



# Refi Possible Conforming Fixed Program Guidelines

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**(Click the link to go straight to the section)**

1	Program Summary	11	Underwriting Method	21	Max Financed Properties
2	Product Codes	12	Credit	22	Mortgage Insurance
3	Program Matrix	13	Income and Employment	23	Repair Escrows
4	Occupancy	14	Qualifying Ratios	24	ARM Adjustments
5	Transactions	15	Down Payment/Gifts	25	Temporary Buydowns
6	Property Flips	16	Reserves	26	Insurance
7	Identity of Interest	17	Interested Party Contributions	27	Other Features
8	Loan Limits	18	Property Eligibility		
9	Subordinate Financing	19	Appraisal		
10	Borrower Eligibility	20	Geographic Restrictions		

## Section 1 Program Summary

The Refi Possible refinance option offers expanded eligibility to benefit borrowers at or below 100% of the area median income (AMI) and helps more borrowers take advantage of refinance opportunities afforded during low interest rate environments. In addition to the expanded eligibility, borrowers will be credited up to \$500 at closing for the cost of an appraisal (if applicable).

To be eligible:

- The loan being refinanced must be a conventional loan owned or securitized by Freddie Mac
- The loan being refinanced must be seasoned at least 12 months
- The borrower’s income must be at or below 100% of the AMI for the subject property location
- The new refinance transaction must result in a minimum 50 basis point interest rate reduction
- The new refinance transaction must result in a reduction in the monthly payment of principal, interest, and mortgage insurance

The Program Guidelines supplement Plaza’s Credit Guidelines. Refer to Freddie Mac’s Selling Guide for any information not specified in the Program Guidelines and Credit Guidelines.

## Section 2 Product Codes

Product Name	Product Code	Available Term in Months
Refi Possible Conforming 15 Year Fixed	CF150RP	121-180
Refi Possible Conforming 20 Year Fixed	CF200RP	181-240
Refi Possible Conforming 30 Year Fixed	CF300RP	241-360

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### Section 3 Program Matrix

REFI POSSIBLE CONFORMING FIXED RATE				
Primary Residence Rate/Term Refinance				
Property Type	LTV	CLTV <sup>2</sup>	Min Credit Score	Max DTI
1 Unit	97% <sup>1</sup>	97%	620	Per LPA
Manufactured Housing	95%	95%	620	Per LPA

1. LTV > 95% requirements:

- All borrowers must occupy the property; non-occupant co-borrowers not allowed.
- Manufactured Housing and Co-ops maximum 95% LTV.

2. Subordinate financing:

- The CLTV ratio may exceed the limits stated in the matrices up to 105% only if the second mortgage is part of an Affordable Second transaction.
- Co-op subordinate financing may be allowed by exception. Plaza's exception process must be followed.

### Section 4 Occupancy

Owner-occupied primary residences

### Section 5 Transactions

#### Rate/Term Refinance (only):

- The existing loan must be a conventional mortgage loan owned or securitized by Freddie Mac.
- The existing loan must be seasoned at least 12 months (from the original note date to new loan note date)
- The existing loan must not be subject to recourse, repurchase agreement, indemnification, outstanding repurchase demand, or credit enhancement (unless the new loan is also subject to the credit enhancement or it is no longer required). LPA will verify this.
- The existing loan must not be an existing high LTV refinance loan, Freddie Mac Relief Refinance loan, Freddie Mac Enhanced Relief Refinance loan or a Refi Possible loan. LPA will verify this.
- Cash-out must be less than or equal to \$250. Excess proceeds may be applied as a curtailment on the new loan.

**Refinances of Properties Listed for Sale:** The listing agreement must be cancelled at least 1 day prior to the loan application.

**Texas Section 50(a)(6):** Ineligible.

### Section 6 Property Flips

Not allowed.

### Section 7 Identity of Interest

Allowed.

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## Section 8 Loan Limits

Conforming Agency Loan Limits		
Units	Contiguous U.S.	Alaska & Hawaii
1	\$766,550	\$1,149,825

## Section 9 Subordinate Financing

New subordinate financing is only permitted if it replaces existing subordinate financing.

### Existing subordinate financing:

- May not be satisfied with the proceeds of the new loan
- May remain in place if it is resubordinated to the new loan
- May be simultaneously refinanced with the existing first lien mortgage, provided that:
  - the unpaid principal balance (UPB) of the new subordinate lien is not more than the UPB of the subordinate lien being refinanced at the time of payoff, and
  - there is no increase in the monthly principal and interest payment on the subordinate lien.

