

# Fannie Mae's High LTV Refinance Option

October 2018



# High LTV Refinance Option

Fannie Mae's high loan-to-value (LTV) refinance option is available for refinance applications received on or after Nov. 1, 2018. It replaces DU Refi Plus™ (and Refi Plus™ with manual underwriting), which will be retired in accordance with the Home Affordable Refinance Program® (HARP®) end date of Dec. 31, 2018.



Fannie Mae

## Lender Letter LL-2017-05

September 08, 2017

To: All Fannie Mae Single-Family Sellers  
High Loan-to-Value Refinance Option

At the direction of the Federal Housing Finance Agency (FHFA), Fannie Mae will offer a new high loan-to-value (LTV) refinance option designed for Fannie Mae borrowers who are making their mortgage payments on time, but whose LTV ratios exceed the maximum allowed for standard limited cash-out refinance transactions in the *Selling Guide*. This option will not be available for a number of months, but we are sharing this update with you now in advance for our standard operational and system updates. The *Selling Guide* will be updated originating these high LTV refinances.

### Extension of DU Refi Plus™ and

FHFA recently announced the extension of the expiration date of DU Refi Plus and Refi Plus with manual underwriting from December 31, 2018. All whole loan pools with issue dates on or before September

### High LTV Refinance Requirements

The following tables describe all of the requirements originated under the high LTV refinance option.

Requirement	
Eligible Existing Loans	<ul style="list-style-type: none"><li>The loan must be Fannie Mae.</li><li>The loan must be current.</li><li>Loans that are eligible to be refinanced.</li></ul>
Servicer	The current servicer.
Previously-Modified Mortgages	<ul style="list-style-type: none"><li>Borrowers who have previously modified their loans.</li><li>The borrower has made all payments on time.</li></ul>
Seasoning	At least 15 months since the previous loan was originated.

© 2017 Fannie Mae. Trademarks of Fannie Mae.



Fannie Mae

## Lender Letter LL-2018-02

May 22, 2018

To: All Fannie Mae Single-Family Sellers  
High Loan-to-Value Refinance Option Update

In September of last year we released Lender Letter LL-2017-05, which introduced the high loan-to-value (LTV) refinance option. At the direction of the Federal Housing Finance Agency (FHFA), and in coordination with Freddie Mac, we are providing an update and some additional details regarding this option that will become available later this year. As a reminder, this option is intended for Fannie Mae borrowers who are making their mortgage payments on time, but whose LTV ratios exceed the maximum allowed for standard limited cash-out refinance transaction in the *Selling Guide*.

### Minimum LTV Ratios

We originally communicated that for the new loan to be eligible, the minimum LTV ratio for a one-unit, principal residence would be 95.01%. With this Lender Letter, we are updating the minimum LTV ratio to 97.01%. The updated eligibility matrix below reflects this change along with all of the minimum LTV ratios for both fixed-rate and adjustable-rate (ARM) loans for the high LTV refinance option.

Transaction Type	Number of Units	Minimum LTV	Maximum LTV	Minimum Credit Score	Maximum DTI Ratio
<b>Limited Cash-Out Refinance, Fixed Rate, ARMs with Initial Fixed Periods ≥ 5 Years</b>					
<b>Desktop Underwriter and Manual Underwriting</b>					
Principal Residence	1 Unit	97.01	FRM: No Limit ARM: 105%	No Minimum	No Maximum
	2 Unit	85.01			
	3-4 Units	75.01			
Second Home	1 Unit	90.01	FRM: No Limit ARM: 105%	620	45%
	1-4 Units	75.01			
	Investment Property	75.01			
<b>Alternative Qualification Path, Manual Underwriting</b>					
Principal Residence	1 Unit	97.01	FRM: No Limit ARM: 105%	620	45%
	2 Unit	85.01			
	3-4 Units	75.01			
Second Home	1 Unit	90.01	FRM: No Limit ARM: 105%	620	45%
	1-4 Units	75.01			
	Investment Property	75.01			

**NOTE:** High LTV refinance loans are subject to a unique limited cash-out refinance definition, and other unique requirements. There is no maximum CLTV or HCLTV ratio limit. The above requirements apply to loans meeting the general or high-balance loan limits. See Lender Letter LL-2017-05 for additional requirements.

### Pricing

Pricing for high LTV refinance loans is very similar to that already in place for DU Refi Plus™ and Refi Plus™ loans, but introduces a three-tier structure based on LTV ratios. The *Loan-Level Price Adjustment (LLPA) Matrix* posted on Fannie Mae's website has been updated to reflect high LTV refinances. For the first tier LTV ratios (loans with LTV ratios just above standard) the applicable LLPA is 3.0%. For the intermediate and high LTV ratio tiers, LLPA rates apply based on the LTV ratio and amortization term. For those tiers, if the sum of all applicable LLPAs exceeds the applicable cap, the excess LLPAs will be waived at delivery.

© 2018 Fannie Mae. Trademarks of Fannie Mae.

1 of 2

# High LTV Refinance Option

## Refinance Opportunities

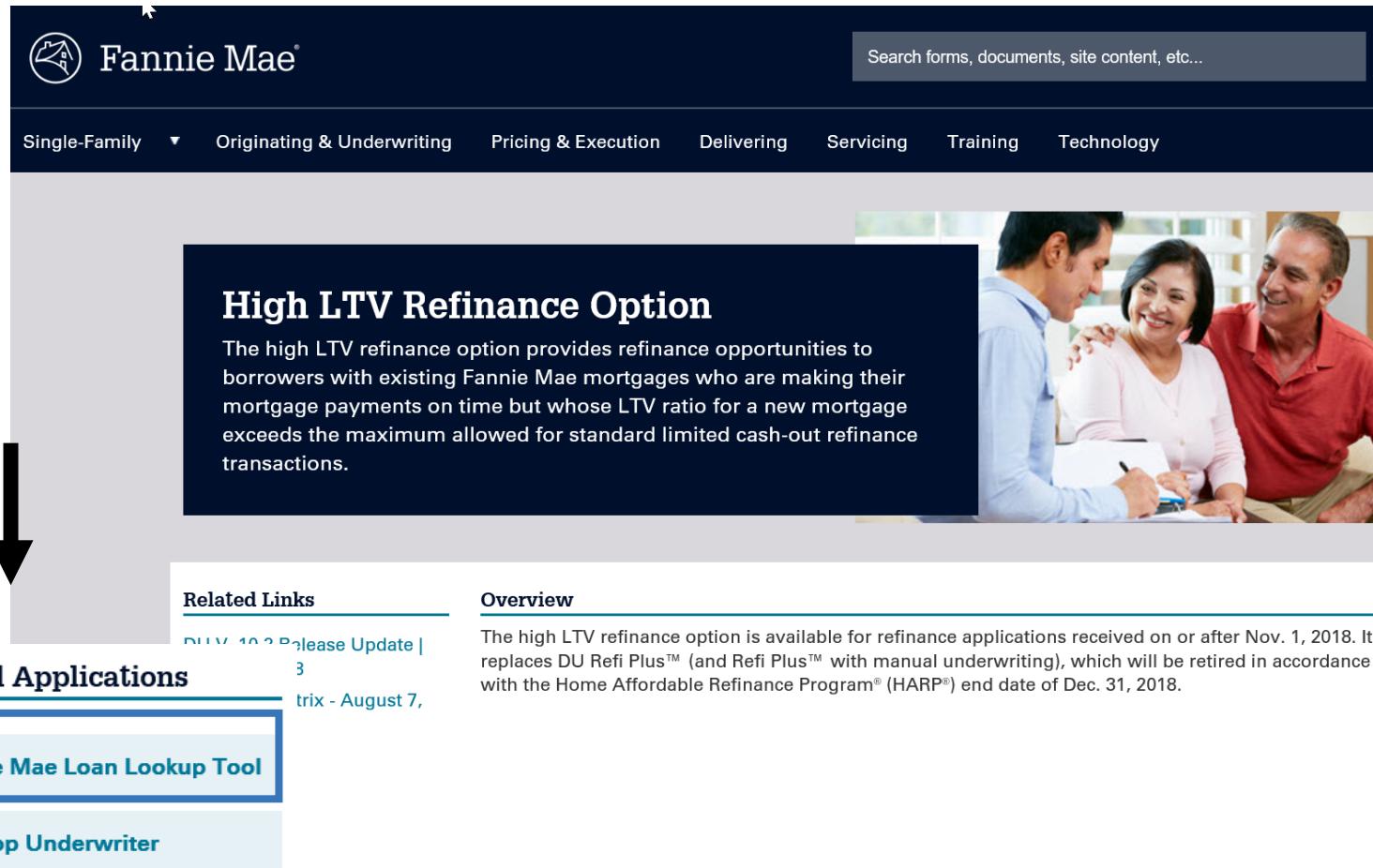
- Borrowers
  - Existing Fannie Mae loan
  - An acceptable mortgage payment history
- Lenders
  - Automated underwriting and manual underwriting options
  - Fannie Mae to Fannie Mae refinances

