

Freddie Mac Relief Refinance MortgagesSM – Open Access Eligibility Requirements



This quick reference provides the updated eligibility information on Freddie Mac's Relief Refinance Mortgages – Open Access **for Application Received Dates on or after November 19, 2012***. The Relief Refinance Mortgage offers Borrowers who 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.

For detailed eligibility and underwriting requirements refer to Guide Chapter 4303, Freddie Mac Relief Refinance Mortgages – Open Access.

Important Dates

Freddie Mac Relief Refinance Mortgages – Open Access must:

- Have Application Received Dates on or after December 1, 2011 and on or before September 30, 2017.
- Have Settlement Dates no more than 12 months after the Note Date and on or before September 30, 2017.

Note: Notwithstanding the provisions of Guide Sections 4201.5 and 5601.8(b), the Seller is not required to obtain a new appraisal if the Settlement Date is more than 120 days after the Note Date.

Topic	Requirement
Eligibility Requirements on the Mortgage being refinanced	The Mortgage being refinanced must: ▪ Have a Note Date on or before May 31, 2009. (Refer to Freddie Mac's Home Possible Income & Property Eligibility. For Freddie Mac owned loans, the note date will be displayed on the results page.) ▪ Be a First Lien, conventional Mortgage currently owned by Freddie Mac in whole or in part, or securitized by Freddie Mac Note: If the Mortgage being refinanced was considered for and/or received a Freddie Mac modification (Home Affordable Modification Program (HAMP) or non-HAMP), the Mortgage is eligible to be refinanced as a Relief Refinance Mortgage – Open Access. The current contractual payment terms of the modified Mortgage must be used for the purpose of determining whether the Relief Refinance Mortgage – Open Access meets the Borrower benefit requirements of the offering.
Servicing	Available to all Freddie Mac Seller/Serviceers, regardless of whether they are Servicer of record
Mortgage Payment History on the Mortgage being refinanced	Mortgage payment history assessed by Loan Product Advisor
Mortgages with Recourse, Indemnification, Mortgage Pool Insurance or Other Negotiated Credit Enhancements on the Mortgage being refinanced	▪ Mortgages being refinanced that have recourse, indemnification or another negotiated credit enhancement are ineligible for refinancing as a Relief Refinance Mortgage – Open Access ▪ Mortgages being refinanced that have pool insurance are eligible for refinancing as a Relief Refinance Mortgage – Open Access
Borrower Benefit	The Relief Refinance Mortgage – Open Access must be originated for one of the following purposes: ▪ 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, ▪ 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), or ▪ Reduction in the monthly principal and interest payment of the First Lien Mortgage

*The date on which receipt of the Borrower's financial information first triggers federal Truth-in-Lending disclosure requirements to the Borrower in connection with the Mortgage.

Note: A vertical revision bar " | " is used in the margin of this quick reference to highlight new requirements and significant changes.

Topic	Requirement
Property Type	Attached or detached dwelling, Manufactured Home or unit in a condominium project or PUD, or if permitted by the Seller's Purchase Documents, a Cooperative Unit
Occupancy	▪ 1- to 4-unit Primary Residence ▪ 1-unit second home; must meet the requirements of Guide Section 4201.15(b)(2) except for the requirements related to the number of financed properties ▪ 1- to 4-unit Investment Property; must meet the requirements of Guide Section 4201.16(b)(ii) except for the requirements related to the number of financed properties
Relief Refinance Mortgage Eligibility/ Ineligibility	The Relief Refinance Mortgage must be a: ▪ 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) Note: A fixed-rate Mortgage may be refinanced into an ARM only when it results in a reduction in the monthly principal and interest payment of the First Lien Mortgage. Eligible Relief Refinance Mortgages that are ARMs are limited to conventional nonconvertible 5/1, 7/1 or 10/1 ARMs. However, because an ARM is a riskier product than a fixed-rate Mortgage, Sellers should urge Borrowers(s) to refinance into fixed-rate Mortgages whenever possible. Also, the refinance Mortgage may be a super conforming Mortgage. Refer to Guide Section 4303.2(d) for a list of ineligible Relief Refinance Mortgages – Open Access
Maximum LTV/TLTV/ HTLTV	▪ Fixed-rate Mortgages: there is no maximum LTV ratio. See note below ▪ ARMs: the maximum LTV ratio is 105% ▪ There are no maximum TLTV/HTLTV ratios Note: ○ The LTV and TLTV ratios for Texas Equity Section 50(a)(6) Mortgages must not exceed 80% ○ Mortgages with LTV ratios greater than 105% are not eligible for a Cash sale using the servicing-released sales process
Mortgage Proceeds/Closing Costs, Financing Costs and Prepaid Items	The proceeds of the Relief Refinance Mortgage must be used only to: ▪ 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 related Closing Costs, Financing Costs, Prepays, and Escrows not to exceed \$5,000 ▪ Disburse cash to the Borrower not to exceed \$250. Mortgage Proceeds: ▪ Under no circumstances may cash disbursed to the Borrower (or any payee) exceed \$250 ▪ The proceeds may not be used to pay off or pay down any junior liens Refer to: Determining the Maximum Loan Amount on Freddie Mac Relief Refinance Mortgages
Excessive Funds Remaining from Proceeds	In the event there are remaining proceeds from the 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 Relief Refinance Mortgage at closing and must be clearly reflected on the Settlement/Closing Disclosure Statement
Lender Contributions	▪ The lender may provide the Borrower with a cash or a cash-like (e.g., a gift card) contribution that is not reflected on the Settlement/Closing Disclosure Statement provided that: ○ The amount of the contribution does not exceed \$500.00; and ○ No repayment is required Note: The contribution is not considered cash out to the Borrower and does not have to be included in the calculation of the proceeds of the Relief Refinance Mortgage as described above and in Guide Section 4303.3(b). ▪ The lender may provide a contribution towards the payoff of the Mortgage being refinanced, provided that: ○ The amount of the contribution does not exceed \$2,000.00; ○ No repayment is required; and ○ The contribution is reflected on the Settlement/Closing Disclosure Statement Note: The contribution is not considered cash out to the Borrower provided it does not result in cash disbursed to the Borrower exceeding \$250.00, as required in Guide Section 4303.3(b) As required under the Guide for all Mortgages sold to Freddie Mac, the Seller must comply with the requirements of all applicable laws in structuring and providing the contributions.

