CMG Conventional Conforming Freddie Mac High LTV Refinance Loan Matrix & Guidelines

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High Loan-to-Value Refinance Option - Loan Matrix

High LTV Refinance No Cash-Out Refinance [1], Fixed Rate & ARMs[3, 4]					
Minimum LTV Ratios – Fixed Rate and ARM Loans	**Number of Units**	**Minimum LTV**	**Maximum LTV [2]**	**Minimum Credit Score**	**Maximum DTI Ratio**
Principal Residence	1 Unit	97.01%	FRM: No limit ARM: 105%	620	No maximum, per AUS
	2 Units	85.01%			
	3-4 Units	80.01%			
Second Home	1 Unit	90.01%			
Investment Property	1 Unit	85.01%			
	2-4 Units	75.01%			

1. High LTV Refinance: Loans are subject to a unique no cash-out refinance definition, and other unique requirements. There are no minimum limits for total LTV (TLTV) and Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratios.

2. Maximum LTV Ratio
   - No maximum LTV, TLTV, or HTLTV ratios for fixed-rate loans.
   - 105% maximum LTV ratio for ARM loans, but no maximum TLTV or HTLTV ratio.

3. Mortgages secured by a Manufactured Home are not eligible for 5/1 ARM.
4. High Balance is eligible on fixed rate 30 & 15 year terms only.

Note: The mortgage being refinanced and the new Enhanced Relief Refinance Mortgage do not have to represent the same occupancy.

Manual Underwriting: Not Permitted

Overview & Compliance (HPCT)

Overview

The High LTV refinance option is designed for borrowers who are making their mortgage payments on time, but whose LTV ratios exceed the maximum allowed for standard no cash-out refinance transactions. Lenders are not required to evaluate borrower creditworthiness except for the requirements specifically stated.

- AUS approval required. Minimum credit score must be met. CMG does not permit manual underwriting.
- The current servicer or a new servicer may refinance the existing loan.
- Mortgage insurance (MI) must be transferred to the new loan. If MI is not in place for the loan being refinanced, it is not required for the new loan if all other eligibility requirements are met.
- Simplified documentation requirements for employment, income, and assets.

Potential Material Change in Credit Risk or Higher Priced Mortgage Loans

CMG does not permit manual underwriting. As a result, the following are not eligible:

- A Mortgage for which the principal and interest payment increases by more than 20% of the current contractually obligated payment under the Note.
- An Enhanced Relief Refinance® Mortgage that is either a Higher-Priced Covered Transaction (HPCT) or Higher-Priced Mortgage Loan (HPML); or
- A Mortgage for which a Borrower obligated on the Note on the Mortgage being refinanced is omitted from the Note of the Enhanced Relief Refinance Mortgage.

HPML & Higher-priced Covered Transactions

HPML loans are not permitted.

HPCT is not permitted.

Part A – Borrower Eligibility, Borrower Benefit and Loan Eligibility

Borrower Eligibility for Enhanced Relief Refinance Mortgages

Generally, the borrower(s) on the loan being refinanced (or the current borrower(s) if the existing loan was assumed) must be identical to the borrower(s) on the new loan. However, an existing borrower may be excluded from the new loan for either of the following:

- The Mortgage file contains evidence that the remaining Borrower has been making the Mortgage payments, including the payments for any secondary financing, for the most recent 12-month period; or
- due to the death of a borrower. Evidence of the deceased borrower's death must be documented in the loan file.

If this criteria cannot be met, the new loan is not eligible. In all cases, at least one Borrower(s) from the Mortgage being refinanced must be retained. New borrowers may not be added to the new loan refinanced via the high LTV refinance option.

Note: **Living Trusts -** A Living Trust may be made irrevocable by a Settlor's death. To be an eligible Borrower at the time of the refinance transaction, the Borrower must continue to be a Living Trust that meets Freddie Mac's revocability and, as applicable, other eligibility requirements.

Borrower Benefit

The Enhanced Relief Refinance Mortgage must be originated for one of the following purposes:

- A reduction in the interest rate of the First Lien Mortgage
- To replace an ARM with a fixed-rate Mortgage
- A reduction in the amortization term of the First Lien Mortgage
- A reduction in the monthly principal and interest payment of the First Lien Mortgage

Existing Loan Being Refinanced Requirements

The Mortgage being refinanced must:

- Have a Note Date on or after October 1, 2017
- Be a First Lien, conventional Mortgage currently owned by Freddie Mac, in whole or in part, or securitized by Freddie Mac
- Be seasoned for at least 15 months (that is, at least 15 months must have passed between the Note Date of the Mortgage being refinanced to the Note Date of the Enhanced Relief Refinance® Mortgage)

The Mortgage being refinanced must have a Mortgage payment history that indicates the following:

- The Mortgage has not been 30 days delinquent in the most recent six months; and
- The Mortgage has not been 30 days delinquent more than once in the most recent 12 months, and
- The Mortgage has not been 60 or more days delinquent in the most recent 12 months

The Mortgage being refinanced must not be:

- A Freddie Mac Relief Refinance Mortgage
- A Mortgage subject to an outstanding repurchase request
- A Mortgage subject to recourse, indemnification or another negotiated credit enhancement.