# High LTV Refinance Option

The high LTV refinance option provides refinance opportunities to borrowers with existing Fannie Mae mortgages, who are making their mortgage payments on time, but whose LTV ratio for a new mortgage exceeds the maximum allowed for standard limited cash-out refinance transactions.

- The loan must have a note date on or after October 1, 2017
- At least 15 months must have passed from the note date of the existing loan to the note date of the new loan
- Desktop Underwriter® will be available to underwrite applications effective November 1, 2018
- Loans must close on or after January 1, 2019

# www.FannieMae.com



**Fannie Mae®**

Search forms, documents, site content, etc...

Single-Family ▾ Originating & Underwriting Pricing & Execution Delivering Servicing Training Technology

## High LTV Refinance Option

The high LTV refinance option provides refinance opportunities to borrowers with existing Fannie Mae mortgages who are making their mortgage payments on time but whose LTV ratio for a new mortgage exceeds the maximum allowed for standard limited cash-out refinance transactions.



**Related Links**

DU V 10.2 Release Update | 3 trix - August 7,

**Related Applications**

**Fannie Mae Loan Lookup Tool**

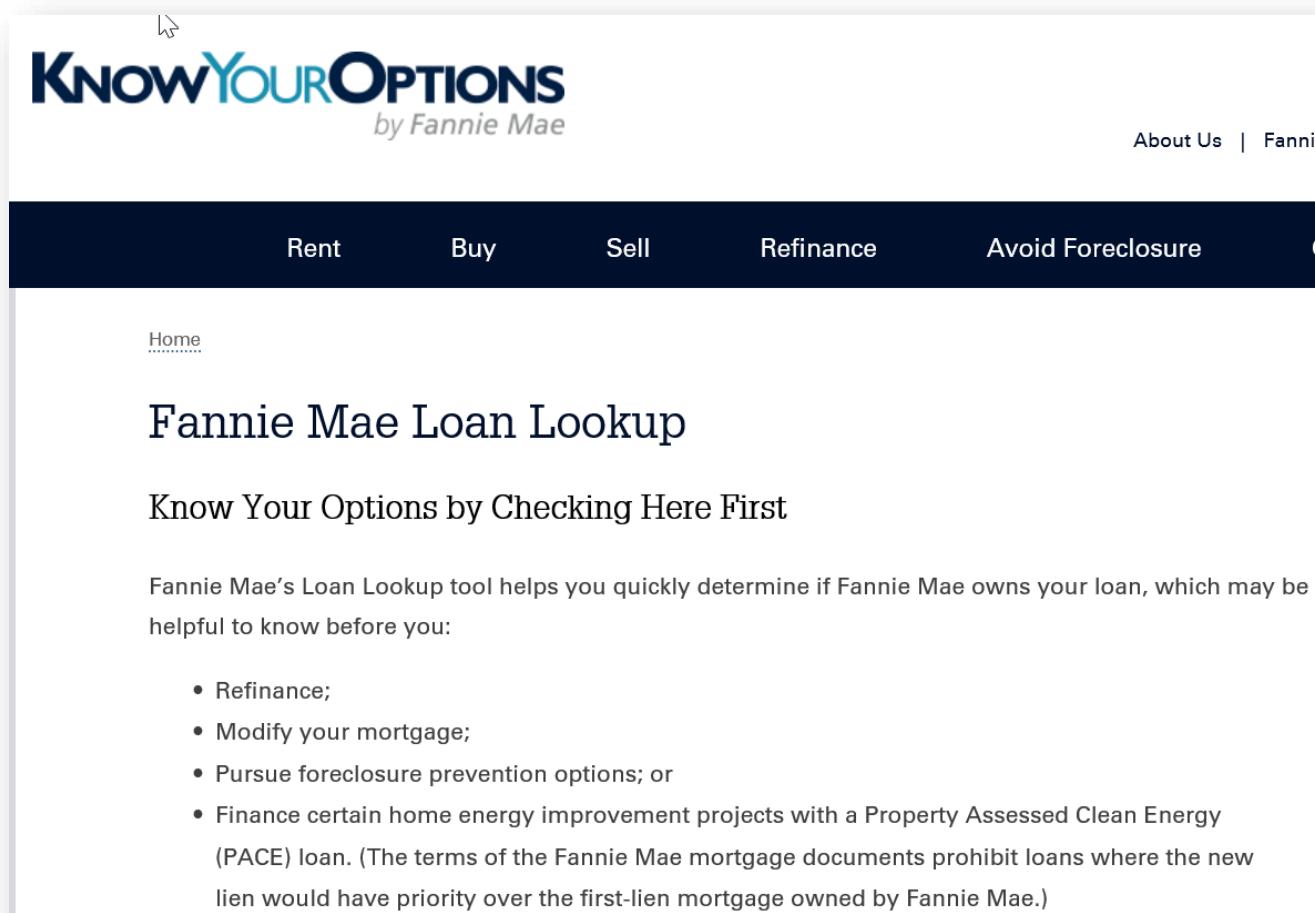
**Desktop Underwriter**

**Overview**

The high LTV refinance option is available for refinance applications received on or after Nov. 1, 2018. It replaces DU Refi Plus™ (and Refi Plus™ with manual underwriting), which will be retired in accordance with the Home Affordable Refinance Program® (HARP®) end date of Dec. 31, 2018.

<https://www.fanniemae.com/singlefamily/high-ltv-refinance-option>

# Know Your Options Loan Lookup Tool



The screenshot shows the homepage of the **KNOW YOUR OPTIONS** website, a service by Fannie Mae. The top navigation bar includes links for **About Us** and **Fannie Mae**. Below the navigation is a dark blue header bar with links for **Rent**, **Buy**, **Sell**, **Refinance**, **Avoid Foreclosure**, and **Get Started**. The main content area features a sub-navigation bar with **Home**, **Refinance**, **Get Started**, and **Help**. The main heading is **Fannie Mae Loan Lookup**, followed by the sub-headline **Know Your Options by Checking Here First**. A text block explains that the tool helps users quickly determine if Fannie Mae owns their loan, which is helpful to know before pursuing options like refinancing, modifying the mortgage, or pursuing foreclosure prevention. A bulleted list details these options, noting that Fannie Mae prohibits loans where a new lien would have priority over the first-lien mortgage owned by Fannie Mae.

**Fannie Mae Loan Lookup**

Know Your Options by Checking Here First

Fannie Mae's Loan Lookup tool helps you quickly determine if Fannie Mae owns your loan, which may be helpful to know before you:

- Refinance;
- Modify your mortgage;
- Pursue foreclosure prevention options; or
- Finance certain home energy improvement projects with a Property Assessed Clean Energy (PACE) loan. (The terms of the Fannie Mae mortgage documents prohibit loans where the new lien would have priority over the first-lien mortgage owned by Fannie Mae.)

