

Renasant Bank

Home Affordable Refinance Program (HARP) 2.0
DU Refi Plus and Freddie Mac Relief Refinance–Open Access
Training

Updated – May 4, 2012

Product Overview

- ▶ The Federal Housing Finance Agency (FHFA) announced changes to the Home Affordable Refinance Program (HARP) in an effort to attract more eligible borrowers who can benefit from refinancing their mortgage loan. As a result, Fannie Mae has posted updates to the DU Refi Plus programs and Freddie Mac to the Relief Refinance–Open Access program.
- ▶ Renasant Bank will be participating in DU Refi Plus and Freddie Mac Open Access as a new servicer. These refinance options are designed to assist borrowers who have demonstrated an acceptable payment history on their existing Fannie Mae or Freddie Mac mortgage loan, but may not have been able to refinance to obtain a lower payment or move to a more stable product.
- ▶ To be eligible, the loan being refinanced (the existing loan) must have been owned or guaranteed by Fannie Mae or Freddie Mac before June 1, 2009 and the new loan must have an application date on or after December 1, 2011

General Information

- ▶ The existing loan must be identified as being owned by Fannie Mae or Freddie Mac prior to June 1, 2009.
- ▶ A correct address is critical to receiving accurate AUS Findings.
 - Fannie Mae Loan Lookup: <http://www.fanniemae.com/loanlookup/>
 - Freddie Mac Loan Lookup: <https://ww3.freddie.mac.com/corporate/>
- ▶ The loan casefile must be underwritten according to DU Refi Plus/Freddie Mac Open Access guidelines.
- ▶ Single Family residences that are primary residence and second homes are eligible.
- ▶ Closing costs can be financed into the new DU Refi Plus/Freddie Mac Open Access transaction.
 - For Freddie Mac Open Access: Mortgages with an LTV > 80%, the closing costs, financing costs and prepaids/escrows not to exceed the lesser of 4% of the current unpaid principal balance of the mortgage being refinanced or \$5000.
- ▶ The borrower benefit provision must be met. If any one of the following criteria are met, the borrower benefit provision has been satisfied:
 - Reduction in the borrower's monthly principal and interest payment
 - Reduction in the interest rate
 - Reduction in the amortization term
 - Movement to a more stable product (ARM to fixed, interest-only to amortized, etc.)
 - *The borrower benefit provision has been met if the amortization term is extended (ex: from a 15 year fixed to a 30 year fixed), resulting in a reduction in the principal and interest payment.*
- ▶ **Cash back to the Borrower at closing is not to exceed \$250. (DU Refi Plus and Freddie Mac Open Access)**
 - **Exception: Freddie Mac Open Access: LTV ≤ 80%, cash back to the borrower not to exceed the lesser of 2% of the Freddie Mac Open Access Mortgage or \$2000**
- ▶ Cash out refinance transactions are not eligible, rate/term only. (DU Refi Plus and Freddie Mac Open Access)

Term & Loan Amount

for DU Refi Plus/Freddie Mac Open Access

- ▶ Terms: 30 year and 15 year
 - ▶ Maximum Loan Amount: \$417,000
 - ▶ Minimum Loan Amount: \$25,000
- 

Occupancy and Property Types for DU Refi Plus/Freddie Mac Open Access

Occupancy

- ✓ Owner occupied primary residence and second homes

Eligible Properties

- ✓ 1 Unit single family
- ✓ Attached & Detached PUDs
- ✓ Loan must have been owned or guaranteed by Fannie Mae or Freddie Mac prior to June 1, 2009
(Eligibility of the loan for DU Refi Plus/Freddie Mac Open Access may be verified by using the Loan Lookup Tool)

Ineligible Properties

- ✓ Manufactured housing
- ✓ Condos
- ✓ Investment properties
- ✓ Properties with less than 600 square feet.
- ✓ Ranches, Orchards, Working or Hobby farms and Dome or Geothermal homes
- ✓ Multifamily

