

NEW REFI PLUSTM
(4/6/09)

What Refi Plus™ CAN Do in APRIL

- Limited Cash-Out Refinance Only
- Maximum 95% LTV / CLTV
- With a DU Refi Plus™ Approval a Property Fieldwork Waiver could eliminate the need for any appraisal (a \$75 PIW fee would apply)
- Borrowers on the existing mortgage must be identical to borrowers on the new mortgage
- Declining Market Policies are NOT applicable
- Project Warranty Reviews are NOT Required
- Financed Properties Maximums are NOT applicable
- 1-Day off market for Properties Listed for Sale
- No 60-day Lates in the past 12 months
- Mortgage Insurance (MI) is not required if the existing mortgage does not require MI.

What Refi Plus™ CAN NOT Do

- Cash-Out is Not Allowed
- Manufactured or Co-Ops are Not Allowed
- Existing subordinate financing must be re-subordinated
- New Subordinate Financing is NOT Allowed
- Lender Paid MI is NOT Allowed
- If subordinating a 2nd, you cannot lock a loan until subordinate financing is approved and your file is cleared to close.

What Refi Plus™ WILL Do in MAY!

- Maximum 105% LTV with NO CLTV Maximum
- No Minimum FICO Requirements
- No Maximum DTI Ratios
- Existing Fannie Mae loans with Mortgage Insurance (MI) should be eligible to transfer their MI Certificates to their new Refi Plus™ loan.

What Borrower's Need to Know

- To qualify, your mortgage loan must be owned by Fannie Mae.
- The expanded refinance flexibility ends in June 2010.

- For Fannie Mae:
 1-800-7FANNIE (8am to 8pm EST)
www.fanniemae.com/homeaffordable
verify address @ USPS.com
 ie. Dr. vs Drive

Refi Plus™ Options

DU Refi Plus™ (Desktop Underwriter®/DU®)

General Information	Description	Home Affordable Refinance provides refinance opportunities to borrowers with existing Fannie Mae loans who have demonstrated an acceptable payment history on their mortgage but due to declining home prices have been unable to refinance to obtain a lower payment or move to a more stable product. Refi Plus™ offers lenders two underwriting options for Fannie Mae to Fannie Mae refinances.
	Borrower Benefit	The Refi Plus™ options are intended to assist borrowers by providing a benefit that seeks to ensure long-term homeownership sustainability. The lender must represent and warrant that the borrower is receiving a benefit in the form of either: <ul style="list-style-type: none"> ○ A reduced monthly mortgage principal and interest payment; or ○ A more stable mortgage product; for example, movement from an ARM to a fixed-rate mortgage (lenders are encouraged to provide fixed-rate mortgages to borrowers whenever possible).
	Borrower Marketing	Lenders are reminded that, in accordance with the provisions of the Fannie Mae <i>Selling and Servicing Guides</i> Part I: Lender Relationships, Chapter 3, Maintaining Eligibility, Section 309, Questionable Refinancing Practices, <i>the lender may not specifically target market borrowers whose mortgages are owned or securitized by Fannie Mae for a new mortgage.</i>