<https://www.knowyouroptions.com/loanlookup>

# High LTV Refinance Option Fact Sheet



Fannie Mae®

## High Loan-to-Value Refinance Option

The high loan-to-value (LTV) refinance option provides refinance opportunities to borrowers with existing Fannie Mae mortgages who are making their mortgage payments on time but whose LTV ratio for a new mortgage exceeds the maximum allowed for standard limited cash-out refinance options in the *Selling Guide*.

The high LTV refi option is available for refinance applications received on or after Nov. 1, 2018. It replaces DU Refi Plus™ (and Refi Plus™ with manual underwriting), which will be retired in accordance with the Home Affordable Refinance Program® (HARP®) end date of Dec. 31, 2018.

### Borrower Benefit

Borrowers must benefit from the refinance in at least one of the following ways:

- Reduced monthly principal and interest payment
- Lower interest rate
- Shorter amortization term
- More stable mortgage product, such as moving from an adjustable-rate mortgage to a fixed-rate mortgage

### Eligibility

- Only an existing Fannie Mae mortgage may be refinanced to a new Fannie Mae mortgage.
- The Note Date of the mortgage being refinanced must be on or after Oct. 1, 2017.

- At least 15 months have passed between the Note Date of the mortgage being refinanced and the Note Date of the high LTV refi mortgage.
- Borrowers must be current with their payments and have:
  - No 30-day delinquencies in the most recent six months, and
  - No more than one 30-day delinquency in the past 12 months and no delinquency greater than 30 days.
- The mortgage being refinanced must not have been previously delivered as a Fannie Mae DU Refi Plus® or Refi Plus® mortgage.
- Borrowers can refinance using the high LTV refinance option more than once as long as all other requirements, including seasoning, are met.

Minimum LTV Ratios		
Principal Residence	1 Unit	97.01%
	2 Units	85.01%
	3-4 Units	75.01%
Second Home	1 Unit	90.01%
Investment Property	1-4 Units	75.01%

### Features

- 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.
- Both DU and manual underwriting options are available to the same or a new servicer. Manual underwriting may be necessary in certain scenarios.

### Delivery

Deliver with the applicable high LTV refinance option [Special Feature Code](#).

**Learn more** | For more information, visit <https://www.fanniemae.com/singlefamily/high-ltv-refinance-option> and refer to *Selling Guide Announcement SEL-2018-06* and *Lender Letters LL-2018-02* and *LL-2017-05*.

© 2018 Fannie Mae. Trademarks of Fannie Mae.

Aug. 9, 2018 1 of 1

# High LTV Refinance Option Comparison



Fannie Mae®

## Comparison of Fannie Mae's High Loan-to-Value (LTV) Refinance Option to Fannie Mae's DU Refi Plus and Refi Plus, including HARP®

The following table provides a high-level comparison of Fannie Mae's high LTV refinance option to DU Refi Plus and Refi Plus, including HARP<sup>1</sup>, and is not meant to be comprehensive. For full program details, please refer to [Lender Letters LL-2017-05](#) and [LL-2018-02](#) regarding the high LTV refinance option announcement and for DU Refi Plus and Refi Plus, including HARP to Fannie Mae's [Selling Guide](#).

	DU Refi Plus and Refi Plus, including HARP	High LTV refinance option
Maximum LTV ratio	<ul style="list-style-type: none"><li>No maximum LTV ratio for FRM</li><li>105% LTV for ARM</li></ul>	<ul style="list-style-type: none"><li>Same as DU Refi Plus and Refi Plus, including HARP</li></ul>
Minimum LTV floor	<ul style="list-style-type: none"><li>80.01% for loans refinanced through HARP</li></ul>	<ul style="list-style-type: none"><li>Principal residence: 1 unit 97.01%, 2 unit 85.01%, 3-4 unit 75.01%</li><li>Second home: 1 unit 90.01%</li><li>Investment property 1 – 4 units 75.01%</li></ul>
MBS Pool Prefixes	<ul style="list-style-type: none"><li>Fixed-rate loans with LTV ratios up to 105% can be included in TBA-eligible MBS</li><li>Fixed-rate loans with LTV ratios above 105% must utilize existing high LTV pool prefixes</li></ul>	<ul style="list-style-type: none"><li>Same as DU Refi Plus and Refi Plus, including HARP</li></ul>
Eligible property types	<ul style="list-style-type: none"><li>All property types permitted</li></ul>	<ul style="list-style-type: none"><li>Same as DU Refi Plus and Refi Plus, including HARP</li></ul>
Amount of times a borrower may refinance under the programs	<ul style="list-style-type: none"><li>One-time use</li></ul>	<ul style="list-style-type: none"><li>Multiple use, although the minimum loan age requirement of 15 months applies each time a loan is refinanced</li><li>Borrowers previously refinanced through HARP are not eligible for refinance of the HARPed mortgage through this program</li></ul>

<sup>1</sup> Fannie Mae has acquired HARP loans and other Refi Plus loans under its Refi Plus™ initiative since 2009. Fannie Mae's Refi Plus initiative offers refinancing flexibility to eligible borrowers who are current on their loans and whose loans are owned or guaranteed by the company and meet certain additional criteria. HARP loans, which have loan-to-value ("LTV") ratios at origination greater than 80 percent, refers to loans the company has acquired pursuant to the Home Affordable Refinance Program ("HARP®"). Other Refi Plus loans, which have LTV ratios at origination of 80 percent or less, refers to loans the company has acquired under its Refi Plus initiative other than HARP loans. Loans the company acquires under Refi Plus and HARP are refinancings of loans that were originated prior to June 2009.

# High LTV Refinance Option Guide Update

 Fannie Mae®

**Selling Guide Announcement SEL-2018-06**

August 7, 2018

**Selling Guide Updates**

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

- High Loan-to-Value Refinance Option
- *Market Conditions Addendum* (Form 1004MC)
- Disbursement of HomeStyle® Renovation Funds
- Consolidation of Data Quality and Integrity and Mortgage Fraud
- First Payment Date
- Miscellaneous *Selling Guide* Updates

Each of the updates is described below. The affected topics for each policy change are listed on the Attachment. The *Selling Guide* provides full details of the policy changes. The updated topics are dated August 7, 2018.

**High Loan-to-Value Refinance Option**

We updated the *Selling Guide* to include all of the details that were previously communicated in [LL-2017-05, High Loan-to-Value Refinance Option](#) and [LL-2018-02, High Loan-to-Value Refinance Option Update](#). We have also added a new page to the *Eligibility Matrix* for these transactions.

The high LTV refinance option is the permanent replacement for DU Refi Plus™ and Refi Plus™. We will remove the content related to these products from the *Selling Guide* in 2019, after the September 2019 loan delivery deadline.

**Effective Date**

While lenders may not begin accepting applications for this option until after November 1<sup>st</sup>, they may now access all of the requirements directly in the *Selling Guide*.

**Market Conditions Addendum (Form 1004MC)**

The Form 1004MC was introduced in response to the 2008 housing crisis to provide a standardized mechanism for appraisers to analyze and report changes in market conditions. This enabled lenders to make prudent lending decisions in appreciating, stable, or declining markets. Collateral Underwriter® (CUT™) now provides robust market trend information for lenders and Fannie Mae, enabling measurement and management of market risks in a more rigorous way.

With this Guide update, we removed the requirement for the Form 1004MC. This will simplify reporting for appraisers and review for lenders

**NOTE:** Appraisers remain responsible for analyzing market conditions and accurately reporting them in the Neighborhood section of our appraisal forms.

**Effective Date**

Lenders can take advantage of this change immediately. The requirement for the 1004MC will be removed from Desktop Underwriter® (DU®) in a future release. Until that time, lenders may disregard the DU message.

© 2018 Fannie Mae. Trademarks of Fannie Mae.