Max LTV/CLTV for DU Refi Plus

▶ Primary Residence and Second Homes

Property Type	Median Credit Score	LTV	Max LTV with Secondary Financing	Max CLTV/HCLTV (1,2,3,4)
1 unit	700	> 105%	> 105%	No Max
1 unit	620	≤ 105%	≤ 105%	No Max

- (1) CLTV represents the loan amount of a closed-end second or the disbursed amount of a HELOC plus the first mortgage amount, divided by the sales price/appraised value.
- (2) HCLTV represents the HELOC credit line limit plus the first mortgage amount, divided by the sales price/appraised value. If the secondary financing is a HELOC, the loan amount plus the draw amount cannot exceed the Max CLTV and the loan amount plus the total line amount cannot exceed the HCLTV.
- (3) New Subordinate financing is not eligible.
- (4) Existing subordinate liens must be resubordinated according to FNMA guidelines. See “Subordinate Financing” section for specific details.

Max LTV/CLTV for Freddie Mac Open Access

▶ Primary Residence and Second Homes

Property Type	Median Credit Score	LTV	Max LTV with Secondary Financing	Max CLTV/HCLTV (1,2,3,4)
1 unit	620	≤105%	≤105%	No Max

1. CLTV represents the loan amount of a closed-end second or the disbursed amount of a HELOC plus the first mortgage amount, divided by the sales price/appraised value.

2. HCLTV represents the HELOC credit line limit plus the first mortgage amount, divided by the sales price/appraised value. If the secondary financing is a HELOC, the loan amount plus the draw amount cannot exceed the Max CLTV and the loan amount plus the total line amount cannot exceed the HCLTV.

3. Existing subordinate liens must be subordinate to the Freddie Mac Rate Relief-Open Access mortgage according to FHLMC guidelines. See "Subordinate Financing" section for specific details.

4. Existing subordinate lines may be refinanced simultaneously with the First lien being refinanced. See "Subordinate Financing" section for specific details.

Eligible Borrowers

for DU Refi Plus and Freddie Mac Open Access

- ▶ At least one borrower from the existing mortgage must be on the application. Borrowers can be added or removed.
- ▶ If a Borrower is removed, the remaining borrower must have been making payments on the existing loan from their own funds for the most recent consecutive 12 months prior to application. The Borrower being removed must also be removed from the deed.
 - If a Borrower is being removed due to death, the 12 month payment history is not required.
- ▶ A Borrower may be added to the new transaction, so long as at least one of the original borrowers are retained.
- ▶ Non Occupant Co-Borrowers may not be added to the transaction.

Documentation

- ✓ All standard full documentation as required by DU/LP.
- ✓ DU Refi Plus findings requiring an appraisal are not eligible for submission to Renasant Bank. The DU findings must state that the property is eligible for a Property Inspection Waiver (PIW).
- ✓ Freddie Mac Relief Refinance– Open Access findings requiring an appraisal are not eligible for submission to Renasant Bank. The LP findings must include the Home Value Explorer (HVE) AVM tool with a Forecast Standard Deviation that is no greater than 0.20, corresponding to a confidence score of “H” high or “M” medium. **Once the HVE value is obtained from the LP findings, the appraised value MUST be changed to match the HVE value and the loan must be re-run through LP. The HVE value and appraised value must match on the LP findings.**
- ✓ An appraisal should not be ordered or submitted with the loan file to Underwriting. Renasant Bank may not receive or review an appraisal for loans originated under this program. If an appraisal is included in the loan file, the loan will not be eligible for purchase under the HARP program.

