

RefiNow FAQs

Listed below are common questions about the features, requirements, and benefits of the RefiNow™ mortgage, an affordable refinancing option aimed at making it easier and less expensive for qualifying homeowners to reduce their monthly housing costs.

Q1. Why are the GSEs launching this product?

This program is designed to address some of the barriers that may prevent low-income borrowers from being able to refinance and take advantage of historically low interest rates, improving affordability by reducing their monthly housing payment.

Q2. How many loans does Fannie Mae believe are eligible for the program?

Per FHFA's April 28, 2021 press release, more than 2 million low-income families did not take advantage of the record low mortgage interest rates by refinancing. A subset of that population is owned by Fannie Mae.

Q3. How will a lender or borrower know if the existing loan is a Fannie Mae loan?

A lender or borrower can determine whether a mortgage is owned by Fannie Mae by visiting www.knowyouroptions.com/loanlookup and using our Fannie Mae Mortgage Loan Lookup tool. Additionally, DU will issue specific messages when a loan casefile is eligible for RefiNow.

Q4. Is RefiNow limited to the same servicer?

No, this is not limited to the same servicer.

Q5. How is the RefiNow option different than a HomeReady Refinance?

At a high level, the RefiNow option would likely be a better refinance option for borrowers with higher DTIs who have limited funds to pay for upfront appraisal costs. A detailed comparison between HomeReady and RefiNow can be found [here](#) on the Fannie Mae website.

Q6. Can I rely on the credit report to determine if the borrower meets the payment history requirements for the loan being refinanced?

Lenders may use the credit report to determine payment history, however, lenders must continue to conduct the additional due diligence necessary to confirm the borrower is current as of the note date in accordance with [Lender Letter LL-2021-03](#).

Note that missed payments due to a COVID-19 forbearance that have been resolved in accordance with the temporary eligibility requirements for purchase and refinance transactions in [Lender Letter LL 2021-03](#) are not considered delinquencies for the purpose of meeting the RefiNow payment history requirements.

Q7. Can existing mortgage insurance be transferred to the new loan?

Mortgage insurance coverage for RefiNow loans is not restricted to the current mortgage insurer on the existing loan. However, DU will identify the insurer that is currently providing coverage. Lenders should consult their mortgage insurer to determine their eligibility guidelines for RefiNow loans.



The appropriate level of mortgage insurance must be obtained in accordance with [B7-1-02](#) of the Selling Guide. Standard coverage and minimum coverage (with corresponding LLPAs) are both permissible subject to Selling Guide requirements.

Q8. For borrowers using base pay income to qualify, is there an age requirement on the required paystub?

Base pay can be documented in accordance with [Selling Guide B3-3.1-02](#), Standards for Employment Documentation, e.g., base pay can be documented with the borrower's year-to-date paystub dated no earlier than 30 days prior to loan application. Lenders must comply with the documentation standards in [Selling Guide B1-1-03](#), Allowable Age of Credit Documents and Federal Income Tax Returns; however, the Age of Documentation requirements in [LL-2021-03](#) currently apply until further notice.

Q9. Can I use the DU validation service in lieu of following the income documentation requirements?

No. At this time, the DU validation service is not available with RefiNow. In accordance with the Selling Guide, lenders are permitted to obtain third-party verifications of employment and income as provided in [Selling Guide B3-3.1-02](#), Standards for Employment Documentation (12/16/2020).

Q10. If there are multiple borrowers, is the 80% AMI requirement on a per borrower basis or based on the income across all borrowers on the loan?

For purposes of determining eligibility, the lender must include the income from all borrowers who will sign the note, to the extent that the income is considered in evaluating creditworthiness for the loan. For example, if there are two borrowers on the loan application, the lender will use the combined total qualifying income amount to determine whether the 80% AMI limit has been met.

Q11. Will the lender receive the full \$500 credit even if the cost of the appraisal is less than \$500? When will it be reimbursed?

Fannie Mae will provide a \$500 credit to the lender for RefiNow loans when an appraisal was obtained, regardless of the exact cost of the appraisal. The \$500 must be passed to the borrower in full. Whole loans will receive the \$500 credit immediately upon sale to Fannie Mae, while loans delivered into an MBS pool will receive the credit as part of a monthly settlement of proceeds.

Q12. How must the lender provide the \$500 credit to the borrower when an appraisal is obtained?

Fannie Mae requires that the full \$500 benefit be provided to the borrower but does not specify how that must be operationalized provided the lender complies with regulatory requirements.

Q13. How does Desktop Underwriter assess the risk on a RefiNow transaction?

First, DU determines whether the new refinance loan meets the eligibility parameters for RefiNow (existing Fannie Mae-owned loan, qualifying income at or below 80% of AMI for the property's location, maximum DTI of 65%, etc.). DU does not conduct a comprehensive examination of primary and contributory risk factors on the transaction. Instead, DU will verify:

- the loan being refinanced meets the payment history requirements based on a review of the credit report (as a reminder, lenders must conduct the additional due diligence required to confirm payment history in accordance with [Lender Letter 2021-03](#)),
- the new loan has a minimum representative credit score of 620, and
- the borrowers comply with all applicable waiting periods following derogatory credit events.



Refer to the [DU Release Notes published on May 5, 2021](#), for additional details.

Q14. Will DU automatically underwrite all loans under the RefiNow parameters? If so, how do I choose a different product?

All loans submitted to DU will first be assessed under the RefiNow eligibility guidelines, and DU will provide messaging when a loan has been underwritten as RefiNow. An additional message will be issued when the loan is potentially eligible for HomeReady based on the qualifying income being at or below 80% AMI for the property's location. If the lender wants DU to underwrite the loan as a HomeReady refinance, the lender must resubmit the loan as a HomeReady loan. If the lender wants DU to underwrite the loan as a standard limited cash-out refinance, the lender must enter "Standard LCOR" in the Product Description field and resubmit the loan casefile to DU.

Q15. Can RefiNow be combined with HomeReady?

No, RefiNow is a standalone offering and may not be combined with HomeReady. A summary comparison of HomeReady and RefiNow can be found [here](#).

Q16. Do RefiNow loans count towards the 3% refinance limit identified in Section 5.14(a) of the PSPA?

RefiNow loans will be counted towards the PSPA limit if the loan has at least 2 out of the 3 risk characteristics identified in Section 5.14(a) of the PSPA. We will continue to closely monitor our loan acquisitions and address impacts to PSPA limits as needed. In order to address restrictions in the PSPA amendment, we may announce changes to our requirements in the future.