SEL-2018-06 1 of 5

# Borrower Benefit

**Borrowers must benefit from the refinance in at least one of the following ways:**

- Reduced monthly principal and interest payment
- Lower interest rate
- Shorter amortization term
- More stable mortgage product, such as moving from an adjustable-rate mortgage to a fixed-rate mortgage

# Loan Purpose

## High LTV Refinance

- Limited Cash Out Refi (LCOR) only
  - Payoff of existing first-lien mortgage;
  - Financing of closing costs, prepaid items, and points (up to \$5,000 total) for the new loan; and
  - No more than \$250 cash back to borrower

# Allowable Business Channel

## High LTV Refinance

- Fannie Mae has no restriction on business channel
- May be same or different servicer – no restrictions
- No portfolio solicitation for product allowed

# Existing Servicer

## High LTV Refinance

- The current servicer or a new servicer may refinance the existing loan

# Underwriting Method

## High LTV Refinance

- Automated Underwriting (DU®)
  - DU will determine if the borrower(s) and subject property address on the loan casefile match an existing eligible Fannie Mae loan
- Manual Underwriting
  - For manually underwritten loans, the Lender determines if the eligibility requirements are met
  - Alternative Qualification Path requires a manual underwrite

# Minimum LTV

## High LTV Refinance

- The following minimum LTV ratios are currently required for both fixed-rate and adjustable-rate mortgage (ARM) loans

### Minimum LTV Ratios

We originally communicated that for the new loan to be eligible, the minimum LTV ratio for a one-unit, principal residence would be 95.01%. With this Lender Letter, we are updating the minimum LTV ratio to be 97.01%.

The updated eligibility matrix below reflects this change along with all of the minimum LTV ratios for both fixed-rate and adjustable-rate (ARM) loans for the high LTV refinance option.

Transaction Type	Number of Units	Minimum LTV	Maximum LTV	Minimum Credit Score	Maximum DTI Ratio			
<b>Limited Cash-Out Refinance, Fixed Rate, ARMs with Initial Fixed Periods <math>\geq</math> 5 Years</b>								
<b>Desktop Underwriter and Manual Underwriting</b>								
Principal Residence	1 Unit	97.01	FRM: No Limit ARM: 105%	No Minimum	No Maximum			
	2 Unit	85.01						
	3-4 Units	75.01						
Second Home	1 Unit	90.01	FRM: No Limit ARM: 105%	620	45%			
Investment Property	1-4 Units	75.01						
<b>Alternative Qualification Path, Manual Underwriting</b>								
Principal Residence	1 Unit	97.01						
	2 Unit	85.01						
	3-4 Units	75.01						
Second Home	1 Unit	90.01	FRM: No Limit ARM: 105%	620	45%			
Investment Property	1-4 Units	75.01						

**NOTE:** High LTV refinance loans are subject to a unique limited cash-out refinance definition, and other unique requirements. There is no maximum CLTV or HCLTV ratio limit. The above requirements apply to loans meeting the general or high-balance loan limits. See Lender Letter LL-2017-05 for additional requirements.

Lender Letter 2018-02

# Maximum LTV

## High LTV Refinance

- No maximum LTV, CLTV, or HCLTV ratios for fixed-rate\* loans.
- 105% maximum LTV ratio for ARM\*\* loans, but no maximum CLTV or HCLTV ratio

*All loan terms may not exceed 30 years*

*\*A fixed rate loan (existing loan may be fixed-rate or ARM)*

*\*\*An ARM that refinances an existing ARM, the new ARM must have a minimum 5-year fixed rate term*

# Subordinate Financing

## High LTV Refinance

- Existing subordinate financing:
  - May not be satisfied with the proceeds of the new loan,
  - Must be resubordinated to the new loan, and
  - May be simultaneously refinanced, but can not exceed the existing UPB
- New subordinate financing:
  - Only permitted if it replaces existing subordinate financing

# Eligible Borrowers

## High LTV Refinance

- Borrowers may be excluded from the new loan for either of the following:
  - The remaining borrower meets the mortgage payment history requirements and provides evidence that they have been making the payments on the existing loan from their own funds for the most recent 12 months of the new loan, or
  - Death of a borrower, with evidence of the deceased borrower's death documented in the new file
- Borrowers may NOT be added in the new transaction

*When a borrower on the loan being refinanced is being excluded from the new loan other than due to death, and the remaining borrower (s) cannot show evidence making payments on their own for the prior 12 months, the loan is subject to the Alternative Qualification Path for the new loan.*

# Loan Limits

## High LTV Refinance

- The new loan must meet current general or high-balance loan limits applicable at the time of delivery

# Occupancy and Property Type

## High LTV Refinance

- Occupancy
  - 1-4 unit primary residences
  - Second homes
  - 1-4 unit investment properties
- All property types including:
  - \*Condos
  - \*Co-ops
  - Manufactured housing
  - \*PUDs

*\*The project must not be a condo or co-op hotel or motel, houseboat project, or a timeshare or segmented ownership project. No additional review is required. Confirmation of property, flood and liability insurance coverage is required.*

# Payment History

## High LTV Refinance

- No 30-day mortgage delinquencies in the most recent six-month period, and
- No more than one 30-day delinquencies in months 7-12

# Minimum Credit Score

## High LTV Refinance

- There is not a minimum credit score requirement, except for loans underwritten under the Alternative Qualification Path
- Significant Derogatory Credit Events
  - Lenders are not required to comply with the waiting period and re-establishment of credit or satisfaction of a judgement identified on the credit report
  - Lenders are not required to review or consider 1003 Declarations (a-f) in the underwriting evaluation

*If underwritten under the Alternative Qualification Path, a minimum credit score of 620 is required*

**Current Representative Credit Score Required At Loan Delivery  
For Pricing Purposes**

# Maximum Debt-to-Income Ratio

## High LTV Refinance

- There is not a maximum debt-to-income ratio, except for loans underwritten under the Alternative Qualification Path

*If underwritten under the Alternative Qualification Path, a maximum of 45% DTI is required*

# Income Documentation

## High LTV Refinance

- You must obtain one of the following:
  - A Verbal Verification of Employment (VVOE) 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
- Lenders are not required to assess continuity of income

# Asset Documentation

## High LTV Refinance

- Assets do not need to be verified, except for loans underwritten under the Alternative Qualification Path

*If underwritten under the Alternative Qualification Path, verification of assets to close is required*

# Valuation

**For certain loans, DU will offer a Property Waiver (PW)**

- If utilizing the PW, special feature code 807 must be used

**Otherwise, an appraisal with an interior and exterior inspection is required**

- If an appraisal is obtained, it must be used

**For manually underwritten loans, an appraisal with an interior and exterior inspection is required**

# Mortgage Insurance

<b>Mortgage Insurance</b>	
<b>Mortgage Insurance Coverage Requirements</b>	<ul style="list-style-type: none"><li>▪ If the loan being refinanced does not have mortgage insurance, mortgage insurance will not be required on the new loan.</li><li>▪ If the loan being refinanced has existing mortgage insurance, the existing mortgage insurance coverage must be continued on the new loan. To accomplish this, the mortgage insurer will modify the existing mortgage insurance certificate and transfer it to the new loan. Such transfer may or may not include assignment of a new mortgage insurance certificate number. Lenders should check with the mortgage insurer for specific requirements.</li></ul>
<b>Financed Mortgage Insurance</b>	Existing loans with financed mortgage insurance are eligible for high LTV refinance loans. There should be no difference in how coverage is continued on the refinance of such loans versus existing loans that do not have financed mortgage insurance. The existing coverage can be continued on the new loan regardless of whether the financed premium on the existing loan was paid as a single premium or a split premium. Lenders should check with the mortgage insurer for specific requirements.
<b>Life Of Coverage</b>	For high LTV refinance loans, mortgage insurance coverage must extend for the life of the new loan, or until cancellation or termination of coverage as required by law or Fannie Mae guidelines. For example, even if a 15-year loan that is 3 years old is refinanced into a 30-year loan, the mortgage insurance coverage should be extended for the full life of the new loan.