Underwriting

▶ Automated Underwriting Systems (AUS)

- All loans must be underwritten through DU as a Refi Plus and receive an Approve/Eligible or LP as Open Access and receive an Accept Rating
- EA-I, EA- II, EA- III, Refer or Caution findings are not eligible.
- Submit for AUS findings as normal, no special instructions for DU Refi Plus
- Submission for Open Access, must select Open Access on Other Data Tab (Offering Identifier) of application in Renasant Connect
- Enter Appraised Value provided by borrower at the time of application (no appraisal allowed)

▶ Manual Underwriting

- Not allowed.

▶ HARP 2.0 Submission Checklist

- Located in Renasant Connect Resource Center

▶ Loan Lookup

- A correct address is critical to valid AUS findings.

▶ IRS Form 4506T and Tax Transcripts

- All loans must include an IRS Form 4506T executed by each borrower at the time of application and closing.
- Tax Transcripts documenting the income validated per AUS findings must be obtained and reviewed.

▶ Payoff

- A current payoff with per diem must be included in the loan file when submitted to Underwriting.

▶ Qualifying Ratios

- As determined by DU/LP but cannot exceed 50% DTI regardless of AUS decision.

▶ Cash Reserves

- Follow AUS recommendations.

Underwriting

Credit History/Scores General Information

- ▶ Credit scores are required on the credit report for all borrowers and co-borrowers.
- ▶ If 3 scores are provided, the middle score will be used. If 2 scores of the 3 scores are the same, the duplicate score will be used to qualify.
- ▶ If 2 scores are provided, the lower of the 2 scores will be used.
- ▶ If 1 score is provided, it will be used. All loans must score through AUS.
- ▶ The lowest of the middle scores for the borrower and co-borrower, as determined by the credit report, will be viewed as the credit score for the loan.
- ▶ The Borrowers payment and credit history will be evaluated by DU/LP.

Derogatory Credit Events

- ▶ As determined by AUS findings.
- ▶ Standard waiting periods apply per Fannie Mae guides B3-5.3-07. (DU Refi Plus)

Number of Loans/Properties

- ▶ **# of loans per borrower**
 - Renasant Bank will make a total of 4 loans per borrower. 1 primary residence, 1 second home and 2 investment properties.
- ▶ **# of properties per borrower**
 - For a primary residence, there is no limit on the number of properties owned and/or financed by the borrower.

Underwriting

Appraisal-DU Refi Plus

- ▶ Loans where the AUS findings require an appraisal are not eligible with Renasant Bank.
- ▶ A Property Inspection Waiver (PIW) is required on all DU Refi Plus transactions.
 - The PIW fee of \$75.00 will not be charged.
- ▶ The borrower must be advised not to rely on the lack of an appraisal as assurance about the condition or value of the property. Renasant Bank has a Property Inspection Waiver disclosure available in the Resource Center in Renasant Connect that must be provided on all DU Refi Plus loans.

Underwriting

Appraisal–Freddie Mac Open Access

- ▶ Loans where the AUS findings require an appraisal are not eligible with Renasant Bank.
- ▶ Freddie Mac offers Home Value Explorer (HVE) as an automated valuation tool that offers a point value estimate for a property with a Confidence Score and Forecast Standard Deviation, indicating the accuracy of the estimated value. HVE Forecast Deviation scores of 0.20 and lower indicate that the degree of confidence in the valuation estimate is medium or high. Forecast Standard Deviation scores above 0.20 indicate that the degree of confidence in the valuation estimate is low.
- ▶ The LP findings must include the Home Value Explorer (HVE) AVM tool. **Once the HVE value is obtained from the LP findings, the appraised value MUST be changed to match the HVE value and the loan must be re-run through LP. The HVE value and appraised value must match on the LP findings.** The findings must then indicate a Forecast Standard Deviation that is no greater than 0.20, corresponding to a confidence score of “H” high or “M” medium. As of the note date, the HVE point value estimate may not be more than 120 days old.