Representations and warranties related to the eligibility of the Mortgage being refinanced

For Loan Product Advisor® Mortgages that receive *Eligible* "Purchase Eligibility" on the Feedback Certificate, the Lender is not required to represent and warrant that the Mortgage being refinanced meets the eligibility requirements in Section (a)(i) above, with the following exceptions:

- The Lender is required to represent and warrant that the Mortgage is seasoned at least 15 months by the Note Date of the Enhanced Relief Refinance Mortgage; and
- The Lender remains responsible for determining whether the payment history requirements are met after the date of the last Loan Product Advisor submission

Modified Mortgages

If the Mortgage being refinanced was considered for and/or received a Freddie Mac modification, the Mortgage is eligible to be refinanced as an Enhanced Relief Refinance Mortgage, provided all the requirements of these guidelines are met, including the Mortgage payment history requirements. The current contractually-obligated payment terms under the Note, including the most recent modification of the Note, if any, must be used for the purpose of determining whether the Enhanced Relief Refinance Mortgage meets the Borrower benefit requirements.

New Loan Requirements – The Enhanced Relief Refinance Mortgage

Eligibility date - Enhanced Relief Refinance Mortgages must have Application Received Dates on or after November 1, 2018.

The Enhanced Relief Refinance Mortgage must not be:

- A Mortgage with a temporary subsidy buydown plan
- Originated pursuant to Section 50(a)(6) of Article XVI of the Texas Constitution.
- A Community Land Trust Mortgage.
- Secured by a property subject to income-based resale restrictions that terminate upon foreclosure (or expiration of any applicable redemption period) or recordation of a deed-in-lieu of foreclosure, where the property value must be determined in accordance with requirements noted in Freddie Mac Selling guide Section 4406.1(g)(ii)

Use of Mortgage proceeds.

The proceeds of the Enhanced Relief Refinance Mortgage must be used only to:

- Pay off the first Mortgage (amount including only the UPB and interest accrued through the date the Mortgage being refinanced is paid off)
- Pay related Closing Costs not to exceed $5,000
- Disburse cash to the Borrower not to exceed $250

In the event there are remaining proceeds from the Enhanced Relief Refinance Mortgage after the proceeds are applied as described above:

- The Mortgage amount must be reduced, or
- The excess amount must be applied as a principal curtailment to the Enhanced Relief Refinance Mortgage at closing and must be clearly reflected on the Settlement/Closing Disclosure Statement

Under no circumstances may cash disbursed to the Borrower exceed $250.

Part B – Appraisals & Valuation Requirements

Property valuation requirements for the Enhanced Relief Refinance Mortgage. With respect to the determination of property value for an Enhanced Relief Refinance Mortgage, the Lender has the two options identified below. A regulatory agency may require an appraisal report in instances where Freddie Mac does not; in such event, the Lender must comply with any relevant requirements of regulatory agencies that mandate an appraisal.

- **Option One: Home Value Explorer® (HVE®)** The Lender may determine the value of the Mortgaged Premises using a point value estimate from HVE obtained through LPA. The following requirements must be met for the Lender to use an HVE point value estimate to determine property value for the Enhanced Relief Refinance Mortgage:
    - The property must be a 1- or 2-unit dwelling
    - The property must be an attached or detached dwelling, or a unit in a Condominium Project or PUD
    - The property must not be subject to resale restrictions, a Manufactured Home, dwelling on a leasehold estate, or a Cooperative Unit.
    - The HVE point value estimate must have a Forecast Standard Deviation that is no greater than 0.20 (corresponding to a Confidence Score of "H" (high) or "M" (medium))
    - The Lender must maintain the HVE point value estimate for the Enhanced Relief Refinance Mortgage and any information necessary to evidence compliance with the HVE requirements.
    - As of the Note Date of the Enhanced Relief Refinance Mortgage, the HVE point value estimate may not be more than 120 days old

If the above requirements are met and the Lender uses the HVE point value estimate to determine value:
- The Lender is relieved of representations and warranties regarding the value, condition and marketability of the Mortgaged Premises
- The Lender represents and warrants that all information provided by the Lender for the purpose of obtaining the HVE point value estimate, including the address of the Mortgaged Premises, is true, complete and accurate

If the above requirements for use of the HVE point value estimate are not met, the Lender must determine the value of the Mortgaged Premises in accordance with Option Two described below.

