

## High LTV Refinance Option

### High LTV Refinance Option Temporarily Paused

Due to the low volume and impact of the Revised QM Rule, we are temporarily pausing the acquisition of high LTV refinance loans. We will communicate any changes to the terms of this product in a future *Selling Guide* update.

*Effective dates:* All DU and manually underwritten high LTV refinances must have application dates on or before **June 30, 2021** and must be purchased or securitized on or before **Aug. 31, 2021**.

[Read the Lender Letter](#)

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*. For more details, refer to *Selling Guide* [B5-7-01](#), High LTV Refinance Loan and Borrower Eligibility.

<b>Maximum LTV Ratio</b>	<ul style="list-style-type: none"> <li>No maximum LTV for fixed-rate mortgage (FRM)</li> <li>105% LTV for adjustable-rate mortgage (ARM)</li> </ul>
<b>Minimum LTV Ratio</b>	<ul style="list-style-type: none"> <li>Principal residence: 1 unit, 97.01%; 2 units, 85.01%; 3-4 units, 75.01%</li> <li>Second home: 1 unit, 90.01%</li> <li>Investment property: 1-4 units 75.01%</li> </ul>
<b>Borrower Benefit Requirement</b>	<p>Borrowers <b>must</b> benefit from the refinance in <b>at least one</b> of the following ways:</p> <ul style="list-style-type: none"> <li>Reduced monthly principal and interest payment</li> <li>Lower interest rate</li> <li>Shorter amortization term</li> <li>More stable mortgage product, such as moving from an adjustable-rate mortgage to a fixed-rate mortgage</li> </ul>
<b>Solicitation Practice</b>	Borrowers may not be solicited to refinance with this option, except in accordance with standard <i>Selling Guide</i> requirements.



<b>Eligibility</b>	<ul style="list-style-type: none"> <li>▪ Only an existing Fannie Mae mortgage may be refinanced to a new Fannie Mae mortgage.</li> <li>▪ The Note Date of the mortgage being refinanced must be on or after Oct. 1, 2017.</li> <li>▪ Borrowers must be current with their payments and have:             <ul style="list-style-type: none"> <li>▪ No 30-day delinquencies in the most recent six months, and</li> <li>▪ No more than one 30-day delinquency in the past 12 months and no delinquency greater than 30 days.</li> </ul> </li> <li>▪ The mortgage being refinanced must not have been previously delivered as a DU Refi Plus™ or Refi Plus™ mortgage.</li> <li>▪ Borrowers may refinance using the high LTV refinance option more than once as long as all other requirements, including seasoning, are met.</li> </ul>
<b>Loan Seasoning Requirement</b>	<p>At least 15 months must have passed between the Note Date of the mortgage being refinanced and the Note Date of the high LTV refi mortgage.</p>
<b>Property Types</b>	<p>All property types permitted.</p>
<b>Underwriting</b>	<p>Both Desktop Underwriter® (DU®) and manual underwriting options are available to the same or a new servicer. Manual underwriting may be necessary in certain scenarios.</p>
<b>Alternative Qualification Path</b>	<p>For details on Alternative Qualification Path eligibility and documentation requirements, see <i>Selling Guide</i> <a href="#">B5-7-03</a>, High LTV Refinance Alternative Qualification Path.</p>
<b>Pricing</b>	<p>Standard loan-level price adjustments (LLPAs), subject to LLPA caps by transaction type, LTV, and loan term. The updated LLPA matrix defines a three-tier structure based on LTV ratios:</p> <ul style="list-style-type: none"> <li>▪ For first-tier LTV ratios (loans with LTV ratios just above standard eligibility), the cumulative LLPAs in Tables 1 - 3 of the LLPA Matrix apply.</li> <li>▪ For the intermediate and high LTV ratio tiers, LLPA caps apply based on the LTV ratio and amortization term. For these tiers, if the sum of all applicable LLPAs exceeds the applicable cap, the excess LLPAs will be waived at delivery.</li> </ul>
<b>Mortgage Insurance</b>	<p>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.</p>
<b>Delivery Requirements</b>	<ul style="list-style-type: none"> <li>▪ Deliver with <a href="#">Special Feature Code</a> (SFC) 839 High LTV Refinance Option – Standard, in conjunction with SFC 007, Limited Cash-out Refinance.</li> <li>▪ Set “HighLTVRefi” as the RefinanceProgramIdentifier (Sort ID 451).</li> </ul>