Fannie Mae®

RefiNow

Expanding the refinance market to those who need it most

Refinancing a mortgage can make owning a home more affordable. It can decrease monthly payments and help make homeownership more sustainable. But it's often unavailable to borrowers who could see the most benefit.

RefiNow™ is a refinance mortgage option with flexibilities aimed at making it easier and less expensive for qualifying homeowners to reduce their monthly housing costs by taking advantage of today's historically low interest rates.

HIGHLIGHTS

- Debt-to-income ratio (DTI) up to 65%
- Interest rate reduction of at least 50 bps required
- A reduction in the monthly payment that includes principal, interest, and the mortgage insurance payment (if applicable)
- $500 LLPA credit if appraisal obtained*

**Credit will be provided in the form of a $500 LLPA credit to the lender at the time the loan is purchased if an appraisal was obtained for the transaction. The lender must pass the credit on to the borrower.*

ELIMINATE BORROWER BARRIERS

With eligibility expanded to borrowers with up to 65% DTI and no minimum credit score requirement, RefiNow represents an opportunity to offer mortgage refinancing to those who may not have previously qualified.

SUPPORT STABLE HOMEOWNERSHIP

Reduced interest rates make homeownership more sustainable for borrowers who are current on their mortgage.

ADDRESS UP-FRONT COSTS

Up-front costs can present obstacles for homeowners, but features like value acceptance (appraisal waiver) offers or appraisal credits put refinancing within reach.

Fannie Mae expects lenders to help borrowers understand the benefit of RefiNow and the total cost of the refinance over the life of the loan.

Fannie Mae

To qualify for RefiNow, a borrower must have:

- A Fannie Mae-owned mortgage secured by a one-unit, principal residence;
- Current income at or below 100% of the Area Median Income (AMI);
- No missed payments on their current mortgage loan in the past 6 months and no more than one missed payment in the past 12 months*; and
- A mortgage with a loan-to-value ratio up to 97% and DTI of 65% or less (applies to the new refinance loan).

**Missed payments due to a COVID-19 forbearance that have been resolved in accordance with Lender Letter LL-2021-03 are not considered delinquencies for purposes of meeting these payment history requirements.*

RefiNow vs. HomeReady

Some borrowers who qualify for RefiNow may also qualify for HomeReady® and, in certain circumstances, may see more savings with our flagship affordable product. This chart will help you identify which option is right for your borrower.

Category	**RefiNow** *Limited cash-out refinance*	**HomeReady** *Limited cash-out refinance*
Existing Loan Eligibility	• Must be owned by Fannie Mae • Loan must be seasoned at least 12 months	• Must be owned by Fannie Mae only if LTV is 95% – 97% • Does not limit loan seasoning
New Loan Eligibility	• New loan amount may include cash out limited to less than or equal to $250	• Max 2% or $2,000 cash back • May pay off subordinate financing
	• Fixed-rate mortgage (FRM) only	• Permits adjustable-rate mortgages (ARMs) and FRMs under specific eligibility criteria
	• No high-balance loans	• Permits high-balance loans
Collateral & Property Valuation	• Provide $500 lender credit if appraisal obtained	• Does not provide an appraisal credit
Borrower Eligibility	• Max DTI 65% • No minimum credit score	• Max DTI 50% for loans underwritten in DU® or DTI 45% for manually underwritten loans • Minimum credit score 620
Pricing	• Standard LLPAs (no caps applied)	• LLPAs are waived for all HomeReady loans
Mortgage Insurance (MI)	• Standard MI requirements and coverage levels	• Reduced MI coverage for loans with LTV 90.01% – 97.00%

Scenarios: RefiNow vs. HomeReady

The below scenarios represent examples of how a lender may determine which product is better suited for a borrower. The scenarios are hypothetical and assume the borrowers meet all other eligibility requirements.

Scenario #1: 45% DTI, 640 credit score, 82% LTV

RefiNow	HomeReady
DU recommendation: Approve/Eligible Loan meets eligibility requirements for DTI and LTV	**DU recommendation: Refer with Caution (RWC)** Loan does not meet DU credit risk assessment

Scenario #2: 58% DTI, 700 credit score, 82% LTV

RefiNow	HomeReady
DU recommendation: Approve/Eligible Loan meets eligibility requirements for DTI and LTV	**DU recommendation: Approve/Ineligible** Loan meets DU risk assessment; exceeds maximum DTI

Scenario #3: 37% DTI, 700 credit score, 82% LTV

RefiNow	HomeReady
DU recommendation: Approve/Eligible Loan meets eligibility requirements for DTI and LTV	**DU recommendation: Approve/Eligible** Loan meets DU risk assessment and eligibility requirements

NOTE: All scenarios are hypothetical and provided for illustrative purposes only. The DU recommendation provided for HomeReady loans may vary depending on other risk factors in the mortgage application considered as part of the DU credit risk assessment. The DU recommendation provided for RefiNow loans is based on the program eligibility rules check and assumes the borrower meets all other program requirements.

Learn more

For more information, visit **fanniemae.com/RefiNow**