

Fannie Mae and Freddie Mac: Understanding Your Options

December 2018



Course Objectives

- Learn how to properly structure a loan to your advantage, by understanding differences between Fannie Mae and Freddie Mac qualifying guidelines
- Save time up front by knowing which GSE to select, when both are an option

NOTE: This is NOT a comprehensive list of all differences, but includes some of the impactful differences between the agencies.

Today's Presentation Covers Non-HARP Loans And Guidelines Applicable To Loans Submitted To Desktop Underwriter® And Loan Product Advisor®

Agenda

- LTV Differences
- Credit and liabilities
- Assets and Reserves
- Income
- Multiple Financed Properties
- Interested Party Contributions
- Appraisal
- General Reminders on Updates
- HomeReady[®] and Home Possible[®] Differences
- Genworth MI Website
- Helpful Tools

LTV Differences Primary and Second Home

Fannie Mae (Fixed Rate/ARMS**)

- Maximum LTV/TLTV/HCLTV

Purchase and Limited Cash-Out Refi

- 1-unit Primary 97 (Fixed Only)**
- 2-unit Primary 85%
- Second Home 90%
- 3-4 unit Primary 75%

Cash-Out Refinance

- 1-unit Primary 80%
- 2-4 unit Primary 75%
- Second Home 75%

Freddie Mac (Fixed Rate/ARMS)

- Maximum LTV/TLTV/HTLTV

Purchase and No Cash-Out Refi*

- 1-unit Primary 97 (Fixed only)**
- 1-unit Primary 95%
- 2 unit Primary 85%
- 3-4 unit Primary 80% (Has the advantage)
- Second Home 90%

Cash-Out Refinance

- 1-unit Primary 80%
- 2-4 unit Primary 75%
- Second Home 75%

*See expanded LTV requirements for no cash-out loan that Freddie Mac currently owns

**97% LTVs must be fixed rate conforming, borrower must have a credit score and for purchases, at least one borrower must be a first-time homebuyer; for a refinance, the applicable GSE must be the existing investor (HomeOneSM Freddie's 97% available July 29, 2018)

Excludes HomeReady and Home Possible Program LTVs

LTV Differences Investment Properties

Fannie Mae (Fixed Rate/ARMS)

- Maximum LTV/TLTV/HCLTV

Purchase

- 1-unit 85%
- 2-4 unit 75%

Limited Cash-Out Refinance

- 1-4 units 75%

Cash-Out Refinance

- 1-unit 75%
- 2-4 unit 70

Freddie Mac (Fixed Rate/ARMS)

- Maximum LTV/TLTV/HTLTV

Purchase and *No Cash-out Refi

- 1-unit 85%(One unit refi has the advantage)
- 2-4 unit 75%

Cash-Out Refinance

- 1-unit 75%
- 2-4 unit 70%

*See LTV requirements for No Cash-out Loan that Freddie Mac currently owns

No Cash and Limited Cash Out Amounts

Fannie Mae

- Limited cash-out is defined as allowing cash back up to lessor of 2% of the Mortgage amount or \$2000

Freddie Mac (Effective for Mortgages with Settlement dates on and after October 27, 2018, but sellers may implement immediately

- No cash out is defined as allowing cash back up to the greater of 1% of the Mortgage amount or \$2000

Credit and Liabilities

Fannie Mae

- Maximum DTI is 50%
 - Updated to not require additional compensating factors from 45% to 50%
 - Fine-tuned in Jan. 2018
- DU[®] carries out DTI to two decimal places
- 20.99% = 20.99%

QUALIFYING RATIOS

Housing Expense	5.64%
Debt-to-Income	7.11%

Fannie Mae

- Minimum Published 620 credit score

Freddie Mac

- No published maximum DTI
- Rounds down on the DTI
- 20.49% = 20%

DEBT RATIO

20%

Freddie Mac

- No published minimum

Credit and Liabilities

Fannie Mae

- **30 Day Charge Accounts** or Open Ended Accounts
 - Must be omitted and funds verified to pay off (reserves); or
 - Verify employer reimburses borrower (corporate expense account)

- **Collection Accounts**
 - 2-4 unit and second home loans with collections totaling more than \$5,000 must be paid off
 - Investment properties, individual collections of \$250, or a loan that has accounts that total \$1,000 all must be paid off