Topic	Requirement
Subordinate/ Junior Liens	- Existing junior liens must be re-subordinated to the new refinance Mortgage and meet the requirements of Guide Chapter 4204 pertaining to secondary financing - An increase in the current unpaid principal amount of any junior lien is prohibited to curtail the Relief Refinance Mortgage – Open Access 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: - 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 principal and interest (P&I) payment For additional requirements refer to Guide Section 4303.3(c)
Mortgage Insurance	For an LTV ratio greater than 80%: - 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 Note: If mortgage insurance is present on the existing Mortgage, refer to Guide Section 4303.4(e) for special delivery requirements
New Loan Application	Form 65, Uniform Residential Loan Application is required
Change in Borrowers	- The Borrower(s) obligated on the Note of 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 - A Borrower(s) may be added to the Note of the Relief Refinance Mortgage – Open Access except that a non-occupying Borrower may not be added to a Mortgage secured by a Primary Residence Note: In all cases, at least one Borrower(s) from the Mortgage being refinanced must be retained
Loan Product Advisor	The Relief Refinance Mortgages – Open Access must be submitted to Loan Product Advisor - 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’ - A Mortgage with: - A risk class of Caution and no A-minus Purchase Eligibility message must be manually underwritten in accordance with Guide Topics 5100 through 5500 and Chapter 4303. The Seller is not relieved of any warranties regarding the Borrower creditworthiness - An unresolved AUS Status of ineligible, invalid or incomplete is not eligible for sale to Freddie (refer to Guide Chapter 5101 on correcting information and resubmitting the Mortgage to Loan Product Advisor) Note: For all A-minus Mortgages, the requirements of Guide Section 5101.9 must be met
Indicator Score	- A new Indicator Score must be identified and delivered for all Freddie Mac Relief Refinance Mortgages – Open Access. Refer to Guide Sections 5203.2(e) and 5203.2(f) - For Loan Product Advisor Caution manually underwritten mortgages, refer to Guide Section 4303.3(d) for the minimum Indicator Score requirements - If there are no usable credit scores due to insufficient information or inaccurate information, the Mortgage is not eligible for sale to Freddie Mac - For Relief Refinance Mortgages – Open Access that are Higher-Priced Covered Transactions (HPCTs) or Higher-Priced Mortgage Loans (HPMLs) with Application Received Dates on or after January 10, 2014, the Borrower’s credit reputation is acceptable if: - The Mortgage receives a Risk Class of Accept and has a minimum Indicator Score of 620, or - The Mortgage receives a Risk Class of Caution, with an evaluation status of eligible for A-minus and has a minimum Indicator Score of 620

