Bulletin 19-03

Retirement of DU Refi Plus and Introduction of the New Fannie Mae High LTV Refinance Option

HomeBridge is reminding brokers that Fannie Mae retired the DU Refi Plus program effective December 31, 2018. Loans submitted under the DU Refi Plus program must have an application date on or before December 31, 2018 and the loan must close no later than July 15, 2019.

Fannie Mae is replacing DU Refi Plus with the High LTV Refinance Option. The following applies:

- The loan being refinanced must currently be owned by Fannie Mae but **cannot** be a loan that was previously refinanced under the DU Refi Plus program. The Fannie Mae tool Know Your Options to determine if Fannie Mae owns the current loan.
- The loan application must be dated on or after November 1, 2018
- The Note date of the mortgage being refinanced must be on or after October 1, 2017
- Loans must be submitted to DU and receive an "Approve/Eligible" Finding
- A minimum of 15 months has passed between the Note date of the loan being refinanced and the Note date of the new loan
- The loan being refinanced must be current and:
  - 0x30 in the most recent 6 months, and
  - 1x30 in the most recent 7-12 months
- The **minimum** LTV ratios for the High LTV Refinance are as follows:

Occupancy	Units	Minimum LTV
Primary Residence	1-unit	97.01%
	2-units	85.01%
	3-4 units	75.01%
Second Home	1-unit	90.01%
Investment	1-4 units	75.01%

- **Maximum** LTV: No maximum LTV or CLTV
- DTI: Per DU
- Credit Score: Per DU
- Waiting periods for derogatory credit do not apply
- Fixed rate with 15, 20, 25 or 30 year terms available; ARMs **not** available
- Escrow/impound account required if LTV > 80% unless prohibited by state law. Escrow account **not** required if the LTV is ≤ 80% **and** the loan being refinanced was also non-escrowed

- If an appraisal waiver is not received from DU a full appraisal will be required. Standard Fannie Mae appraisal waiver requirements apply
- **All existing borrowers must be on the new loan** unless:
  - The remaining borrower(s) has been making the payments from their own funds for the most recent 12 months, the mortgage history requirement has been met, and supporting documentation is provided, or
  - An original borrower on the loan has died (documentation required)
- **Borrowers cannot be added to the new loan**
- Borrowers who have applied for or received a loan modification are eligible as long as the borrower benefit and payment history requirements are met
- The new loan amount is limited to:
  - The payoff of the existing first mortgage loan being refinanced, including the accrued interest, and
  - Closing costs, prepaid items, and points up to $5,000 total for the new loan

  NOTE: Cash back to the borrower is limited to $250; any excess must be applied as a principal reduction
- As with DU Refi Plus, the borrower must benefit from the refinance in at least one of the following ways:
  - Reduced monthly principal and interest payment, or
  - Lower interest rate, **or**
  - Shorter loan term, **or**
  - More stable loan product (e.g. moving from an ARM to a fixed rate, or from an interest-only to fully amortizing, etc.)
- Mortgage Insurance:
  - If the current loan has mortgage insurance (MI), the existing MI must be transferred to the new loan by the applicable MI company
  - If the current loan does not have mortgage insurance, then MI is **no**t required on the new loan.
  - HomeBridge will accept existing MI from the following MI companies (the same companies as accepted under DU Refi Plus):
    - Arch,
    - Essent,
    - Genworth, or
    - Radian
- New subordinate financing is not allowed unless it is replacing existing subordinate financing.
- Existing subordinate financing may remain in place as long as it is resubordinated to the new loan; it cannot be paid off with proceeds from the new loan. Existing subordinate financing may be simultaneously refinanced as long as the new subordinate loan amount does not exceed the existing unpaid principal balance.

Fannie Mae offers an **Alternative Qualification Path** to the High LTV Refinance program when:

- The principal and interest payment increases by more than 20%, **or**
- A borrower on the loan being refinanced will not be on the new loan and the remaining borrower(s) cannot provide evidence they have been making payments on the loan for the most recent 12 months (does not apply if the reason if the exclusion is due to the death of that borrower), **or**
- The loan is an HPML or higher-priced covered transaction.

IMPORTANT NOTE: **If any of the items listed under the Alternative Qualification Path apply the loan is ineligible with HomeBridge** as Fannie Mae requires loans under the Alternative Qualification Path to be manually underwritten and HomeBridge **does not manually** underwrite Fannie Mae loans.

The High LTV Refinance program is eligible for loans submitted on or after January 9, 2019 as long as the application is dated on or after November 1, 2018. Pricing has been added to the rate sheet.

The High LTV Refinance guidelines have been posted on the HomeBridge website at www.HomeBridgeWholesale.com

If you have any questions, please contact your Account Executive