Freddie Mac

- **30 Day Charge Accounts** or Open Ended Accounts
 - Can be omitted and funded verified to pay off (reserves); or
 - Verify employer reimburses borrower (corporate expense account); or
 - **If no payment listed, lenders may use 5%**

- **Collection Accounts**
 - **No written policy, cannot affect Freddie Mac first lien position**

Credit and Liabilities

Fannie Mae

- **Disputed tradelines** DU tries to assess with the tradeline - if Approve, no additional action needed
 - DU will reassess without disputed tradelines and lenders must comply with DU messages
- **Inquires** – The credit report must list all inquiries in the previous 90 days. Lender must confirm that no new credit has been obtained that is not reflected on the application. If additional credit was obtained the debt must be verified and considered in calculating the DTI

Freddie Mac

- **Disputed tradelines** Loan Product Advisor tries to qualify with disputed tradeline
 - Will receive “Invalid” if unable to decision and must be manually underwritten if lender allows
- **Inquires** within 90 days of credit report must be investigated (Effective Sept 9, 2018 was 120 days)

Credit and Liabilities

Fannie Mae

- **Alimony** may be included as a liability or subtracted from income
- **Mortgage payment history** NOT reported on the credit report – DU will require for verification of payment history (read findings message)

Freddie Mac

- **Alimony** must be treated as a liability
- **Mortgage using payment history is NOT required** for ACCEPT loans with a credit score, only documentation of the payment amount

Credit and Liabilities

Fannie Mae

- Student Loan debt lender may use:
 - Payment on credit report if one is listed
 - Monthly payment from student loan documents
 - 1% of the outstanding student loan balance
 - If zero payment listed on credit report, lenders may use zero if loan is an IBR loan and the actual payment is zero
- **Fannie has a student loan cash-out option**
 - Allows for payoff of a first, second and student loans, but is priced as a limited cash-out refinance...see *next slide*

Freddie Mac: Repayment, Deferment or Forbearance (Effective for loans with Settlement dates on or after November 1, 2018 but Sellers may implement immediately)

- *If the monthly payment amount is greater than zero, use the monthly payment amount reported on the credit report or other file documentation, or
- If the monthly payment amount reported on the credit report is zero, used 0.5% of the outstanding balance, as reported on the credit report
- **No Student Loan Cash-Out Option**

*See the Freddie Mac Loan Product Advisor Documentation Matrix for more details

Credit and Liabilities

Fannie Mae

Freddie Mac

- *Student Loan in Forgiveness, cancellation, discharge and employment contingent repayment programs
- Monthly payment amount may be excluded from DTI, if file contains evidence
 - Student loans have less than 10 months payments; or
 - Payments are deferred or in forbearance and the full balance will be forgiven at the end of the deferment/forbearance period; AND
 - Borrower currently meets requirements for loan forgiveness, cancellation, discharge or employment-contingent repayment program, as applicable

*See Freddie Mac Loan Product Advisor Documentation Matrix for more details

Fannie Mae Student Loan Cash-Out Refinance

Priced as Limited Cash Out

- Subject to Cash-out LTV limits

Student Loan Cash-out Refinance

With this update, we are introducing the student loan cash-out refinance feature, a cost-effective alternative to use existing home equity to pay off student loan debt. This feature provides the opportunity for borrowers to payoff one or more student loans through the refinance transaction, potentially reducing their monthly debt payments. The loan-level price adjustment that applies to cash-out refinance transactions will be waived when all requirements have been met.

The student loan cash-out refinance feature contains elements of both a cash-out refinance and a limited cash-out refinance transaction as described in the table below.

Student Loan Cash-out Refinance Features		
Student Loans Eligible for Payoff	<ul style="list-style-type: none"> At least one student loan must be paid off. Loan proceeds must be paid directly to the student loan servicer at closing. Only student loans for which the borrower is personally obligated can be paid through the transaction. Student loan debt must be paid in full with the proceeds – partial payments of student loan debt are not permitted. 	New policy
Eligibility	The standard cash-out refinance LTV, CLTV, and HCLTV ratios apply per the <i>Eligibility Matrix</i>	Aligns with cash-out refinance
Underwriting Method	DU only	New policy
Maximum Cash Back	Lesser of 2% or \$2k (over and above the student loan payoff)	Aligns with limited cash-out refinance
Mortgage Payoff	1 st mortgage and purchase-money seconds	Aligns with limited cash-out refinance
Other Requirements	<ul style="list-style-type: none"> Property cannot be listed for sale at time of disbursement Payoff of taxes ineligible unless escrow account is established Payoff of delinquent taxes ineligible 	Aligns with limited cash-out refinance

Lenders must deliver the following Special Feature Code (SFC) 841, Student Loan Cash-Out Refinance, at the time of delivery.