- **Option Two: New appraisal**
  The Lender must obtain an interior and exterior inspection appraisal. Once obtained, it must be used for the purposes of establishing the property value and determining the property eligibility. The Lender is responsible for the representations and warranties regarding the value; however, the Lender is relieved of the representations and warranties regarding condition and marketability of the Mortgaged Premises.

  Freddie Mac will accept appraisal reports with a Uniform Appraisal Dataset (UAD) condition rating of C5 or C6 and/or a UAD quality rating of Q6 completed on an "as-is" basis; the appraisal does not have to be completed "subject to" needed repairs being completed.

Part C – Occupancy & Multiple Financed Properties

Each Enhanced Relief Refinance® Mortgage must be secured by Mortgaged Premises that are:

- 1- to 4-unit Primary Residences,
- Second homes, or
- 1- to 4-unit Investment Properties

Occupancy

Primary, second home and investment properties eligible per the ltv matrix. The loan being refinanced and the new loan do not have to represent the same occupancy. The occupancy of the subject property may have changed by the time of the high LTV refinance transaction.

Multiple Financed Properties

There are no limits on the number of financed properties the borrower may own. This includes Enhanced Relief Refinance Mortgages secured by an investment property or a second home.

Part D – Underwriting Documentation

Documentation Requirements

LPA approval is required.

For income and employment documentation, the lender must obtain a verbal verification of employment for employment or self-employment income for at least one borrower, documentation of a non-employment income source, or documentation of liquid financial reserves equal to 12 months of the new monthly housing payment for the high LTV refinance loan.

Maximum Debt-to-Income Ratio

- There is not a maximum debt-to-income ratio.

Manual Underwriting

Not permitted.

Part E – Application

- A new executed Uniform Residential Loan Application is required from the borrower(s) with all information completed, including borrower income, employment, and assets.
- Enhanced Relief Refinance Mortgages must have Application Received Dates on or after November 1, 2018.

Part F – Credit Requirements

AUS approval is required. A credit report must be obtained; however, there is no maximum debt payment-to-income ratio and verification of any funds needed to complete the Mortgage transaction or for reserves is not required.

Minimum Credit Score

- CMG minimum credit score of 620 must be met. CMG does not permit loans qualified via manual underwriting.
- A new credit report is required in accordance with standard Selling Guide requirements for payment history, pricing purposes and CMG's minimum credit score eligibility.

Derogatory Credit & Standard Waiting Periods

- Lenders are not required to comply with standard waiting periods and re-establishment times for derogatory events (e.g., bankruptcy, foreclosure).

Payment History Requirement

The Mortgage being refinanced must have a Mortgage payment history that indicates the following:

- The Mortgage has not been 30 days delinquent in the most recent six months; and
- The Mortgage has not been 30 days delinquent more than once in the most recent 12 months, and
- The Mortgage has not been 60 or more days delinquent in the most recent 12 months

Manual Underwriting

Not permitted. LPA approval is required.

Part G – Income Documentation

Employment and Income Verification

- The lender must obtain one of the following:
    - a verbal verification of employment for employment or self-employment income for at least one borrower,
    - documentation of a non-employment income source, or
    - documentation of liquid financial reserves equal to 12 months of the new monthly housing payment. Eligible sources of funds that can be used for reserves in this instance are limited to funds in the Borrower's depository accounts, securities or retirement accounts. The lender must obtain and maintain in the Mortgage file the most recent monthly or quarterly account statement.

- Lenders are not required to assess continuity of income.
- Lenders are not required to verify income amount or calculate the debt-to-income ratio.

Part H – Asset Documentation & Reserve Requirements

Asset Verification

Assets do not need to be verified. Verification of any funds needed to complete the Mortgage transaction or for reserves is not required.

Part I – Property Eligibility

The Mortgaged Premises must be an attached or detached dwelling, a Manufactured Home, a unit in a Condominium Project or Planned Unit Development. (Cooperative Units are NOT permitted.)

For Mortgages secured by Condominium Units, the Lender is not required to evaluate if the Condominium Project meets the project eligibility requirements provided that:

- The Lender represents and warrants that the project is not located in a Condominium a hotel, houseboat project, timeshare project, or a project with segmented ownership; and
- The project has insurance that meets the standard insurance requirements.

For Mortgages secured by Manufactured Homes and Leasehold Estates the Lender must ensure the property meets the standard eligibility requirements.

The lender must obtain property and flood insurance.