# Loan-Level Price Adjustment (LLPA) Matrix



Fannie Mae®

## Loan-Level Price Adjustment (LLPA) Matrix

This document provides the LLPAs applicable to loans delivered to Fannie. LLPAs are assessed based upon certain eligibility or other loan features, such as credit score, loan purpose, occupancy, number of units, product type, etc. Special feature codes (SFCs) that are required when delivering loans with these features are listed next to the applicable LLPAs. Not all loans will be eligible for the features or loan-to-value (LTV) ratios described in this Matrix and unless otherwise noted, FHA, VA, Rural Development (RD) Section 502 Mortgages, HUD Section 184 Mortgages, and matured balloon mortgages (refinanced or modified, per *Servicing Guide* requirements) redelevered as fixed-rate mortgages (FRMs) are excluded from these LLPAs. The Matrix is incorporated by reference into the *Selling Guide*, and your contracts with Fannie Mae to determine loan eligibility.

### Pricing Guidelines for LLPAs:

- All LLPAs are cumulative. The LLPAs apply to all loans that meet the stated criteria for the LLPA, unless otherwise noted or excluded.
- The LLPAs in this Matrix do not apply to DU Refi Plus™ and Refi Plus™ mortgage loans. Refer to *Refi Plus™ Mortgages Only Loan-Level Price Adjustment Matrix*.
- Credit score requirements are based on the "representative" credit score for the mortgage loan as defined in the *Selling Guide*. Loans delivered without any credit score will be charged under the lowest credit score range shown in each of the applicable LLPA tables. Loans delivered with more than one borrower, when one borrower has a credit score and one or more borrowers do not have credit scores, are charged according to the representative credit score (disregarding the borrower(s) without a credit score).
- All applicable LLPAs for MBS transactions will be drafted from the lender's account. All applicable LLPAs for whole loan transactions will be deducted from the loan net proceeds, as set forth in the *Selling Guide*.
- Footnotes and expiration/effective dates are important guides to the
- Mortgages are subject to all applicable SFCs, in addition to any that
- For loans with financed mortgage insurance, applicable LLPAs a mortgage insurance.

Table 1: All Eligible Mortgages - LLPA by Credit Score/LTV Ratio
Table 2: All Eligible Mortgages - LLPA by Product Feature
▪ Adjustable-rate mortgage (ARM)
▪ Manufactured home
▪ Investment property
▪ Cash-out refi
▪ HomeStyle®
▪ High-balance
Table 3: Mortgages with Subordinate Financing
Table 4: Minimum Mortgage Insurance Option
Table 5: HomeReady® Mortgage Loans
Table 6: High LTV Refinance Mortgage Loans
LLPA Matrix Change Tracking Log

© 2018 Fannie Mae. Trademarks of Fannie Mae. This Matrix supersedes any earlier date.



Table 6: High LTV Refinance Mortgage Loans

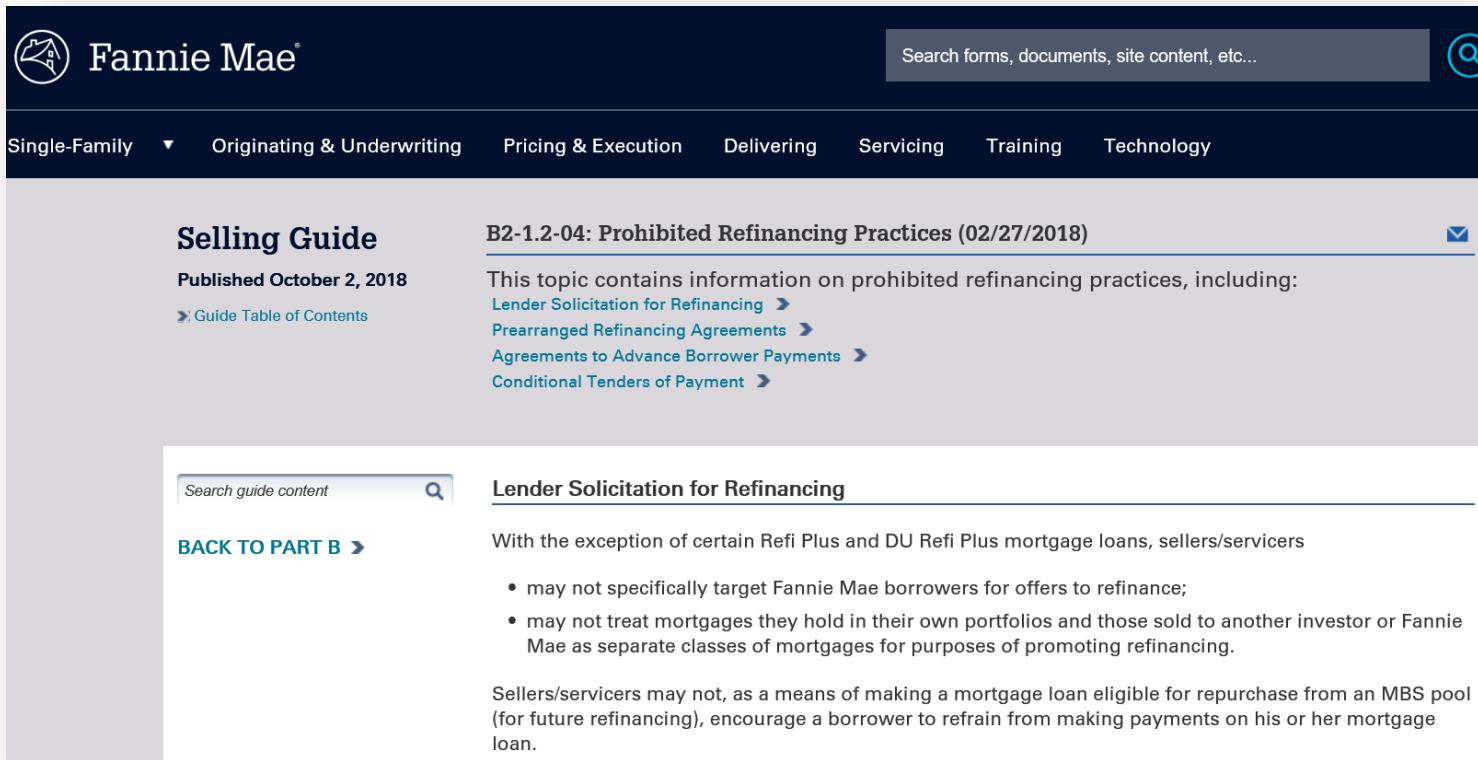
If the sum of all applicable LLPAs exceeds the caps listed below, the excess will be waived at delivery.

Occupancy	Units	Low Range LTV Ratios Cumulative LLPAs from Tables 1 – 3 (No LLPA Caps)	Intermediate Range LTV Ratios Cumulative LLPAs from Tables 1 – 3 up to the Applicable Cap			High Range LTV Ratios Cumulative LLPAs from Tables 1 – 3 up to the Applicable Cap		
			LTV Range	LLPA Caps Amortization Term <=15 yr	LLPA Caps Amortization Term >15 yr	LTV Range	LLPA Caps Amortization Term <=15 yr	LLPA Caps Amortization Term >15 yr
Principal residence	1 unit	97.01 – 105.00%	105.01 – 115.00%	0.75%	2.00%	>115.00%	0%	0.75%
Principal residence	2 units	85.01 – 90.00%	90.01 – 100.00%	0.75%	2.00%	>100.00%	0%	0.75%
Principal residence	3-4 units	75.01 – 80.00%	80.01 – 90.00%	0.75%	2.00%	>90.00%	0%	0.75%
Second home	1 unit	90.01 – 95.00%	95.01 – 105.00%	2.00%	3.00%	>105.00%	1.50%	2.00%
Investment property	1-4 units	75.01 – 80.00%	80.01 – 90.00%	2.00%	3.00%	>90.00%	1.50%	2.00%

<https://www.fanniemae.com/content/pricing/llpa-matrix.pdf>

# Solicitation

Lenders may not solicit Fannie Mae loans for refinancing, except in accordance with standard requirements, per the *Selling Guide B2-1.2-04, Prohibited Refinancing Practices*.