## Section 10 Borrower Eligibility

**Borrower Income Limit:** The borrower(s) income must be less than or equal to 100% of the applicable AMI limit for the subject property's location.

- In determining whether a loan is eligible under the borrower income limits, the lender must consider the income from all borrowers who will sign the note, to the extent that the income is considered in evaluating creditworthiness for the new loan.
- LPA will determine income eligibility based on the income and property address input in LPA. Income eligibility can also be determined using the **Refi Possible Income and Property Eligibility Tool**.

**Identical Borrowers:** The loan must have identical borrowers on the new loan and the existing loan. Borrowers cannot be added or removed, except for the following exception that allows a borrower to be removed. One or more borrowers may only be removed if:

- the remaining borrower(s) meet the payment history requirements and provides evidence that they have made at least the last 12 months of payments from their own funds, or
- due to the death of a borrower (evidence of the deceased borrower's death must be documented in the loan file). If only a deceased borrower has been removed, the remaining borrowers do not need to provide evidence of payment from their own funds but all other requirements must be met.

### General Borrower Eligibility:

- Non-occupant borrowers (maximum 95% LTV)
- U.S. citizens
- Permanent resident aliens
- Non-permanent resident aliens



## Ineligible Borrowers:

- Partnerships
- Corporations
- Non-Revocable Inter Vivos Trusts
- Foreign nationals
- Borrowers with diplomatic immunity

## Section 11 Underwriting Method

### Automated Underwriting:

- Loans must be underwritten by Loan Product Advisor (LPA) and receive a risk classification of Accept/Eligible.
- Loans must be submitted or resubmitted to Loan Product Advisor on or after August 30, 2021.
- Refer to **Freddie Mac Bulletin 2021-17** for additional information
- Loans may follow the LPA Findings Report unless otherwise stated in Plaza's Program Guidelines. Additional information may be requested at the discretion of the underwriter.

**Borrower Benefit:** Regardless of LPA findings, the underwriter must verify the Borrower Benefit requirement has been met. The new loan must provide the following benefits to the borrower:

- A first lien mortgage reduction in interest rate of at least 50 basis points, and
- For mortgages with an LTV less than or equal to 80%, a reduction in the first lien mortgage principal and interest payment amount, or
- For mortgages with an LTV greater than 80%, a reduction in the first lien mortgage monthly combined principal, interest, and the mortgage insurance payment (if applicable).

**Manual Underwriting:** Manual underwriting is not permitted. All loans must be approved through LPA.

## Section 12 Credit

### Credit Score:

- The minimum credit score is determined by LPA but may not be lower than 620.

**Housing History:** The mortgage being refinanced must have a 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

If the borrower has missed payments due to a COVID-19 forbearance, and those payments have been resolved in accordance with the temporary eligibility requirements in **Bulletin 2020-17**, then the missed payments are not considered delinquencies for purposes of meeting these payment history requirements. This will apply for as long as the temporary policies remain in effect.



## Section 13 Income & Employment

Income must be documented per the LPA findings report and Plaza's Credit Guidelines.

Regardless of LPA findings, the following is required on all loans:

- **1003:** A completed and signed 1003 is required for all borrowers.
- **4506-C/Tax Transcripts:** A signed 4506-C for all years in which income was used in the underwriting decision is required regardless of LPA findings. Refer to Plaza's **Credit Guidelines** to determine if transcripts are required.
- **Verbal Verification of Employment**

**Employment and Income Commencing After the Note Date:** Not allowed.

## Section 14 Qualifying Ratios

The maximum debt-to-income (DTI) ratio will be determined by LPA, but must not exceed 65%

Non-occupant borrower income is considered in qualifying income.

### Alimony and Child Support:

Verification and consideration of recurring alimony and child support payments as a liability, if applicable, are required. Acceptable documentation includes a copy of the divorce decree, separation agreement, court order, or equivalent documentation confirming the amount of the obligation.

## Section 15 Down Payment / Gifts

Verification of funds to close are required. Acceptable asset documentation includes one recent statement (monthly, quarterly, or annual) showing asset balance.

## Section 16 Reserves

Reserves requirement determined by LPA.