Part J – Disaster Policy

Properties Affected by a Disaster

For Enhanced Relief Refinance Mortgages secured by properties in areas affected by disasters, repairs to a property damaged as the result of a disaster will not be required prior to the Settlement Date as long as the Mortgage meets the applicable property insurance requirements.

Part K –Mortgage Insurance

The following provisions apply to an Enhanced Relief Refinance® Mortgage that has a loan-to-value (LTV) ratio greater than 80%:

- If the Mortgage being refinanced has mortgage insurance coverage, then the same percentage of mortgage insurance coverage must be maintained for the Enhanced Relief Refinance Mortgage on the entire UPB
- If the Mortgage being refinanced does not have mortgage insurance coverage, then no mortgage insurance coverage is required for the Enhanced Relief Refinance Mortgage

The lender must comply with any requirements established by the applicable mortgage insurer to transfer and/or maintain the existing mortgage insurance coverage.

Part L – Transaction Types

Eligible refinance transactions only.

Use of Mortgage proceeds. The proceeds of the Enhanced Relief Refinance Mortgage must be used only to:

- Pay off the first Mortgage (amount including only the UPB and interest accrued through the date the Mortgage being refinanced is paid off)
- Pay related Closing Costs not to exceed $5,000
- Disburse cash to the Borrower not to exceed $250

In the event there are remaining proceeds from the Enhanced Relief Refinance Mortgage after the proceeds are applied as described above:

- The Mortgage amount must be reduced, or
- The excess amount must be applied as a principal curtailment to the Enhanced Relief Refinance Mortgage at closing and must be clearly reflected on the Settlement/Closing Disclosure Statement

Under no circumstances may cash disbursed to the Borrower exceed $250.

Part M- Secondary/Subordinate Financing

Secondary Financing

An existing junior lien:

- Must be subordinate to the Enhanced Relief Refinance Mortgage and must meet standard Freddie Mac requirements for secondary financing set forth in Chapter 4204. An increase in the current unpaid principal amount of any junior lien is prohibited to curtail the Enhanced Relief Refinance Mortgage or to pay related Closing Costs, and no new secondary financing is permitted.
- May be an eligible Affordable Second®. The Affordable Second must be subordinate to the Enhanced Relief Refinance Mortgage.
- May be refinanced simultaneously with the existing First Lien if the junior lien is being refinanced for one of the following purposes:
    - 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
    - A reduction in the monthly payment of the junior lien

The UPB of the new junior lien may not be more than the UPB, at the time of payoff, of the junior lien being refinanced.
If the junior lien being refinanced is a fixed-rate junior lien, the new junior lien may not be an ARM.

Part N- Interested Party Contributions / Escrow Accounts

Interested Party Contributions - N/A

Escrows/Impounds:

- Impounds required when LTV exceeds 80%, as permitted by state law.
- Effective on loans closed on or after January 1, 2016 that require flood insurance: the premiums related to the flood insurance must be escrowed - escrows for these premiums may not be waived, regardless of LTV. If flood insurance premiums are paid by a condominium association, homeowner's association or other group, no escrow is required.

CMG does not permit escrow for earthquake insurance

Part Y – Product Codes

Freddie Mac (LPA) High LTV Refinance Product Codes

Standard Loan Amounts (Fixed Rate and ARMs	
Product Code	**Description**
101 LPA High LTV	101 FHLMC 30Yr High LTV Enhanced Relief Refi Fixed
102 LPA High LTV	102 FHLMC 15Yr High LTV Enhanced Relief Refi Fixed
103 LPA High LTV	103 FHLMC 20Yr High LTV Enhanced Relief Refi Fixed
125 LPA High LTV	125 FHLMC 25Yr High LTV Enhanced Relief Refi Fixed
1410 LPA High LTV	1410 FHLMC 10/1 ARM High LTV Enhanced Relief Refi
1451 LPA High LTV	1451 FHLMC 5/1 ARM High LTV Enhanced Relief Refi
1471 LPA High LTV	1471 FHLMC 7/1 ARM High LTV Enhanced Relief Refi
High Balance (Super Conforming) Loan Amounts (30 & 15 Year Fixed Rate only)	
Product Code	**Description**
101 LPA High LTV HB	101 FHLMC 30Yr High LTV Enhanced Relief Refi HB
102 LPA High LTV HB	102 FHLMC 15Yr High LTV Enhanced Relief Refi HB

Mortgage products - The Enhanced Relief Refinance Mortgage must be:

- A mortgage secured by a Manufactured Home must not be a 5/1 ARM
- High Balance is available on fixed rate 30 & 15 year only

Part Z - Recent Updates / 90 Day Lookback

12/24/2018 New product release.