The screenshot shows the Fannie Mae Selling Guide website. The top navigation bar includes links for Single-Family, Originating & Underwriting, Pricing & Execution, Delivering, Servicing, Training, and Technology. The main content area is titled "Selling Guide" and "Published October 2, 2018". A sub-section titled "B2-1.2-04: Prohibited Refinancing Practices (02/27/2018)" is expanded, showing a list of prohibited practices: Lender Solicitation for Refinancing, Prearranged Refinancing Agreements, Agreements to Advance Borrower Payments, and Conditional Tenders of Payment. A sub-section titled "Lender Solicitation for Refinancing" is expanded, stating that sellers/servicers may not specifically target Fannie Mae borrowers for offers to refinance or treat their own portfolios and those sold to another investor or Fannie Mae as separate classes of mortgages for purposes of promoting refinancing.

<https://www.fanniemae.com/content/guide/selling/b2/1.2/04.html>

# Alternate Qualification Plan

## For the New Loan

# Alternative Qualification Path for the New Loan

Alternative Qualification Path for the New Loan	
<b>Potential Material Change in Credit Risk or Higher-Priced Mortgage Loans</b>	<p>If any of the following apply to the new loan, the loan must conform to the Alternative Qualification Path requirements described below:</p> <ul style="list-style-type: none"><li>▪ the P&amp;I payment increases by more than 20% based on the current P&amp;I payment;</li><li>▪ a borrower on the loan being refinanced is being excluded from the new loan other than due to death, and the remaining borrower(s) cannot evidence making payments on their own for the prior 12 months; or</li><li>▪ the loan is a higher-priced mortgage loan or a higher-priced covered transaction under Regulation Z.</li></ul> <p><b>NOTE:</b> <i>Lenders must manually determine whether the loan being refinanced is a higher-priced loan or a higher-priced covered transaction under Regulation Z because DU cannot do so.</i></p>
<b>Eligibility and Underwriting Criteria</b>	<p>Unless otherwise stated, all of the requirements in this Lender Letter apply to loans originated in accordance with the Alternative Qualification Path. In addition, these loans must have:</p> <ul style="list-style-type: none"><li>▪ a minimum credit score of 620,</li><li>▪ a maximum debt-to-income ratio of 45%, and</li><li>▪ verified assets needed to close, when applicable.</li></ul> <p>See the Attachment for income and asset documentation requirements.</p>
<b>Underwriting Method</b>	Manual underwriting is required.

# Alternative Qualification Path for the New Loan

Alternative Qualification Path – Documentation Requirements	
Income Type and Eligible Income Sources	Documentation Requirements
<b>All Employment Income</b>	Verbal verification of employment (See <a href="#">B3-3.1-07</a> , Verbal Verification of Employment, for additional requirements.)  <b>NOTE:</b> Each borrower must complete and sign a separate IRS Form 4506-T at or before closing.
<b>Base Pay (salary or hourly)</b> <b>Tip, Bonus, and Overtime Income</b>	One paystub or a completed <i>Request for Verification of Employment</i> ( <a href="#">Form 1005</a> or <a href="#">Form 1005(S)</a> ).  Applies to primary employment, secondary employment (second job and multiple jobs), and seasonal income.
<b>Commission Income</b>	One paystub or <a href="#">Form 1005</a> or <a href="#">Form 1005(S)</a> or one year personal tax return.  Applies without regard to the percentage of commission earnings.
<b>Military Income</b>	A military Leave and Earnings Statement or a verification of employment.
<b>Self-Employment</b>	One year personal tax return.  Applies to primary and secondary self-employment.
<b>Alimony or Child Support</b>	Copy of divorce decree, separation agreement, court order or equivalent documentation, and one month documentation of receipt.
<b>Employment-Related Assets as Qualifying Income</b>	Lender must obtain standard documentation for this type of income as described in <a href="#">B3-3.1-09</a> , Other Sources of Income.
<b>Rental Income</b>	Lease or one year personal tax return ( <a href="#">Form 1007</a> is not required).  Applies to rental income from subject property or from other properties owned by the borrower.
<b>Retirement and Pension</b>	One of the following: <ul style="list-style-type: none"><li>▪ award letter,</li><li>▪ one year personal tax return,</li><li>▪ W-2 or 1099 form, or</li><li>▪ one month bank statement reflecting direct deposit.</li></ul>

# Genworth Underwriting Guidelines

The screenshot shows the Genworth website homepage. At the top, the Genworth logo is on the left, followed by a search bar and a 'LOG IN TO:' button with options for 'ORDER MI', 'MANAGE MI', and 'VIEW ACCOUNT'. Below the header, a navigation bar includes 'MI & RATES', 'UNDERWRITING & GUIDES' (which is highlighted with a red box), 'LOS & CONNECTIONS', 'GENWORTH TOOLKIT', and 'TRAINING'. A dropdown menu from the 'UNDERWRITING & GUIDES' button lists 'View Underwriting Guides', 'Access Regulatory Resources', 'About Contract Services UW', and 'Get UW Tips & Policies'. The main content area features a background image of a couple in front of a house with the text 'The dream of HOME OWNERSHIP. It's alive and well with MORTGAGE INSURANCE.' Below this, three call-to-action boxes are shown: 'Underwriting' (blue box, highlighted with a red box), 'Rate Express' (green box), and 'LOS' (yellow box). The 'Underwriting' box contains a icon of a document with a pencil and the text 'Technology. Innovation. We're changing the way the MI industry approaches underwriting.' with a 'KNOW MORE >' link.

Genworth

800 444.5664 | [Email](#) | [Chat](#)

Search

LOG IN TO:

- ORDER MI
- MANAGE MI
- VIEW ACCOUNT

MI & RATES

UNDERWRITING & GUIDES

LOS & CONNECTIONS

GENWORTH TOOLKIT

TRAINING

View Underwriting Guides

Access Regulatory Resources

About Contract Services UW

Get UW Tips & Policies

The dream of **HOME OWNERSHIP**.  
It's alive and well with  
**MORTGAGE INSURANCE**.

**Underwriting**

Technology. Innovation.  
We're changing the way  
the MI industry approaches  
underwriting.

KNOW MORE >

**Rate Express**

Find a rate.  
Share the results.

GET A QUOTE NOW >

**LOS**

We'll meet  
you in your LOS.

LET'S GO >

Genworth Mortgage Insurance

# Genworth Rate Express®

Genworth 

800 444.5664 | [Email](#) | [Contact](#)

**LOG IN TO:**

- ORDER MI
- MANAGE MI
- VIEW ACCOUNT

**MI & RATES** **UNDERWRITING & GUIDES** **LOS & CONNECTIONS** **GENWORTH TOOLKIT** **TRAINING**

**Get A Quote - Rate Express**

**View Rate Cards**

**Explore MI Products**

**Learn About MI**

**Understand Your Master Policy**

**Compare MI & FHA**

buy a house today.

Genworth Mortgage Insurance

of HOME OWNERSHIP.

and well with

GE INSURANCE.

**Underwriting**

Technology. Innovation. We're changing the way the MI industry approaches underwriting.

[KNOW MORE »](#)

**Rate Express**

Find a rate. Share the results.