NOTE: *The Eligibility Matrix, Special Feature Codes, and Loan-Level Price Adjustment Matrix will be updated to reflect the applicable changes.*

Effective Date

This policy is effective immediately. DU is not currently able to identify these transactions or issue specific messaging so lenders must confirm the loan meets all the requirements to include SFC 841 at time of delivery.

ALL Borrowers Without Credit Scores

Fannie Mae DU

- Max LTV/CLTV/HCLTV 90%
- 1-unit non-manufactured home
- Conforming only; no high balance
- Owner occupied only
- Purchase or Limited Cash-Out Refi
- Fixed Rate
- **Maximum DTI 40%**
- Must verify two tradelines for 12 months, per DU findings message
 - One must be housing related

Freddie Mac Loan Product Advisor

- **Max LTV/TLTV/HTLTV 95%**
- 1-unit non-manufactured home
- Conforming only; no super conforming
- Owner occupied only
- Purchase or No Cash-Out Refi
- Fixed Rate
- Must verify two tradelines for 12 months
 - One must be housing related

Both DU and Loan Product Advisor Allow For Loans Where No Borrower Has A Useable Credit Score

Credit and Liabilities

Fannie Mae

- **Federal Tax Liens**
- Allowed to include the payment due under a federal income tax installment agreement in the DTI, instead of payment in full
 - Lenders must obtain a copy of the approved IRS agreement
 - Evidence the borrower is current on payments must be documented in the loan file and at least one payment must have been made
 - Tax lien cannot be in the same county as the property
- See the DU findings message for full requirements when applicable

Payoff of existing judgments and tax liens
(Guide Section 4201.2)

The mortgage must be a valid First Lien on the Mortgaged Premises. The Mortgaged Premises must be free and clear of all prior liens and encumbrances and no rights or condition may exist that could give rise to such liens, except for:

- Liens for real estate taxes and special assessment not yet due and payable,
- Rights and conditions specified in Guide Section 4702.4

Freddie Mac

- **Federal Tax Liens**
- **No policy to allow for payments**

Significant Derogatory Credit

Fannie Mae

- Approve/Eligible
 - Lenders must review the waiting period before origination of the new loan
 - Extenuating circumstances
 - Financial mismanagement

Derogatory Event	Waiting Period Requirements
Bankruptcy — Chapter 7 or 11	4 years
Bankruptcy — Chapter 13	<ul style="list-style-type: none">• 2 years from discharge date• 4 years from dismissal date
Multiple Bankruptcy Filings	5 years if more than one filing within the past 7 years
Foreclosure ¹	7 years
Deed-in-Lieu of Foreclosure, Preforeclosure Sale, or Charge-Off of Mortgage Account	4 years

Freddie Mac

- Accept/Eligible
 - **Loan Product Advisor has determined the credit reputation is acceptable**
- Caution: Lenders must follow standard or manual Freddie Mac underwriting guidelines, which require mandatory waiting periods and establishment of new credit before new origination can occur

(b) Evaluating Borrower's credit reputation

For Accept Mortgages and A-minus Mortgages, Loan Product Advisor has evaluated the Borrower's credit reputation, and determined that the credit reputation is acceptable.

Assets and Reserves

Fannie Mae

- **Use of business assets** for closing
 - NO specific policy on review of large deposits on business statements
 - Deposits must make sense for the business and each loan looked at case by case
- **Gifts** can be transferred prior to or at closing
- **Gifts from wedding**, allowed to address large deposits; Weddings are NOT an acceptable gift donor

Freddie Mac

- **Use of business assets** for closing
 - Policy allows to document two months business account statements
 - **Are large deposits typical? If so, no further documentation is required**
- **Gifts** typically **must be transferred prior to closing**
- **Gifts from wedding**, allowed but funds must be deposited **within 60 days of the marriage license or certificate**; Weddings are allowed to address large deposits; Weddings are NOT an acceptable gift donor

Today's Presentation Covers Non-HARP Loans And Guidelines Applicable To Loans Submitted To Desktop Underwriter And Loan Product Advisor