Underwriting

- Appraisal Feedback Message on DU Findings

Desktop Underwriter accepts the value submitted as the market value for this subject property on this limited cash-out refinance transaction where the borrower's existing loan is identified as a Fannie Mae loan. This loan is eligible for delivery to Fannie Mae without an appraisal or exterior-only property inspection if the DU Refi Plus property fieldwork waiver is exercised by the lender at the time of loan delivery to Fannie Mae. To exercise this waiver and be eligible for representation and warranty relief on the value, condition and marketability of the subject property, Special Feature Code 807 and the DU Casefile ID must be included in the loan delivery file. A fee will be charged to exercise this waiver. If the waiver is not exercised, at least the minimum level of fieldwork recommended for this transaction must be obtained.

Underwriting

➤ Appraisal Feedback Message on LP Findings

- ▶ Y0 162777.00 is the HVE point value estimate of the subject property.
- ▶ Y1 0.091 is the HVE Forecast Standard Deviation of the HVE point value estimate of the subject property.
- ▶ Y2 High is the HVE Confidence Level of the HVE point value estimate of the subject property.
- ▶ Y5 The percentage difference between the estimated/appraised value or purchase price and the HVE point value estimate of the subject property is 0%.
- ▶ Y7 To use HVE results in lieu of an appraisal for Relief Refi-Open Access, the property must be 1 -or 2-units, attached or detached dwelling, or a unit in a Condominium project or PUD, and may not be a manufactured home, dwelling on a leasehold estate; or a cooperative unit, if the Seller is permitted to deliver Cooperative Share Mortgages under its Purchase Documents. HVE point value estimate Forecast Standard Deviation must be between 0.000 and 0.200.

Mortgage Insurance

- ▶ For HARP transactions with LTV ratios exceeding 80%, mortgage insurance may or may not be required depending on the current mortgage insurance coverage on the existing loan. The AUS findings will return information regarding the current mortgage insurance on the existing loan.
- ▶ If mortgage insurance is required on the HARP transaction, Renasant Bank will allow modifications or transfers from the following existing providers:
 - Genworth
 - Radian
 - MGIC
 - RMIC
 - UGIC – *Due to the process that UGIC requires for transfer/modification of an existing certificate, any HARP loan that will include a transfer/modification of UGIC mortgage insurance, may only be submitted for Underwriting once the commitment has already been transferred. Renasant Bank operations will not be able to accommodate this internally.*
- ▶ For HARP loans, mortgage insurance coverage must extend for the life of the new loan, or until cancellation or termination of coverage as required by law or Fannie Mae/Freddie Mac guidelines, whether the mortgage insurance company modifies the existing mortgage insurance certificate or issues a new one. For example, even if a 15-year loan that is three years old is refinanced into a 30-year loan, the mortgage insurance coverage should be extended for the full life of the new loan.
- ▶ Single Premium Mortgage Insurance: Continuation of existing lender-purchased mortgage insurance coverage on the new loan is permitted.

United Guaranty (UG) – HARP MI Modification Program

- ▶ **Website:** <https://www.ugcorp.com/services/harp.html>
- ▶ **Phone:** 888-822-5584 (Option 1)
- ▶ **Email Address:** loanmods@ugcorp.com
- ▶ **Submission Process:**
 - Obtain signed “Third Party Authorization and Agreement to Release” form and email to loanmods@ugcorp.com. UG will respond in 24-48 hours to determine if loan qualifies for Reps and Warrants waiver.
 - If Reps and Warrants are not waived, UG will request a copy of the loan file for the mortgage being refinanced from the existing servicer. Email completed “UG Modification Request Form” and required documents listed on the “HARP New Servicer Process Flow & Document Stacking Order” form to loanmods@ugcorp.com.
 - If Reps and Warrants are waived, email completed “UG Modification Request Form” to loanmods@ugcorp.com.

