



## Relief Refinance Mortgages

### Relief for borrowers who are current on their mortgage payments but unable to refinance

Freddie Mac's Relief Refinance Mortgages<sup>SM</sup> support the federal *Making Home Affordable* Program by helping borrowers who are making timely mortgage payments but have been unable to refinance due to declining property values and tightening credit terms, refinance into mortgages that better position them for long-term homeownership success.

Relief Refinance Mortgages provide simplified refinance requirements for mortgages that are currently owned or securitized by Freddie Mac, and are eligible for Freddie Mac settlements on and after April 1, 2009, and must have note dates on or before June 10, 2010.

#### > Borrower Profile

- Borrowers must be current on their mortgage payments
- Payment history cannot have any 30-day or more late payments in the most recent 12 months

#### > Key Features

- Maximum LTV ratio up to 105 percent
- No maximum TLTV/HTLTV ratios
- Simplified appraisal and borrower eligibility requirements
- Relief from standard mortgage insurance requirements
- Minimal postsettlement delivery fees

MORTGAGE BEING REFINANCED ELIGIBILITY REQUIREMENTS	
<b>General Eligibility Requirements</b>	<ul style="list-style-type: none"> <li>• The mortgage being refinanced must:               <ul style="list-style-type: none"> <li>○ Be a first-lien, conventional mortgage currently owned or securitized by Freddie Mac.</li> <li>○ Have met Freddie Mac eligibility requirements on the note date as stated in the Seller's purchase documents.</li> <li>○ Have a note date no less than three months prior to the new refinance mortgage.</li> </ul> </li> <li>• Seller or an affiliate of the Seller originating the new mortgage must be the Servicer of the mortgage being refinanced.</li> <li>• The Seller/Servicer, as the originator of the new refinance mortgage, must have the mortgage file for the mortgage being refinanced and must deliver the 9-digit Freddie Mac loan number for the mortgage being refinanced.</li> </ul>
<b>Mortgage Payment History</b>	<ul style="list-style-type: none"> <li>• No 30-day or more delinquencies in the past 12 months.</li> <li>• If mortgage is less than 12 months old, then no 30-day or more delinquencies since the note date.</li> </ul>
NEW REFINANCE MORTGAGE ELIGIBILITY REQUIREMENTS	
<b>Borrower Benefit</b>	<p>New refinance mortgage must result in one of the following:</p> <ul style="list-style-type: none"> <li>• Reduction in the interest rate of the first lien mortgage,</li> <li>• Replacement of an ARM, Initial Interest® Mortgage (or any mortgage with an interest-only period) or a balloon/reset mortgage with a fixed-rate, fully amortizing mortgage, or</li> <li>• Reduction in the amortization term of the first lien mortgage.</li> </ul>
<b>Eligible Mortgage Products</b>	<p>The new refinance mortgage must only be one of the following:</p> <ul style="list-style-type: none"> <li>• Conventional 15-, 20- or 30-year fixed-rate, fully amortizing mortgage.</li> <li>• Conventional nonconvertible 5/1, 7/1 or 10/1 fully amortizing adjustable-rate Mortgage (ARM).</li> </ul> <p>Notes:</p> <ul style="list-style-type: none"> <li>• The Relief Refinance Mortgage may be a super conforming mortgage.</li> <li>• If the mortgage being refinanced is a fixed-rate mortgage, the new Relief Refinance Mortgage may not be an ARM.</li> </ul>
<b>Occupancy</b>	<ul style="list-style-type: none"> <li>• 1- to 4-unit primary residence.</li> <li>• 1-unit second home, provided the mortgage being refinanced was underwritten and sold to Freddie Mac as a second home mortgage.</li> <li>• 1- to 4-unit investment property, provided the mortgage being refinanced was underwritten and sold to Freddie Mac as an Investment Property Mortgage.</li> </ul>
<b>Refinance Proceeds</b>	<ul style="list-style-type: none"> <li>• The proceeds of the Relief Refinance Mortgage must be used only to:           <ul style="list-style-type: none"> <li>○ Pay off the first mortgage (unpaid principal balance can be rounded up to the nearest thousand).</li> <li>○ Pay up to \$2,500 in related closing costs, financing costs and prepaids/escrows.</li> </ul> </li> <li>• Funds available as a result of the rounding must either:           <ul style="list-style-type: none"> <li>○ Be applied toward related closing costs, financing costs and prepaids/escrows, provided that the funds applied to these costs do not exceed the \$2,500 limit or</li> <li>○ Be applied as a principal curtailment to the new refinance mortgage</li> </ul> </li> <li>• No increase in the unpaid principal balance of any junior lien, or new secondary financing is permitted.</li> </ul>
<b>Maximum LTV/TLTV/HTLTV</b>	<ul style="list-style-type: none"> <li>• The maximum LTV ratio for Relief Refinance Mortgages must not exceed 105 percent.</li> <li>• There is no maximum TLTV or HTLTV ratio.</li> </ul>
<b>Mortgage Insurance</b>	<p>For an LTV ratio greater than 80 percent:</p> <ul style="list-style-type: none"> <li>• If the mortgage being refinanced has mortgage insurance coverage, then the same mortgage insurance coverage percentage must be maintained for the new Relief Refinance Mortgage.</li> <li>• If the mortgage being refinanced does not have mortgage insurance, then no mortgage insurance coverage is required for the new Relief Refinance Mortgage.</li> </ul>
<b>Underwriting Requirements</b>	<ul style="list-style-type: none"> <li>• The Relief Refinance Mortgage must not be submitted through Loan Prospector® or any other automated underwriting system.           <ul style="list-style-type: none"> <li>○ If underwriting is required, the mortgage must be manually underwritten in accordance with the requirements in Guide Chapter A24.</li> </ul> </li> <li>• Re-qualifying the borrower is not required unless the borrower's principal and interest payment on the new refinance mortgage increases by more than 20 percent.</li> <li>• If the principal and interest payment on the new refinance mortgage increases by more than 20 percent, the borrower must have a minimum Indicator Score of 620 and meet the requirements in Guide Chapter A24.</li> </ul>
<b>Collateral Assessment</b>	<ul style="list-style-type: none"> <li>• The Seller may use Home Value Explorer®, a new appraisal (or AVM if permitted by the Seller's purchase documents), or the appraisal (or AVM if permitted by the Seller's purchase documents) from the existing mortgage to determine property value. Refer to Guide Chapter A24.3 for complete requirements.           <ul style="list-style-type: none"> <li>○ Regardless of method chosen, the Seller is still responsible for the original appraisal or AVM value and the original representations and warranties regarding the value, condition and marketability of the mortgaged premises for the mortgage being refinanced.</li> </ul> </li> <li>• Seller may use an HVE point value estimate for 1-unit properties with a forecast standard deviation no greater than .20 (corresponding to a medium or high Confidence Score) and that meets the requirements in Guide Chapter A24.           <ul style="list-style-type: none"> <li>○ If the requirements of Guide Chapter A24.3 (d) are met:               <ul style="list-style-type: none"> <li>▪ The Seller is relieved of representations and warranties for the value, condition and marketability of the mortgaged premises provided that as of the delivery date, the Seller is not aware of any circumstances or conditions that would adversely affect the value, condition or marketability of the mortgaged premises.</li> </ul> </li> <li>○ The date of the HVE estimate (HVE Value Date) must be no more than 180 days old when the refinance mortgage is delivered to Freddie Mac.</li> </ul> </li> </ul>