Refi Plus™ Options		DU Refi Plus™ (Desktop Underwriter®/DU®)											
		April 4 th Update		May 4 th Update									
Lender Eligibility/ Underwriting	Business Channel	Retail, wholesale, and correspondent											
	Existing Servicer	The originating lender is not required to be the current servicer of the existing mortgage (available to any lender or third-party originator using DU and/or Desktop Originator®)											
	Underwriting Method (new mortgage)	Must be underwritten through DU; eligibility for DU Refi Plus™ determined by DU and identified in the DU Underwriting Findings Report											
	Loan Purpose	Limited cash-out refinance (LCOR) only, with payoff of existing first-lien mortgage, financing of closing costs, and up to the lesser of 2% or \$2,000 cash to borrower											
	Maximum LTV	95% LTV DU will apply standard guidelines, except will allow 3-4 unit primary residences, second homes, and investment properties to 80% (standard is 75%)	Up to 105%										
	Maximum CLTV/HCLTV	95% CLTV DU will apply guidelines based on occupancy and number of units.	No maximum CLTV ratio or HCLTV										
	Subordinate Financing	<ul style="list-style-type: none"> All existing subordinate financing must be re-subordinated No new subordinate financing is permitted 											
	MI Coverage Requirements	<ul style="list-style-type: none"> Loans with an original LTV of 80% or less will not require MI DU will issue standard MI requirements for loans with an original LTV ratio over 80% 	<table border="1"> <thead> <tr> <th>Original Loan LTV Ratio</th> <th>Existing MI Coverage</th> <th>MI Coverage for New Loan</th> </tr> </thead> <tbody> <tr> <td>80% or less</td> <td>None</td> <td rowspan="2">Not Required</td> </tr> <tr> <td>Over 80%</td> <td>None (MI previously canceled or terminated per <i>Selling and Servicing Guide</i> requirements)</td> </tr> <tr> <td></td> <td>Yes</td> <td>The level of MI coverage on the existing loan or standard coverage required in accordance with the <i>Selling Guide</i>. Lenders are encouraged to use best efforts to obtain MI coverage that provides the lowest-cost option available to the borrower</td> </tr> </tbody> </table>	Original Loan LTV Ratio	Existing MI Coverage	MI Coverage for New Loan	80% or less	None	Not Required	Over 80%	None (MI previously canceled or terminated per <i>Selling and Servicing Guide</i> requirements)		Yes
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Lender Eligibility/ Underwriting	Eligible Borrowers	<ul style="list-style-type: none"> Borrowers on existing mortgage must match borrowers on the new loan Borrowers may be added in the new transaction provided the original borrowers remain on the loan Borrowers <i>may not be removed</i> in the new transaction 	<ul style="list-style-type: none"> Borrowers <i>may only be removed due to death or divorce</i>, provided remaining borrower(s) shows proof of making payments for 12 months Borrowers may be added in the new transaction provided the original borrowers remain on the loan
	Eligible Existing Mortgage	Includes first-lien loans documented per the <i>Selling Guide</i> (or per negotiated lender variance); subprime; Alt-A; Expanded Approval® (EA)	Fully documented first-lien loans, originated in accordance with Fannie Mae guidelines and previous Streamlined Refinance
	Ineligible Existing Mortgage	Loans delivered to Fannie Mae after February 28, 2009; loans subject to any credit enhancement (e.g., full or partial recourse) other than borrower-paid MI; loans with outstanding repurchase requests; reverse mortgages; second mortgages; government mortgages	Alt-A; subprime; loans subject to any credit enhancement other than borrower-paid or lender-paid MI; loans with outstanding repurchase requests; loans that received an Ineligible, Refer with Caution IV, or EA recommendation in DU; reverse mortgages; second mortgages; government mortgages
	Eligible New Mortgage	Fully amortizing first-lien FRMs and fully amortizing ARMs with initial fixed period of 5 years or more, both up to 40-year terms	
	Ineligible New Mortgage	ARMs with initial fixed periods of less than 5 years; interest-only; balloon mortgages; MyCommunityMortgage®; HomeStyle® Renovation; new subordinate financing	
	Loan Limits	Existing Jumbo-Conforming Mortgages and high-balance mortgage loans are eligible for Refi Plus™; the new loan will be subject to the loan limits in place at the time of delivery of the refinanced loan (implementation of 2009 temporary limits is pending as of 3/4/09)	
	Occupancy and Property Types	1-4 unit primary residences, second homes, 1-4 unit investment properties; Single Family Residence, Condo's and PUD's	
	Seasoning	None required <i>must have been insured by PHMA on or before 2/28/09</i>	

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Lender Eligibility/ Underwriting	Payment History and Payment Increase	<ul style="list-style-type: none"> No 60-day late in past 12 months (any mortgage tradeline) No limit on payment increase, subject to the borrower benefit requirements 		
	Income Documentation	DU minimum documentation: <ul style="list-style-type: none"> Salary / hourly / bonus: One paystub and verbal verification of employment (VOE) Commission / self-employed: One-year federal tax return 		
	Minimum Credit Score	<ul style="list-style-type: none"> DU will not apply minimum credit score requirements for loans with LTV ≤ 80% Minimum FICO of 580 for LTV's >80% Minimum FICO of 680 for High Balance ARM's at LTV's > 80% 	DU will not apply minimum credit score requirements to any DU Refi Plus™ loan casefiles	
		Current representative credit score required at loan delivery for pricing purposes		
	Maximum Debt-to-Income Ratio	Subject to the maximum allowable debt-to-income ratio in DU		
	Bankruptcy and Foreclosure	Standard <i>Selling Guide</i> and DU policies apply regarding prior bankruptcy or foreclosure		
	No. of Financed Properties	No limit		
	Property Valuation	DU Refi Plus™ property fieldwork waiver offered on certain loan casefiles (\$75 fee at delivery); representation and warranty relief on the value, condition, and marketability of the subject property available on loans with exercised waiver (subject to waiver conditions; see DU Release Notes for details)		

Line # 23 will give Property Inspection waiver.

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Pricing & Delivery	Pricing	Lender base plus all applicable loan-level price adjustments (LLPAs) and the Adverse Market Delivery Charge, as shown on the Refi Plus™ Pricing Matrix	
	Special Feature Code(s) (SFC)	<ul style="list-style-type: none"> • 147 • 807 if property fieldwork waiver exercised • Plus all other applicable standard SFCs <p>DO NOT use Flexible mortgage SFCs for DU Refi Plus™ loan casefiles with an LTV or CLTV over 95%</p>	
	MI Delivery Code	Use MI Code 95 at delivery for all Refi Plus™ refinance loans with LTVs over 80% and no MI coverage	
	Condo / Co-Op / PUD Delivery Codes	No new project review required (Fannie Mae will rely on the original project eligibility determination) Use these delivery codes: <ul style="list-style-type: none"> • V – Condominium • E – planned unit development • 2 – cooperative 	
	Delivery Dates	Refi Plus™ eligibility applies to loans delivered on or after April 1, 2009	