Topic	Requirement
Maximum Housing Payment Increase (P&I)	No limitation on the amount of the increase in the Borrower's principal and interest payment
Monthly Debt-Payment-to Income Ratio	- For Accept and A-minus Mortgages, Loan Product Advisor has determined that the borrower's qualifying ratios are acceptable, provided the Mortgage is not an HPCT or (HPMLs) with an Application Received Date on or after January 10, 2014. - For Accept Mortgages and A-minus Mortgages that are HPCTs or (HPMLs) with Application Received Dates on or after January 10, 2014, the Seller must ensure that the debt payment-to-income ratio is not greater than 45% regardless of the Risk Class. - For Caution Mortgages that are Manually Underwritten Mortgages, the debt payment-to-income ratio should not exceed 33% to 36%. When the Borrower's debt payment-to-income ratio exceeds 36%, the Seller must document in the file the justification for the higher qualifying ratio. Refer to Guide Section 5401.2 for additional details. When the Borrower's debt payment-to-income ratio exceeds 45%, the loan is not eligible for sale.
Employment and Income Documentation	All income used for qualifying must, at a minimum, be documented as indicated in the Freddie Mac Relief Refinance Income and Asset Documentation Requirements quick reference in lieu of meeting Streamlined Accept or Standard requirements, unless specifically stated otherwise, and regardless of the documentation level returned by Loan Product Advisor. The Seller is not required to establish a minimum history of receiving income or make a determination that the income can be expected to continue for at least the next three years in order to use the income for qualifying. Note: The requirements of Guide Chapters 5301 and 5303 through 5306 do not apply to Relief Refinance Mortgages – Open Access. When using assets as a basis for Mortgage qualification, comply with the requirements of Guide Section 5307.1.
Asset Documentation	- Obtain the most recent monthly or quarterly account statement when verifying funds in the Borrower's depository or non-depository account (including, but not limited to, checking, savings, money market, stock, bond or retirement account). Seller does not need to meet the requirements of Guide Section 5501.3(b) and (c) or investigate large deposits or increases in balances as required in Guide Section 5501.3(a) - Document all other asset types per the Streamlined Accept documentation requirements in Guide Section 5501.3(b) and (c) Note: The use of Hardest Hit Funds (HHF) by a Housing Financing Agency (HFA) to pay down the outstanding mortgage balance on a Borrower's existing loan at the time of refinancing or to pay Closing Costs, Financing Costs and Prepaids/Escrows is permitted, as long as the funds provided do not result in a lien on the property. The Mortgage file must contain documentation verifying the terms and conditions of the HHF funds provided to the Borrower. When repayment of funds is required, the verified payment must be included in the monthly debt-to-income (DTI) ratio, unless repayment of funds is due only upon sale or default.
Property Value for New Mortgage	Property value may be determined for the Relief Refinance Mortgage by one of two different methods: Option One: Home Value Explorer® (HVE) Seller may determine the value of the Mortgaged Premises using a point value estimate from HVE. 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: - Property is a 1- to 2-unit attached or detached dwelling, or a unit in a Condominium Project or PUD (no Manufactured Homes, dwelling on a leasehold estate, or if a Seller is permitted to deliver Cooperative Share Mortgages under its Purchase Documents, a Cooperative Unit) - The Forecast Standard Deviation is no greater than 0.20 (corresponding to a Confidence Score of "H" (high) or "M" (medium)) - The Seller must maintain the HVE point value estimate for the Relief Refinance Mortgage – Open Access and any information necessary to evidence compliance with the HVE requirements. Upon Freddie Mac's request, the Seller must provide Freddie Mac with a copy of this HVE documentation - As of the Note Date of the refinance Mortgage, the HVE point value estimate may not be more than 120 days old

Topic	Requirement
Property Value for New Mortgage (continued)	Note: - When using the HVE value received on the Loan Product Advisor Feedback Certificate, if the Feedback Certificate provides a different HVE value when the mortgage is resubmitted to Loan Product Advisor, we do not prescribe which HVE value must be used, provided that all applicable requirements are met - AVMs other than HVE are not allowed - For Texas Equity Section 50(a)(6) Mortgages, the Seller must obtain an appraisal that meets Freddie Mac requirements and complies with Section 50(a)(6)(Q)(ix) and Section 50(h) of Article XVI of the Texas Constitution Seller Representation and Warranties: Relieved of value, interior and exterior condition and marketability of the Mortgaged Premises representations and warranties for the Relief Refinance Mortgage – Open Access. 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 Settlement 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 Option Two: Obtain a New Appraisal Property value must be determined by obtaining an appraisal with an interior and exterior inspection meeting the requirements of Guide Chapter 5601 Seller Representations and Warranties for New Appraisal: Relieved of representations and warranties regarding the value, condition and marketability of the Mortgaged Premises Note: - Freddie Mac will accept appraisal reports with a property condition rating of C5 or C6 and/or a quality rating of Q6 completed on an “as-is” basis - The appraisal does not need to be completed subject to needed repairs being completed - Seller is not responsible for the completeness and accuracy of the appraiser’s description of the property, and the accuracy of the and support for the appraiser’s opinion of the market value of the property
Properties affected by disasters	- Seller is not required to obtain a property inspection or new appraisal when a property valuation (either an HVE point value estimate or an appraisal) was relied on prior to a disaster, provided the Mortgage meets the requirements of Guide Chapter 8202; and - Seller can use an HVE point value estimate with a high or medium confidence score after a disaster without obtaining a property inspection or appraisal to determine property condition, provided that the Mortgage meets the requirements of Guide Chapter 8202 Note: See Guide Section 5601.2(c) for additional information.
Condominium Project or Cooperative Project (if applicable)	- Seller is not required to evaluate if the Condominium Project meets the project eligibility requirements as set forth in Guide Chapter 5701, provided that: - The Seller represents and warrants that the project is not located in a Hotel/Resort Project, houseboat project, timeshare project, or a project with fragmented or segmented ownership, and - The project has insurance that meets the applicable insurance requirements of Guide Chapter 8202 - Cooperative Share Mortgages, if applicable, must meet the requirements of the Seller’s Purchase Documents Note: Refer to Guide Section 6302.20 for special delivery requirements related to Condominium Unit Mortgages