Assets and Reserves

Fannie Mae

- **Two** months asset statements for ALL DU loans

Freddie Mac

- Streamlined Accept **One** month assets statements
- Standard Documentation **Two** months asset statements

Today's Presentation Covers Non-HARP Loans And Guidelines Applicable To Loans Submitted To Desktop Underwriter And Loan Product Advisor

Self-Employment

Fannie Mae SEB Documentation

- One or two years, based on DU findings message
- Business returns may be waived if business in existence for 5 years, income stable on personal returns and using only personal funds
- SEB second job with a loss, not required to subtract
- SEB co-borrower loss, not required to subtract
- Ownership < 25% in partnership or S Corp with a loss, not required to subtract
- Self-employment is **NOT** a risk factor unless it is the borrowers primary source of income or when there are multiple borrowers using self-employed income as their primary source of income

Freddie Mac SEB Documentation

- Must be self-employed > 5 years to only obtain 1 year personal and business tax return
 - All other cases require 2 years
- SEB income Secondary Source: Sellers not required to obtain any additional documentation or evaluate the income or loss from the self-employment for each borrower who:
 - Has a primary source of income, other than self-employment, used for qualifying the Mortgage (i.e. Salary and
 - Is self-employed, and the self-employment income is a secondary source of income
 - Policy updated and effective September 19, 2018

Self-Employment

Fannie Mae SEB Documentation

- One or two years, based on DU findings message
- Business returns may be waived if business in existence for 5 years, income stable on personal returns and using only personal funds
- SEB second job with a loss, not required to subtract
- SEB co-borrower loss, not required to subtract
- Ownership < 25% in partnership or S Corp with a loss, not required to subtract
- Self-employment is **NOT** a risk factor unless it is the borrowers primary source of income or when there are multiple borrowers using self-employed income as their primary source of income

Freddie Mac

SEB Documentation

- Must be self-employed > 5 years to only obtain 1 year personal and business tax return
 - All other cases require 2 years
- SEB income If primary Source of Income: Must review pages 1 and 2 of 1040 and applicable schedules
 - If positive, no further action
 - If a loss, subtract and if qualifies no further action
 - If doesn't qualify, full personal and business returns required
- Self-employment is a risk factor in all cases when you are using the income or loss to qualify (meaning you were required to mark the SEB box)

Rental Income

Fannie Mae

Rental Income

- No requirement to own a primary home to use rental income
- No requirements for primary residence conversion
- No requirement for one year investment property management requirement

Freddie Mac

Rental Income (Effective March 1, 2019)

- Borrower's must own a Primary Residence to use rental income to qualify when purchasing a new rental property; and
- Whether purchasing a new rental property or converting a primary Residence to a rental property, if the Borrower does not have a minimum of one-year investment property management experience
 - Rental income can only offset the PITI of the rental property; and
 - Rental income exceeding the PITI cannot be added to gross monthly income used to qualify

Commission Income & Auto Allowance

Fannie Mae 2018-09

- Removed the different treatment of commission income based on percentage of employment income. **All commission income will be treated the same, and individual tax returns (or tax transcripts) will no longer be required**
- As a result of the tax law changes that will prevent lenders from being able to identify unreimbursed business expenses, Fannie Mae is removing the requirements for IRS Form 2106, and changed the automobile allowance policy. **The full amount of an automobile allowance may now be included as income and the lease or financing expenditure must be included as a debt in the calculation of the debt-to-income ratio.**

Freddie Mac

- Unreimbursed employee expenses reflected on Schedule A and IRS Form 2106 (if applicable) of the borrower's federal income tax returns must be deducted from the borrower's gross commission income when calculating income.
- Two years complete federal individual tax returns are required (along with other required documentation)

Income Commencing After The Note Date

Fannie Mae Option Two

- Purchase Only
- Primary
- One Unit
- Income must start within 90 days of the note date

✓	Option 1 -- Loan
	The lender must obtain an executed offer or contract for future employment.
	Prior to delivering the loan, the lender must retain in the mortgage file the information to support the income that is anticipated to be received by the borrower.

No requirement income must start within 90 days of the note date.

Option 2 -- Loan Delivered Prior To Borrower Starting Employment

This option is limited to loans that meet the following criteria:

- purchase transaction,
- principal residence,
- one-unit property,
- the borrower is not employed by a family member or by an interested party to the transaction, and
- the borrower is qualified using only fixed based income.