[GET A QUOTE NOW »](#)

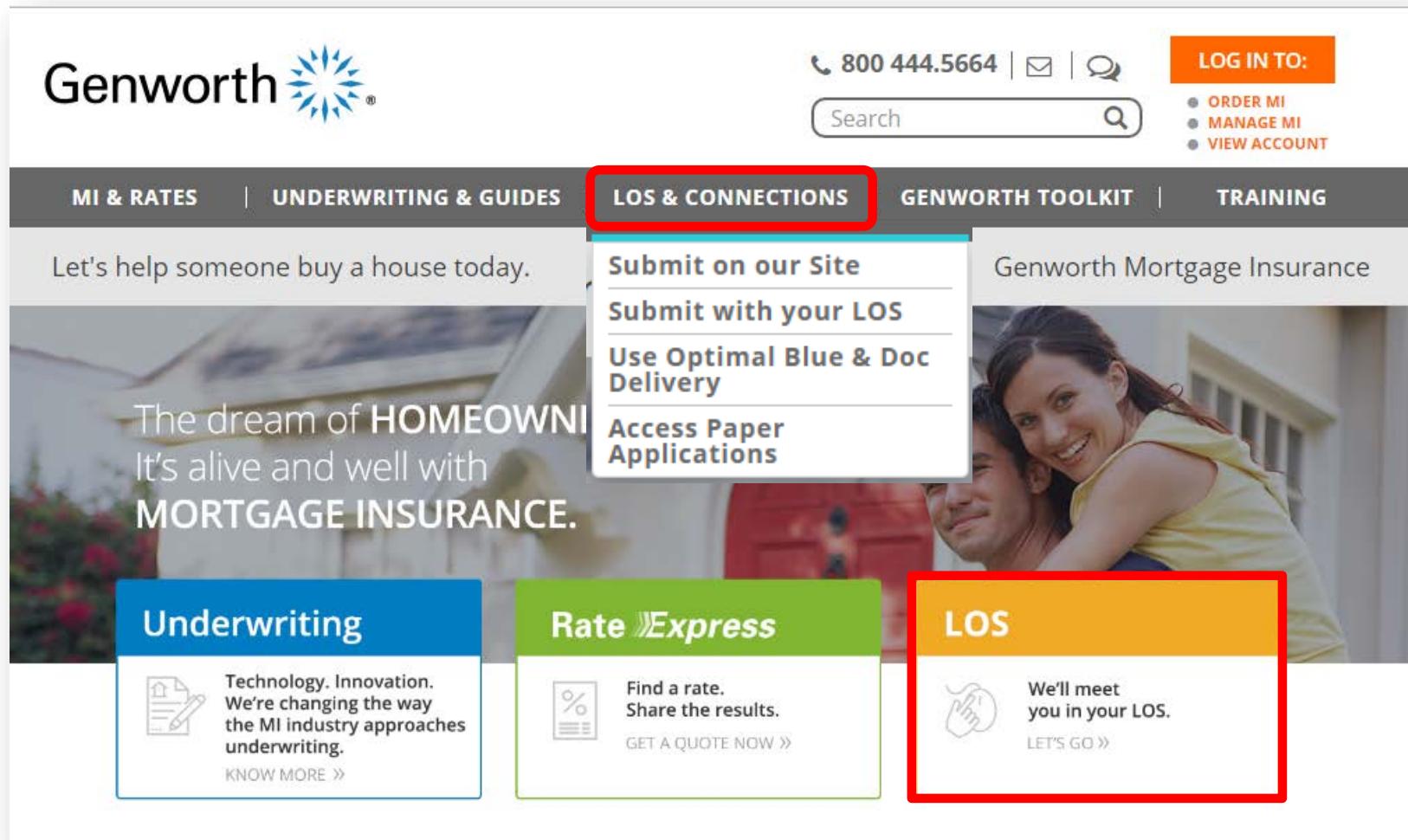
**LOS**

We'll meet you in your LOS.

[LET'S GO »](#)



# LOS Connections



Genworth 

800 444.5664 |  

**LOG IN TO:**

- ORDER MI
- MANAGE MI
- VIEW ACCOUNT

Search 

MI & RATES | UNDERWRITING & GUIDES | **LOS & CONNECTIONS** | GENWORTH TOOLKIT | TRAINING

Let's help someone buy a house today.

The dream of **HOMEOWNERS**  
It's alive and well with  
**MORTGAGE INSURANCE.**

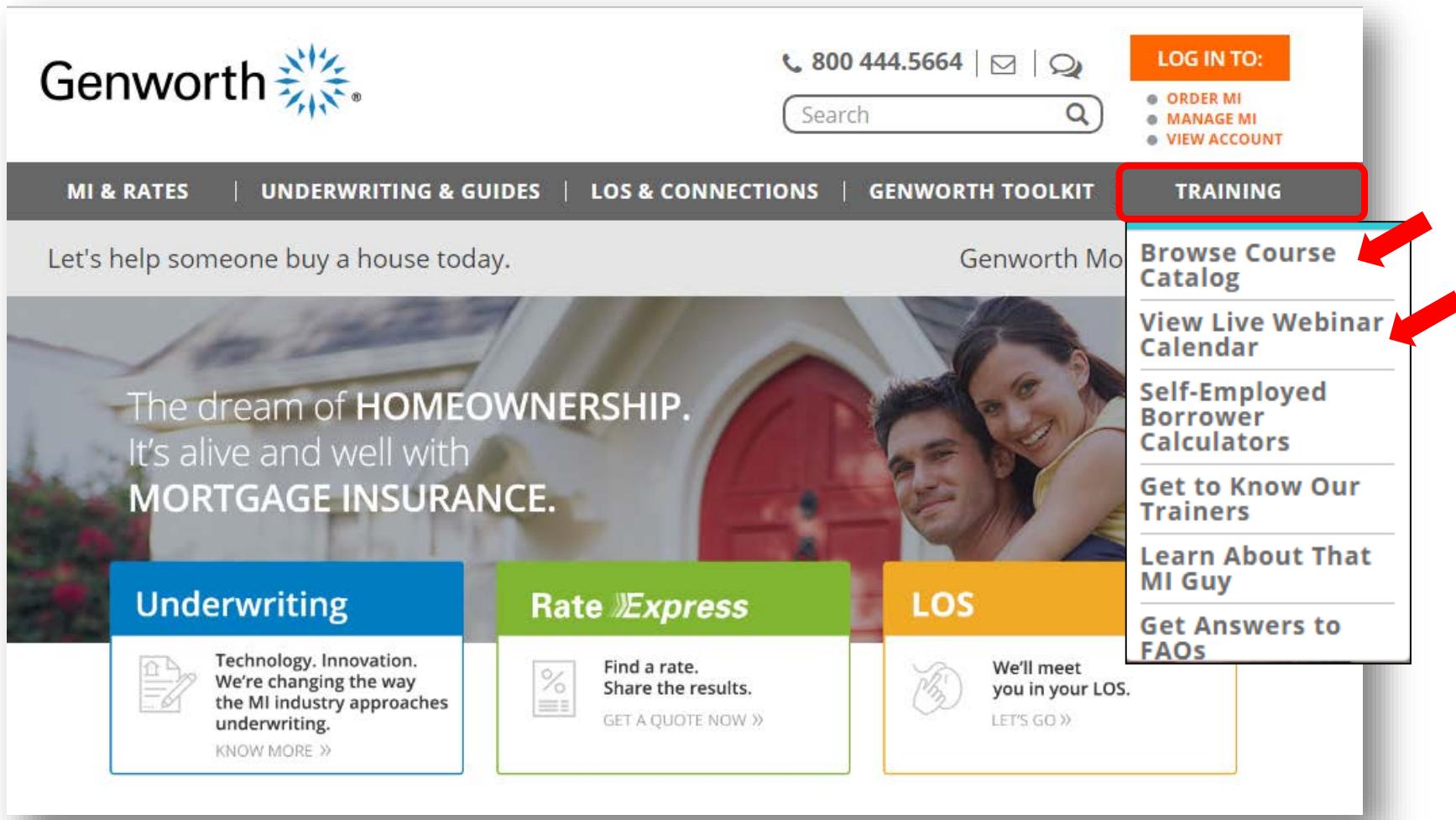
**Underwriting**  
  
Technology. Innovation.  
We're changing the way  
the MI industry approaches  
underwriting.  
[KNOW MORE »](#)

**Rate Express**  
  
Find a rate.  
Share the results.  
[GET A QUOTE NOW »](#)

**LOS**  
  
We'll meet  
you in your LOS.  
[LET'S GO »](#)

Genworth Mortgage Insurance 

# Training Tools and Information



The screenshot shows the Genworth website with a red box highlighting the 'TRAINING' tab in the top navigation bar. Two red arrows point from the right side of the image to the 'Browse Course Catalog' and 'View Live Webinar Calendar' links in the 'TRAINING' sidebar.