## Section 17 Interested Party Contributions

Interested party contributions are limited to:

LTV/CLTV	Maximum Contributions
> 90	3%
> 75% - ≤ 90%	6%
≤ 75%	9%

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**Eligible Properties:**

- Attached/detached SFRs
- Attached/detached PUDs
- Low-rise/high-rise condos
- Co-ops
- Manufactured Housing

**Condos and Co-ops:**

- Project review requirements are waived for properties located in a condo, co-op or PUD project except that the lender must confirm the project is not a condo or co-op hotel or motel, houseboat, timeshare or segmented ownership project.
- Co-ops must be located in the states of California, Connecticut, Florida, Illinois, Maryland, New Jersey, New York or Washington D.C.

**Manufactured Housing:**

- Must be classified as Real Property
- Single-wide and multi-wide allowed
- Single-wide manufactured homes:
  - Manufactured homes must be at least 12 feet wide and have a minimum 400 square feet of gross living area
  - Single-wide manufactured homes in PUD projects require PERS approval
- Manufactured homes must have been built on or after June 15, 1976
- Condos: Manufactured homes in condo projects require PERS approval
- Co-op projects comprised of manufactured homes are ineligible
- The manufactured home may not have been previously installed or occupied at another location
- All manufactured homes must meet Freddie Mac guidelines, restrictions in these Program Guidelines, and **Plaza's Manufactured Housing Guidelines**.
- Leasehold properties are ineligible
- Manufactured housing not eligible in states of Hawaii and Rhode Island

**Ineligible Properties:**

- Commercial properties
- Condotels
- Geothermal homes
- Log Homes
- Mixed use
- Mobile homes
- Non-warrantable condos
- Timeshares
- Working farms, ranches, orchards
- Community Land Trusts



## Section 19 Appraisal

One full appraisal is required unless the LPA findings indicate an appraisal waiver is allowed.

**Appraisal Credit:** A credit of up to \$500 will be provided to the borrower at closing if an appraisal was obtained for the transaction and was paid for by the borrower.

**Appraisal Waiver:** If a loan is approved through LPA with an appraisal waiver, Plaza will accept the appraisal waiver subject to Freddie Mac guidelines and the limitations below:

- If loan receives an Accept/Ineligible recommendation. Waivers are only allowed with Accept/Eligible findings.
- An Automated Collateral Valuation (ACE) may not be exercised if an appraisal has been obtained for the subject transaction.
- When the property has been subject to a possible natural disaster refer to Plaza's **Natural Disaster Policy**.

**Transferred Appraisals:** Plaza will accept transferred/assigned appraisals from the original transferring lender when all of the requirements outlined the Appraisal Policy in Plaza's **Credit Guidelines** are met.

## Section 20 Geographic Restrictions

Program specific geographic restrictions are identified below. Refer to Plaza's **Geographic State Restrictions** for general guidelines and restrictions.

### Hawaii:

- Properties in Lava Flow Zones 1 or 2 are not allowed.
- Manufactured housing not eligible.

**Rhode Island:** Manufactured housing not eligible.

## Section 21 Max Financed Properties / Exposure

There are no restrictions to the number of financed properties a borrower may have.

**Maximum Loans/Maximum Exposure:** A maximum of four Plaza loans are permitted to one borrower.



## Section 22 Mortgage Insurance

Loans with LTVs greater than 80% require Mortgage Insurance. Freddie Mac does not restrict Mortgage Insurance to the current insurer; however, the Mortgage Insurance Companies may have restrictions. The LPA findings will identify the insurer that is currently providing coverage.

- Arch: The loan being refinanced must be insured by Arch.
- Essent: The loan being refinanced must be insured by Essent.
- Enact: The loan being refinanced does not need to be insured by Enact.
- MGIC: The loan being refinanced must be insured by MGIC.
- National: The loan being refinanced does not need to be insured by National.
- Radian: The loan being refinanced must be insured by Radian.

### Manufactured Housing:

- Multi-wide: Arch, Enact, MGIC, National MI and Radian insure multi-wide manufactured housing.
- Single-wide: Enact, MGIC and National MI insure single-wide manufactured housing.

Refer to **Plaza's Mortgage Insurance Policy** for additional information.

## Section 23 Repair Escrows

Not allowed.

## Section 24 ARM Adjustments

Not applicable.

## Section 25 Temporary Buydowns

Not allowed.

## Section 26 Insurance

The lender must confirm appropriate property and flood insurance is obtained.

For Insurance requirements refer to Plaza's **Hazard and Flood Insurance Policy**.





**Special Feature Codes:**

- J05 – All Refi Possible loans
- 583 – Affordable Second, if applicable
- G18 – Affordable Second entered into LPA in the *Total Gift Fund* field, if applicable

**Freddie Mac Area Median Income Lookup Tool**

**Freddie Mac Mortgage Loan Lookup Tool**