<b>Secondary Financing</b>	<ul style="list-style-type: none"> <li>Existing secondary financing must remain subordinate to the new refinance mortgage and meet the requirements of the Guide Chapter 25 pertaining to secondary financing.</li> </ul>
<b>Delivery Requirements</b>	<ul style="list-style-type: none"> <li>Relief Refinance Mortgages are eligible for sale only through the selling system under the flow sales path.</li> <li>Relief Refinance Mortgages must be delivered to Freddie Mac no more than 120 days after the note date, and as of the delivery date, if applicable, the HVE point value estimate may not be more than 180 days old.</li> <li>The Seller must deliver SCC H06 to identify loans as Relief Refinance Mortgages.</li> <li>The Seller must deliver SCC H03 if HVE point value estimate is used.</li> <li>Mortgage Insurance: <ul style="list-style-type: none"> <li>Settlement dates on or before May 1, 2009: <ul style="list-style-type: none"> <li>Input "097" in the MI Code field on Form 11 or Form 13SF, as applicable. When mortgage insurance is being transferred from the existing mortgage, Sellers must also enter the MI Certificate Number and existing percent of coverage being transferred from the existing mortgage.</li> </ul> </li> <li>Settlement dates on and after May 1, 2009: <ul style="list-style-type: none"> <li>Beginning on May 1, 2009, Sellers should complete the MI Code field only for Relief Refinance Mortgages requiring mortgage insurance. The Seller must deliver the MI Code that identifies the Freddie Mac approved insurer that is insuring the mortgage in the MI Code field and complete other mortgage insurance related fields.</li> <li>If no mortgage insurance is required as permitted by Guide Chapter A24, then leave the mortgage insurance information blank.</li> </ul> </li> </ul> </li> <li>Seller must deliver an updated Indicator Score, if available, and property value that meets the requirements of Guide Chapter A24.</li> <li>Seller must deliver the Freddie Mac loan number of the existing mortgage with the new refinance mortgage.</li> </ul>
<b>Eligible Executions</b>	<p>Eligible executions are through the selling system only</p> <ul style="list-style-type: none"> <li>Fixed-rate Cash</li> <li>Fixed-rate Guarantor</li> <li>WAC ARM Cash</li> <li>WAC ARM Guarantor</li> <li>MultiLender Swap</li> </ul>
<b>Securities and Pooling Requirements</b>	<ul style="list-style-type: none"> <li>All current pooling requirements apply including the specific requirements for super conforming mortgages.</li> <li>Relief Refinance Mortgages may be pooled with other mortgages without additional pooling requirements.</li> </ul>
<b>Delivery Fees</b>	<ul style="list-style-type: none"> <li>Only the Market Condition delivery fee applies. All other postsettlement delivery fees are waived.</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>For complete Relief Refinance Mortgage requirements see Guide Chapter A24.</li> </ul>

**Learn more about Relief Refinance mortgages:**

- Call (800) FREDDIE
- Visit [www.FreddieMac.com](http://www.FreddieMac.com)