The lender must obtain and review the borrower's offer or contract for future employment. The employment offer or contract must

- clearly identify the employer and the borrower, be signed by the employer, and be accepted and signed by the borrower;
- clearly identify the terms of employment, including position, type and rate of pay, and start date; and
- be non-contingent. Note: If conditions of employment exist, the lender must confirm prior to closing that all conditions of employment are satisfied either by verbal verification or written documentation. This confirmation must be noted in the mortgage loan file.

Also note that for a union member who works in an occupation that results in a series of short-term job assignments (such as a skilled construction worker, longshoreman, or stagehand), the union may provide the executed employment offer or contract for future employment.

The employment start date as shown on the employment offer or contract must be within 90 days of the note date.

The lender must document, in addition to the amount of reserves required by DU or for the transaction, one of the following:

- Financial reserves sufficient to cover principal, interest, taxes, insurance, and association dues (PITIA) for the subject property for six months; or
- Financial reserves or current income sufficient to cover the monthly liabilities included in the debt-to-income ratio, including the PITIA for the subject property, for the number of months between the note date and the employment start date, plus one. Current income refers to income that is currently being received by the borrower (or co-borrower), may or may not be used for qualifying, and may or may not continue after the borrower starts employment under the offer or contract. Current income may be used in lieu of or in addition to financial reserves. For this purpose, the lender may use the amount of income the borrower is expected to receive between the note date and the employment start date. If the current income is not being used for qualifying purposes, it can be documented by the lender using income documentation, such as a paystub, and no verification of employment is required. For calculation purposes, consider any portion of a month as a full month.

Income Commencing After The Note Date

Freddie Mac

- Freddie Mac allows use of a “future salary increase” under Option 1
- Option 1 is the Option where income must start within 90 days of the note date
- Option 1 is 1 unit Primary Only
- Options 2 difference loan purpose and property types

Employed Income: Income Commencing After the Note Date (Guide Section 5303.2(e))		
For borrowers starting new employment or receiving a future salary increase from their current employer, income commencing after the Note Date may be considered a stable source of qualifying income, provided all requirements for either Option One or all requirements for Option Two in the following table are met.		
Subject	Option One	Option Two
Start date of the new employment or future salary increase	<ul style="list-style-type: none"> ▪ Must be no later than 90 days after the Note Date ▪ May be before or after the Delivery Date 	<ul style="list-style-type: none"> ▪ No limit on the number of days after the Note Date ▪ Must be before the Delivery Date
Eligible employment and earnings type	<p>Employment and income must meet the following requirements:</p> <ul style="list-style-type: none"> ▪ Income must be from new primary employment or a future salary increase with the current primary employer ▪ Income must be non-fluctuating and salaried earnings (e.g., hourly earnings are not permitted), and ▪ The borrower’s employer must not be a family member or an interested party to the real estate or mortgage transaction 	<p>Employment and income must meet the following requirements:</p> <ul style="list-style-type: none"> ▪ Income must be from new primary employment ▪ Earnings must be non-fluctuating and salaried (e.g., hourly earnings are not permitted) and ▪ The borrower’s employer must not be a family member or an interested party to the real estate or mortgage transaction
Eligible loan purpose	<p>The mortgage must be originated for one of the following purposes:</p> <ul style="list-style-type: none"> ▪ Purchase transaction ▪ “No cash-out” refinance 	<p>The mortgage must be originated for one of the following purposes:</p> <ul style="list-style-type: none"> ▪ Purchase transaction ▪ “No cash-out” refinance ▪ Cash-out refinance
Eligible Mortgaged Premises	<p>The mortgaged premises must be a 1-unit Primary Residence</p>	<p>The mortgaged premises must be one of the following:</p> <ul style="list-style-type: none"> ▪ 1- to 4-unit Primary Residence ▪ Second home ▪ 1- to 4-unit Investment Property

Income Commencing After The Note Date

Freddie Mac

- Option 1 Freddie allows for “future salary increases”

