



# RefiNow Conforming Fixed Program Guidelines

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## Section 1 Program Summary

The RefiNow 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 Fannie Mae
- 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 Fannie Mae'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
RefiNow Conforming 15 Year Fixed	CF150RN	121-180
RefiNow Conforming 20 Year Fixed	CF200RN	181-240
RefiNow Conforming 30 Year Fixed	CF300RN	241-360

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### Section 3 Program Matrix

REFINOW 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 DU
Manufactured Housing	95%	95%	620	Per DU

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 a Community Seconds transaction.
- Subordinate financing is not allowed on co-ops.

### 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 Fannie Mae
- 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). DU will verify this.
- The existing loan must not be an existing high LTV refinance loan, DU Refi Plus® loan, or Refi Plus® loan. DU 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.
- DU will determine income eligibility based on the income and property address input in DU. Income eligibility can also be determined using Fannie Mae's [Area Median Income Lookup 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 Desktop Underwriter (DU) and receive an Approve/Eligible recommendation specifically identifying the loan is eligible as a RefiNow.
- Loans must be submitted or resubmitted to DU version 11.0 on or after June 5, 2021.
- DU will automate the identification of loan casefiles that appear to be eligible for RefiNow based on the borrowers listed on the loan application, the property address, qualifying income, and several other factors
- Refer to the **DU Release Notes** for additional information
- RefiNow loans may follow the documentation requirements per the DU findings report

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

- A reduction in interest rate of at least 50 basis points, and
- A reduction in the monthly payment that includes principal, interest, and the mortgage insurance payment (if applicable).

**Note:** A RefiNow loan may not be combined with a HomeReady® refinance transaction.

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

## Section 12 Credit

**Credit Score:** The minimum credit score is determined by DU but may not be lower than 620.

**Housing History:** For the loan being refinanced:

- the borrower cannot have had any 30-day mortgage delinquencies in the most recent six-month period
- the borrower cannot have more than one 30-day delinquency in months 7 through 12

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 for purchase and refinance transactions in **LL-2021-03**, 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.

**Significant Derogatory Events:** The borrower must comply with all applicable waiting periods following derogatory credit events in B3-5.3-07, Significant Derogatory Credit Events – Waiting Periods and Re-establishing Credit.



## Section 13 Income & Employment

Income must be documented per the DU findings report and Plaza's Credit Guidelines. Regardless of DU 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 DU findings. Refer to Plaza's **Credit Guidelines** to determine if transcripts are required.
- **Verbal Verification of Employment:**
  - **Employment Validated by DU:** DU employment validation obtained within 10 days of closing is acceptable to satisfy the VVOE requirement.
  - In all other situations and for all other employment verification methods, standard VVOE requirements apply.

When relying on DU validation services all Fannie Mae requirements must be met. Refer to Fannie Mae's Selling Guide for additional information.

**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 DU, 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 DU.



## Section 17 Interested Party Contributions

Interested party contributions are limited to:

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

## Section 18 Property Eligibility

### 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 Fannie Mae 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

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- Non-warrantable condos
- Timeshares
- Working farms, ranches, orchards
- Community Land Trusts

## Section 19 Appraisal

One full appraisal is required unless the DU 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 DU with an appraisal waiver, Plaza will accept the appraisal waiver subject to Fannie Mae guidelines and the limitations below:

- If loan receives an Approve/Ineligible recommendation. Waivers are only allowed with Approve/Eligible findings.
- A PIW 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. Fannie Mae does not restrict Mortgage Insurance to the current insurer; however, the Mortgage Insurance Companies may have restrictions. The DU 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:**

- 868 – All RefiNow loans
- 801 – Appraisal waiver if applicable
- 118 – Community second if applicable

**Fannie Mae Area Median Income Lookup Tool**

**Fannie Mae Mortgage Loan Lookup Tool**

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