Genworth

800 444.5664 | [Email](#) | [Chat](#)

Search

LOG IN TO:

- ORDER MI
- MANAGE MI
- VIEW ACCOUNT

MI & RATES | UNDERWRITING & GUIDES | LOS & CONNECTIONS | GENWORTH TOOLKIT | TRAINING

Let's help someone buy a house today.

Genworth Mo

The dream of **HOME OWNERSHIP**. It's alive and well with **MORTGAGE INSURANCE**.

**Underwriting**  
Technology. Innovation. We're changing the way the MI industry approaches underwriting.  
[KNOW MORE »](#)

**Rate Express**  
Find a rate. Share the results.  
[GET A QUOTE NOW »](#)

**LOS**  
We'll meet you in your LOS.  
[LET'S GO »](#)

**Browse Course Catalog**

**View Live Webinar Calendar**

**Self-Employed Borrower Calculators**

**Get to Know Our Trainers**

**Learn About That MI Guy**

**Get Answers to FAQs**

# Training Tools and Information

## Course Catalog

Genworth offers a comprehensive suite of training opportunities to boost your know-how, benefit your bottom line and ultimately best serve your borrowers. With more than 90 courses in our catalog, our team is here to help you stay up-to-date on the mortgage industry and regulatory environment. Classes are all offered at no cost to you.

**Browse by Topic**

[Mortgage Industry Skills](#)

[Professional Development Skills](#)

[That MI Guy](#)

[Tutorials](#)

**Browse by Role**

### Self-Employed Borrower Tools

We offer a valuable collection of downloadable calculators and reference guides to help you with calculating and analyzing the average monthly income of self-employed borrowers. They provide suggested guidance only and do not replace Fannie Mae or Freddie Mac instructions or applicable guidelines.

You can find more information about self-employed borrowers through our [self-employed borrower courses](#).

*Due to various internet browser versions, please download and save PDF before entering data. Please note, calculators are updated periodically.*

 <a href="#">Fannie Mae Form 1084 Calculator (2016-2017)</a> Calculate cash flow analysis to help you complete Fannie Mae form 1084. <small>UPDATED</small>	 <a href="#">Freddie Mac Form 91 Calculator (2016-2017)</a> Quick reference guide and income analysis for Freddie Mac Form 91. <small>UPDATED</small>	 <a href="#">Freddie Mac Form 92 Calculator (2016-2017)</a> Form 92 Net Rental Income Calculations – Schedule E <small>UPDATED</small>
 <a href="#">Schedule Analysis Method (SAM) Calculator (2016-2017)</a> Calculate qualifying income from tax returns. <small>UPDATED</small>	 <a href="#">Rental Income Calculator (2016-2017)</a> Assists in calculating rental income from IRS form 1040 Schedule E. <small>UPDATED</small>	 <a href="#">Current Ratio – Liquidity Calculator (2016-2017)</a> Calculate working capital liquidity against current liabilities. <small>UPDATED</small>
 <a href="#">Quick Ratio – Liquidity Calculator (2016-2017)</a> Calculate an organization's liquidity against current liabilities. <small>UPDATED</small>	 <a href="#">2106 Expense Form (2016-2017)</a> Calculator and quick reference guide to assist you in calculating 2106 expenses. <small>UPDATED</small>	 <a href="#">Fannie Mae Rental Guide (Calculator 1037)</a> Use this worksheet to calculate qualifying rental income for Fannie Mae Form 1037 (Principal Residence, 2- to 4-unit Property) <small>UPDATED</small>
 <a href="#">Fannie Mae Rental Guide (Calculator 1038)</a> Worksheet for calculating qualifying rental income for Fannie Mae Form 1038 (Individual Rental Income from Investment Property) <small>UPDATED</small>	 <a href="#">Fannie Mae Rental Guide (Calculator 1039)</a> Calculate qualifying rental income for Fannie Mae Form 1039 (Business Rental Income from Investment Property) <small>UPDATED</small>	

**Recorded webinars**  
  
Explore and watch on your time!

**LIVE WEBINAR CALENDAR**  


**DOWNLOAD OUR PDF CALENDAR**  


**DOWNLOAD FULL COURSE CATALOG**  
  
PDF

**Training in your Inbox**  
Request our training info via email.  


High LTV Refinance Option

37

Genworth 

# Additional MI Site Information

## What's New

- New Lower Rates
- Training
- Lender Stories 2018
- UW Manual
- First-Time Homebuyers

**First-time homebuyers are looking for you.**



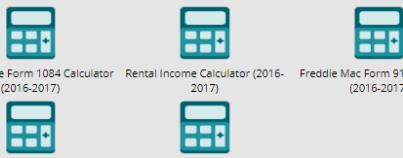
Genworth's First-Time homebuyer material suite can help.



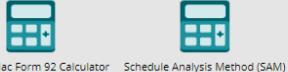
[See all we offer ▶](#)

## Self-Employed Borrower Tools

Valuable income calculation tools and reference guides for calculating self-employed borrower income.



Fannie Mae Form 1084 Calculator (2016-2017)      Rental Income Calculator (2016-2017)      Freddie Mac Form 91 Calculator (2016-2017)



Freddie Mac Form 92 Calculator (2016-2017)      Schedule Analysis Method (SAM) Calculator (2016-2017)

[More Tools](#)

## Homebuyer Education

Help first-time homebuyers prepare for the homebuying process. Your no-fee resource!





### Master Policy Agreement

Partner with us. A master policy agreement is the first step to submitting MI loans to Genworth.

[GET STARTED](#)



### Contract Services Agreement

Offset fixed underwriting costs as you adjust to the latest industry demands! Request a contract services underwriting agreement.

[GET STARTED](#)

### Genworth MI Community

Genworth MI  
@GenworthMI

First-time homebuyers had a strong purchase year in 2017. Will that continue during 2018? Read what our very own Tian Liu has to say. [ow.ly/d1r130klH5J](http://ow.ly/d1r130klH5J)



First-time U.S. home buying posts first drop... Americans who had never previously owned a home bought 411,000 single-family homes in reuters.com

[STAY CONNECTED](#) 

### Find My Sales Representative

ZIP Code  [View Your Team](#)



**Jean Carmichael**  
Inside Sales Representative  
919 846.4543  
Jean.Carmichael@genworth.com [MORE](#)



**Mike Haboush**  
Regional Vice President  
800 267.1194  
Mike.Haboush@genworth.com [MORE](#)

## ***Your Genworth Resources***

- **ActionCenter®: 800 444.5664**
- **Your Local Genworth Regional Underwriter**
- **Your Genworth Sales Representative**

# Legal Disclaimer

Genworth Mortgage Insurance is happy to provide you with these training materials. While we strive for accuracy, we also know that any discussion of laws and their application to particular facts is subject to individual interpretation, change, and other uncertainties. Our training is not intended as legal advice, and is not a substitute for advice of counsel. You should always check with your own legal advisors for interpretations of legal and compliance principles applicable to your business.

GENWORTH EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THESE MATERIALS AND THE RELATED TRAINING. IN NO EVENT SHALL GENWORTH BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES OF ANY KIND WHATSOEVER WITH RESPECT TO THE TRAINING AND THE MATERIALS.

DU Refi Plus™ and Refi Plus™ are trademarks of Fannie Mae  
Desktop Underwriter® or DU® are registered trademarks of Fannie Mae  
ActionCenter® and Rate Express® are registered trademarks of Genworth Mortgage Insurance  
Home Affordable Refinance Program® and HARP® are federally registered trademarks of the Federal Housing Finance Agency

**Genworth Mortgage Insurance Offers A Comprehensive Suite Of Training Opportunities To Boost Your Know-How, Benefit Your Bottom Line, And Serve Your Borrowers Better. Visit [new.mi.genworth.com](http://new.mi.genworth.com) To Learn More.**