Employed Income: Income Commencing After the Note Date (continued)		
Subject	Option One	Option Two
Verification of additional funds	<p>In addition to funds required to be paid by the borrower and borrower reserves, the Seller must verify additional funds in the borrower's depository and/or securities account(s) that equal or exceed the amount of the monthly housing expense, as described in Section 5401.1, and other monthly liabilities, as described in Section 5401.2, due between the Note Date and the start date of the new employment/salary increase, plus one additional month. A partial month is counted as one month for the purpose of this calculation.</p> <p>The amount of the required additional funds may be reduced by the amount of the borrower's verified gross income expected to be earned during the period described above, whether or not it is used as qualifying income.</p>	
Required Documentation	<p>The following documentation is required:</p> <ul style="list-style-type: none"> ▪ Copy of the employment offer letter, employment contract or other evidence of the future salary increase that: <ul style="list-style-type: none"> – Is fully executed and accepted by the borrower – Is non-contingent or provides documentation, such as a letter or an e-mail from the employer verifying all contingencies have been cleared – Includes the terms of employment, including employment start date and annual income based on non-fluctuating earnings ▪ For a future salary increase provided by the borrower's current employer, the above documentation must indicate that the increase is fully approved and is explicitly granted to the borrower ▪ A 10-day pre-closing verification (PCV) verifying the terms of the employment offer letter, contract or salary increase have not changed (refer to Section 5302.2(d)) ▪ Documentation of additional funds, as required above 	<p>The following documentation is required:</p> <ul style="list-style-type: none"> ▪ Copy of the employment offer letter or employment contract that: <ul style="list-style-type: none"> – Is fully executed and accepted by the borrower – Includes the terms of employment, including but not limited to, employment start date and annual income based on non-fluctuating earnings ▪ Documentation of additional funds, as required above ▪ As of the Delivery Date, the income must be no less than that used to qualify the borrower for the mortgage

Income

Fannie Mae

- Restricted Stock and Restricted Stock Units
 - No policy for the use as income

Freddie Mac

- Restricted Stock and Restricted Stock Units may be considered, under certain conditions
 - Two year consecutive history of receipt
 - To be considered for history of receipt, RS and RSU used for qualifying must have been vested and been distributed to the borrower from their current employer without restriction
 - Must be likely to continue for at least the next three years
 - YTD paystub documenting all YTD earnings, including payouts of RS or RSU, W-2 forms for the most recent two calendar years and 10-day PCV is required

Multiple Financed Properties

Fannie Mae

- Maximum number is 10
- Reserves based on UPB for each financed second home or investment property borrower owns and is obligated on
 - Excludes the subject and primary home
- Credit score of 720 required for 7-10 financed properties and must be submitted to DU and receive an Approve/Eligible

Freddie Mac

- Maximum number is 10
- **Reserves based on PITIA** for each financed second home or investment property borrower owns and is obligated on
 - Excludes the subject and primary home
- Credit score of 720 required for 7-10 financed properties and must be submitted to Loan Product Advisor and receive and Accept/Eligible
 - **When borrower owns between 7-10 reserves of 8 months PITIA is required for each second home/investment property where borrower is obligated on the financing**

Interested Party Contributions

Fannie Mae

- Calculates from the sales price

Freddie Mac

- Calculates from the “value*”
- Freddie Mac definition of value is lesser of sales price or appraised value, as of note date

Based on “value,” as defined in Section 4203.1, the maximum permitted financing concessions are as follows:

Occupancy	LTV/ILTV ratios >90%	LTV/TLTV ratios > 75% and ≤ 90%	LTV/TLTV ratios ≤ 75%
Primary Residences and second homes	3%	6%	9%
Investment Properties	2%	2%	2%

**Percentages Are The Same For Both Fannie Mae And Freddie Mac
They Just Calculate Them Differently**

*Effective November 1, 2018 appraised value is determined as of the note date

Appraisal Waiver Eligible & ACE Differences

Fannie Mae

- PIW now * **Appraisal Waiver** Eligible
 - One Unit, including Condos
 - Primary, second homes and investment properties
 - Purchases primary homes and second homes, up to 80% LTV/CLTV
 - Limited Cash-Out Refinance up to 90% LTV/CLTV for primary home/second homes and up to 75% LTV/CLTV for investment properties
 - Cash-Out Refinance up to 70% LTV/CLTV for primary homes and up to 60% LTV/CLTV for second homes and investment properties
 - Loan must receive an Approve/Eligible

**See Announcement 2018-07 for renaming of PIW and introduction of Rural High-Needs Appraisal Waiver*

Freddie Mac

- Automated Collateral Evaluation (ACE)
 - 1 unit primary or second home
 - Includes Condo 7/2018
 - **No investment properties**
 - Purchase or no Cash-Out Refi
 - LTV/TLTV/HCLTV of 80% or less
 - Must receive an Accept/Eligible if run through Loan Product Advisor