Mortgage Insurance

- ▶ Mortgage insurers may charge a fee for the transfer of the certificate, and it can be rolled into the unpaid principal balance of the new loan as a closing cost.
- ▶ The following mortgage insurance requirements apply:

Original LTV of Existing Loan being refinanced	MI in Force on Existing Loan	DU Refi Plus/Freddie Mac Open Access MI Required for New Refinance Loan
≤80%	No	No
>80%	No Mortgage Insurance has already been cancelled or terminated due to LTV. If Mortgage Insurance has been cancelled or terminated due to adverse audit findings, the loan is not eligible	DU/LP will require the lender to determine that the existing loan does or does not have mortgage insurance If the lender determines that the existing loan: <ul style="list-style-type: none"> • Does not have mortgage insurance, no mortgage insurance is required. • Does have mortgage insurance, the lender may transfer the current mortgage insurance.
>80%	Yes	The lender may transfer the current mortgage insurance.

Mortgage Insurance Message on DU Refi Plus Findings

Mortgage insurance is required for this DU Refi Plus loan casefile. The lender may either obtain the level of mortgage insurance (MI) coverage that is in effect on the existing Fannie Mae loan or standard mortgage insurance coverage. The lender should confirm the accuracy of the MI coverage in effect on the existing Fannie Mae loan prior to obtaining new MI at that specified level of coverage, or transferring the existing MI certificate. Fannie Mae's records indicate that the amount of MI in effect on the existing Fannie Mae loan is 35%, and the standard level of MI coverage for this loan casefile is 35%. Verify the MI premium is accurately reflected in the loan application.

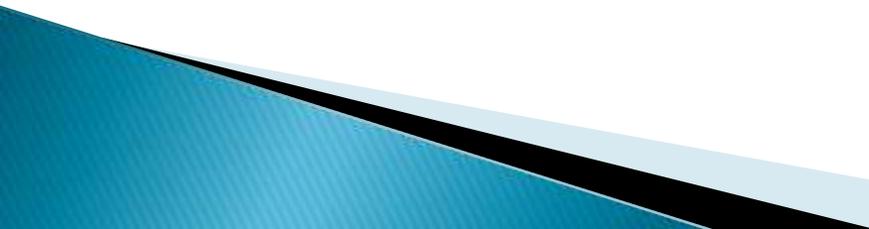
Fannie Mae's records indicate that the existing Fannie Mae loan being refinanced with this DU Refi Plus transaction contains the following mortgage insurance (MI) information:

MI Provider	MI Coverage Obtained	MI Certificate Number
Mortgage Guaranty Insurance Corporation	35	025791083

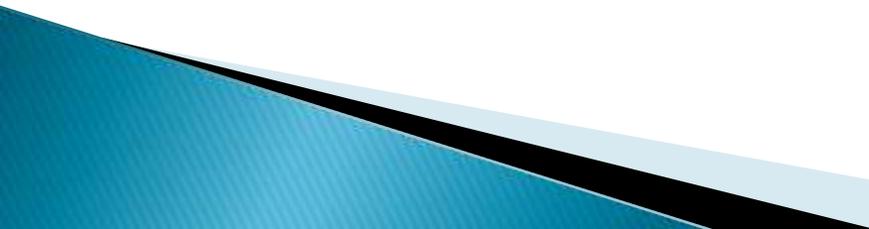
Mortgage Insurance Message on Freddie Mac–Open Access LP Findings

- ZT PMI Mortgage Insur (PMI) was provider of MI on loan to be refinanced. *****Renasant Bank does not allow transfer of MI Certificates from PMI*****
 - ZU 81269068 is MI certificate number of loan to be refinanced.
 - ZV 0.25 is MI coverage amount on loan to be refinanced.
- 

