≤ 75%	620	2- to 4-unit Investment Property	> 75%	720	≤ 75%	660
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<p>Maximum Housing Payment Increase (P&I)</p>	<p>No limit on the amount of the increase, but if the principal and interest increases by more than 20% of the principal and interest payment most frequently made by the Borrower(s) during the most recent 12 months, or since the Note Date of the Mortgage being refinanced if less than 12 months from the application date of the Relief Refinance Mortgage, the following requirements must be met:</p> <ul style="list-style-type: none"> ▪ New credit report ▪ A new minimum Indicator Score is required and must be at least 620 ▪ Verification of income source and amount meeting Streamlined Accept documentation requirements (at a minimum) ▪ Verification of funds (at a minimum, verifications must meet Streamlined Accept Documentation requirements for verification of assets) ▪ Debt-to-income ratio must be calculated using new credit report and verified income and cannot exceed 45% 	<p>No limit on the amount of the increase</p>																							

Refinance Mortgage Eligibility Requirements, *continued*

Topic	Same Servicer	Open Access
Employment and Income Documentation	Required if principal and interest increases by more than 20%. See Maximum Housing Payment Increase (P&I) above	Follow the documentation level requirements as indicated in the Loan Prospector Feedback. Standard documentation requirements apply to all manually underwritten Mortgages
Asset Documentation	Verification of funds required unless the principal and interest payment increase is less than or equal to 20% of the principal and interest payment most frequently made by the Borrower during the most recent 12-month period	Verification of funds required
Monthly Debt-Payment-to Income Ratio	Not required to calculate unless principal and interest increases by more than 20%. See Maximum Housing Payment Increase (P&I) above	<ul style="list-style-type: none"> ▪ For Accept and A-minus Mortgages, Loan Prospector Mortgages has determined that the borrower's qualifying ratios are acceptable ▪ For Caution Mortgages that are Manually Underwritten Mortgages, the debt-to-payment ratio should not exceed 33% to 36%. On an exception basis, the maximum debt-to-payment ratio cannot exceed 45%. For exceptions, refer to Guide section 37.16
Change in Borrowers	The Borrower(s) on the Note of the new refinance Mortgage must be the same as the borrower obligated on the Note on 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 the requirements of Guide Sections A24.3 (a) have been met.	<p>The Borrower(s) obligated on the Note on the Relief Refinance Mortgage – Open Access must be the same as the Borrower(s) obligated on the Note on 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 – Open Access, provided that, the Borrower(s) being omitted is also removed from the deed and retains no ownership interest in the Mortgaged Premises and at least one Borrower(s) from the Mortgage being refinanced is retained.</p> <p>A Borrower(s) may be added to the Note of the Relief Refinance Mortgage – Open Access provided that at least one Borrower(s) from the Mortgage being refinanced is retained. A non-occupying Borrower may not be added to a Mortgage secured by a Primary Residence.</p>

Refinance Mortgage Eligibility Requirements, continued

Topic	Same Servicer
<p>Property Value for New Mortgage</p>	<p>For Relief Refinance Mortgages – Same Servicer, Property Value may be determined by one of three different methods:</p> <ul style="list-style-type: none"> ▪ Home Value Explorer® <ul style="list-style-type: none"> - Seller may determine the value of the Mortgaged Premises using a point value estimate from Home Value Explorer (HVE). For detailed information on HVE refer to http://www.freddiemac.com/hve/hve.html. 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: <ul style="list-style-type: none"> • 1-unit attached or detached dwelling, or a unit in a Condominium Project or PUD (no Manufactured Homes, dwelling on a leasehold estates, or if a Seller is permitted to deliver Cooperative Share Mortgages under its Purchase Documents, a Cooperative Unit) • Forecast Standard Deviation no greater than 0.20 (corresponding to a Confidence Score of “H” (high) or “M” (medium)) • Written copy of the HVE point value estimate in the Mortgage file. If estimates for a group of Mortgages are in one report, the Mortgage file must contain a screen print of the applicable HVE point value estimate, Forecast Standard Deviation, Confidence Score, and date of the estimate • As of the Delivery Date of the refinance Mortgage, the HVE point value estimate may not be more than 180 days old <p><i>Seller Representation and Warranties:</i></p> <ul style="list-style-type: none"> - Relieved of value, internal and external condition and marketability of the Mortgaged Premises representations and warranties 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 Delivery Date. - 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 <ul style="list-style-type: none"> ▪ New Appraisal or AVM <ul style="list-style-type: none"> - Obtain a new appraisal, or if the Seller’s Purchase Documents permit the use of an AVM in lieu of an appraisal, obtain a new AVM ▪ Appraisal or AVM from the Mortgage Being Refinanced <ul style="list-style-type: none"> - Provide the original appraisal, or if the Seller’s Purchase Documents permitted the use of an AVM in lieu of an appraisal, provide the AVM documentation. If a Form 2070 or the Property Inspection Alternative was used, obtain a new appraisal or AVM and retain the Feedback Certificate in the file of the existing Mortgage <p><i>Seller Representations and Warranties for New Appraisal or AVM option <u>and</u> Appraisal or AVM from the existing Mortgage option:</i></p> <ul style="list-style-type: none"> - Value, as of the Delivery Date of the refinance Mortgage, is at least equal to the value of the appraisal, or if Seller’s Purchase Documents permit the use of an AVM in lieu of an appraisal, the AVM with the most recent effective date before the Delivery Date of the refinance Mortgage - Condition and marketability of the Mortgaged Premises <p>Note: Seller is still responsible for the original appraisal or AVM value and the original representations and warranties regarding the value, condition and marketability of the Mortgaged Premises for the existing Mortgage</p>

<u>Refinance Mortgage Eligibility Requirements, continued</u>		
Topic	Open Access	
Property Value for New Mortgage, continued	For Relief Refinance Mortgages – Open Access , property value must be determined by obtaining an appraisal with an interior and exterior inspection meeting the requirements of Guide Chapter 44 Seller Representations and Warranties for New Appraisal: <ul style="list-style-type: none"> ▪ Value, as of the Delivery Date of the new refinance Mortgage, is at least equal to the value of the appraisal with the most recent effective date before the Delivery Date of the refinance Mortgage ▪ Interior and exterior condition and marketability of the Mortgaged Premises 	
Condominium Project or Cooperative Project (if applicable)	Same Servicer	Open Access
	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 Delivery Date of the new refinance Mortgage	Seller must evaluate Condominium Project and represent and warrant that it meets Freddie Mac eligibility requirements as set forth in Guide Chapter 42 as of the Delivery Date of the refinance Mortgage
	Note: See Relief Refinance Mortgages Pooling and Delivery Requirements job aid for special condominium requirements	

Footnotes:

¹An Affiliate of the Seller is any entity related to a Seller that is subject to common operating control and that is operated as part of the same system or enterprise. The Seller typically owns less than a majority of the voting stock or the Seller and the entity are subsidiaries of a third party.