See Fannie Mae Selling Guide Or The Freddie Mac Seller/Service Guide For Complete Details On Eligibility And Ineligible Transactions

Rural High-Needs Appraisal Waiver

Fannie Mae

- Rural High-Needs Appraisal Waiver
 - Loan must receive an Approve/Eligible
 - Purchase transactions
 - One Unit principal residence (no manufactured homes) located in a designated rural high-needs area
 - Borrowers with income at or below 100% of AMI
 - LTV ratios up to 97% and CLTV's up to 105% with a Community Seconds

This appraisal waiver may be combined with other transactions types such as HomeReady

**See Announcement 2018-07 for renaming of PIW and introduction of Rural High-Needs Appraisal Waiver*

See Fannie Mae *Selling Guide* Or The Freddie Mac *Seller/Service Guide* For Complete Details On Eligibility And Ineligible Transactions

Miscellaneous Eligibility


Did You Know?



- Fannie Mae aligned their ARM and fixed rate LTVs (up to 95%)
- Fannie Mae treats timeshares as installment debt, regardless of how they appear on the credit report
- DU 10.1 was updated in 2017 to allow for more loans to include only one year tax return, when the borrower is self-employed
- Freddie Mac issued Bulletin 2017-12 to allow for short term rental, where there is no lease (effective for loans with settlement dates March 1, 2019)
- Freddie Mac issued Bulletin 2018-10 to allow for maximum of 10 financed properties; Many updates to 2-4 unit condos and detached condo units


Today's Presentation Covers Non-HARP Loans And Guidelines Applicable To Loans Submitted To Desktop Underwriter And Loan Product Advisor

Genworth Underwriting Guidelines

The screenshot displays the Genworth website interface. At the top left is the Genworth logo. To the right, there is a contact number (800 444.5664), an email icon, a chat icon, and a search bar. Further right is a 'LOG IN TO:' button with three options: 'ORDER MI', 'MANAGE MI', and 'VIEW ACCOUNT'. Below this is a navigation bar with 'MI & RATES', 'UNDERWRITING & GUIDES' (highlighted with a red box), 'LOS & CONNECTIONS', 'GENWORTH TOOLKIT', and 'TRAINING'. A dropdown menu for 'UNDERWRITING & GUIDES' is open, listing: 'View Underwriting Guides', 'Access Regulatory Resources', 'About Contract Services UW', and 'Get UW Tips & Policies'. The main content area features a banner with the text 'Let's help some...' and 'Genworth Mortgage Insurance'. Below the banner is a large image of a smiling couple in front of a house with a red door. The text on the banner reads: 'The dream of HOMEOWNERSHIP. It's alive and well with MORTGAGE INSURANCE.' Below the banner are three service cards: 'Underwriting' (blue header, red border), 'Rate Express' (green header), and 'LOS' (orange header). The 'Underwriting' card contains an icon of a document with a pencil, the text 'Technology. Innovation. We're changing the way the MI industry approaches underwriting.', and a 'KNOW MORE >>' link. The 'Rate Express' card contains a percentage icon, the text 'Find a rate. Share the results.', and a 'GET A QUOTE NOW >>' link. The 'LOS' card contains a hand icon, the text 'We'll meet you in your LOS.', and a 'LET'S GO >>' link.

Genworth 

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The dream of HOMEOWNERSHIP.
It's alive and well with
MORTGAGE INSURANCE.


Underwriting

 Technology. Innovation.
We're changing the way
the MI industry approaches
underwriting.
KNOW MORE >>