Subordinate Financing for DU Refi Plus

- ▶ Allowed subject to the following restrictions:
 - ▶ Must meet Fannie Mae's DU Refi Plus subordinate financing requirements.
 - Must comply with the following provisions outlined in B2-1.1-04, Subordinate Financing (12/20/2011) related to existing subordinate financing
 - Subordinate Financing Requirements, and
 - Resubordination Requirements for Refinance Transactions
 - The remaining provisions related to existing subordinate financing, including acceptable subordinate financing types, do not apply to DU Refi Plus transactions.
 - ▶ All existing subordinate financing must be resubordinated to maintain the first lien priority of the new DU Refi Plus mortgage loan.
 - ▶ Existing purchase money subordinate financing may not be satisfied with the proceeds of a DU Refi Plus mortgage loan.
 - ▶ New subordinate financing is not permitted.
- 

Subordinate Financing for DU Refi Plus

- ▶ Subordinate liens must be recorded.
 - ▶ A copy of the subordinate financing Mortgage/Deed of Trust and Note must be obtained.
 - ▶ The payment for subordinate financing must be included in the calculation of the borrower's qualifying ratio.
 - ▶ The CLTV ratio is calculated by adding the disbursed amount of the HELOC or Closed end Second to the first mortgage amount and dividing the sum by value of the mortgaged premises.
 - ▶ The HCLTV ratio is calculated by adding the HELOC credit line limit (rather than the amount of drawn) to the first mortgage amount and dividing that sum by the value of the mortgaged premises.
- 

Subordinate Financing for Freddie Mac–Open Access

- ▶ Allowed subject to the following restrictions:
- ▶ Must meet Freddie Mac’s Rate Relief– Open Access subordinate financing requirements.
 - Must comply with the following provisions outlined in Freddie Mac guidelines B24.3 (c), Secondary Financing (3/15/2012) related to existing subordinate financing
- ▶ **An increase in the current unpaid principal balance amount of any junior lien is prohibited (including increase to pay closing costs, modification fees, etc).**
- ▶ All existing subordinate financing must be resubordinated to maintain the first lien priority of the new Freddie Mac Rate Relief– Open Access mortgage loan.
- ▶ The junior lien must have scheduled payments sufficient to meet the interest due.
- ▶ Existing purchase money subordinate financing may not be satisfied with the proceeds of a Freddie Mac Rate Relief– Open Access mortgage loan.

Subordinate Financing for Freddie Mac–Open Access

- ▶ New subordinate financing is not permitted, however, an existing subordinate lien may be refinanced simultaneously with the first lien being refinanced for one of the following purposes:
 - A reduction in the interest rate of the junior lien
 - To replace an ARM, an interest only junior lien, or a junior lien with a balloon or call option with a fixed rate, fully amortizing junior lien
 - A reduction in the amortization term of the junior lien
 - A reduction in the monthly payment of the junior lien
 - ***The unpaid principal balance of the new junior lien may not be more than the unpaid principal balance, at the time of payoff, of the junior lien being refinanced.***
- ▶ Subordinate liens must be recorded.
- ▶ A copy of the subordinate financing Mortgage/Deed of Trust and Note must be obtained.
- ▶ A Subordination Agreement must be executed.
- ▶ The payment for subordinate financing must be included in the calculation of the borrower's qualifying ratio.
- ▶ The CLTV ratio is calculated by adding the disbursed amount of the HELOC or Closed End Second to the first mortgage amount and dividing the sum by value of the mortgaged premises.
- ▶ The HCLTV ratio is calculated by adding the HELOC credit line limit (rather than the amount of drawn) to the first mortgage amount and dividing that sum by the value of the mortgaged premises.

Misc. Items

Escrows (DU Refi Plus & Freddie Mac-Open Access)

- ▶ Required if LTV > 80%, except where prohibited by state law.
- ▶ Escrow waivers allowed with LTV's ≤ 80%. See rate sheet for price adjustment.

Leasehold

- ▶ Allowed per Fannie Mae guidelines. All leasehold documents must be submitted with the loan file.
- ▶ Lease term must have a remaining term of 10 years past the maturity date of the loan. (DU Refi Plus)
- ▶ Leaseholds are not allowed on Freddie Mac-Open Access

Assumability

- ▶ Not allowed