Rate Express

 Find a rate.
Share the results.
GET A QUOTE NOW >>


LOS



 We'll meet
you in your LOS.
LET'S GO >>

Genworth Rate Express®

The screenshot shows the Genworth website's navigation and main content area. At the top left is the Genworth logo. To the right, there is a phone number (800 444.5664), an email icon, a chat icon, and a search bar. Further right is a 'LOG IN TO:' button with three options: 'ORDER MI', 'MANAGE MI', and 'VIEW ACCOUNT'. Below the header is a dark navigation bar with five items: 'MI & RATES' (highlighted with a red box), 'UNDERWRITING & GUIDES', 'LOS & CONNECTIONS', 'GENWORTH TOOLKIT', and 'TRAINING'. A dropdown menu is open under 'MI & RATES', listing: 'Get A Quote - Rate Express', 'View Rate Cards', 'Explore MI Products', 'Learn About MI', 'Understand Your Master Policy', and 'Compare MI & FHA'. The main content area features a large banner image of a smiling couple in front of a house. Text on the banner includes 'buy a house today.', 'Genworth Mortgage Insurance', 'n of HOMEOWNERSHIP.', 'nd well with', and 'GE INSURANCE.'. Below the banner are three colored boxes: a blue 'Underwriting' box with a document icon and text 'Technology. Innovation. We're changing the way the MI industry approaches underwriting. KNOW MORE >>', a green 'Rate Express' box (highlighted with a red box) with a percentage icon and text 'Find a rate. Share the results. GET A QUOTE NOW >>', and an orange 'LOS' box with a hand icon and text 'We'll meet you in your LOS. LET'S GO >>'.

LOS Connections

Genworth 

800 444.5664 |  | 

LOG IN TO:
• ORDER MI
• MANAGE MI
• VIEW ACCOUNT


MI & RATES | UNDERWRITING & GUIDES | **LOS & CONNECTIONS** | GENWORTH TOOLKIT | TRAINING


Let's help someone buy a house today.


Genworth Mortgage Insurance

The dream of **HOMEOWNERSHIP**
It's alive and well with
MORTGAGE INSURANCE.

Submit on our Site
Submit with your LOS
Use Optimal Blue & Doc Delivery
Access Paper Applications

Underwriting
 Technology. Innovation.
We're changing the way
the MI industry approaches
underwriting.
KNOW MORE >>

Rate *Express*
 Find a rate.
Share the results.
GET A QUOTE NOW >>

LOS
 We'll meet
you in your LOS.
LET'S GO >>

Training Tools and Information

The screenshot displays the Genworth website's navigation and training resources. At the top left is the Genworth logo. To its right is a contact number (800 444.5664) and icons for email and chat. A search bar is positioned below the contact information. On the top right, there is a 'LOG IN TO:' button with three options: 'ORDER MI', 'MANAGE MI', and 'VIEW ACCOUNT'. The main navigation bar includes links for 'MI & RATES', 'UNDERWRITING & GUIDES', 'LOS & CONNECTIONS', 'GENWORTH TOOLKIT', and 'TRAINING'. The 'TRAINING' link is highlighted with a red box, and a dropdown menu is open, listing several training options: 'Browse Course Catalog', 'View Live Webinar Calendar', 'Self-Employed Borrower Calculators', 'Get to Know Our Trainers', 'Learn About That MI Guy', and 'Get Answers to FAQs'. Two red arrows point to the first two items in the dropdown menu. Below the navigation bar, a banner features the text 'Let's help someone buy a house today.' and 'Genworth Mo'. The main content area has a background image of a smiling couple in front of a house with a red door. The text reads: 'The dream of HOMEOWNERSHIP. It's alive and well with MORTGAGE INSURANCE.' Below this are three colored boxes: 'Underwriting' (blue), 'Rate Express' (green), and 'LOS' (orange). Each box contains an icon, a brief description, and a 'GET A QUOTE NOW' or 'LET'S GO' link. The 'Underwriting' box includes a 'KNOW MORE' link.

Training Tools and Information

Course Catalog Topic

Genworth offers a comprehensive suite of training opportunities to boost your know-how, benefit your bottom line and ultimately best serve your borrowers. With more than 90 courses in our catalog, our team is here to help you stay up-to-date on the mortgage industry and regulatory environment. Classes are all offered at no cost to you.

Browse by Topic

- Mortgage Industry Skills
- Professional Development Skills
- That Mi Guy
- Tutorials

Browse by Role

- Mortgage
- Loan Officer
- Loan Processor
- Underwriter

Recorded webinars

Explore and watch on your time!

LIVE WEBINAR CALENDAR

DOWNLOAD FULL COURSE CATALOG

PDF

Training in your Inbox

Request our training info via email.

Self-Employed Borrower Tools

Income Calculation Tools and Reference Guides

Self-Employed Borrower Tools

We offer a valuable collection of downloadable calculators and reference guides to help you with calculating and analyzing the average monthly income of self-employed borrowers. They provide suggested guidance only and do not replace Fannie Mae or Freddie Mac instructions or applicable guidelines. *Due to various internet browser versions, please download and save PDF before entering data. Please note, calculators are updated periodically.*

<p>Fannie Mae Form 1084 Calculator (2016-2017) Calculate self-employment income to help you complete Fannie Mae Form 1084. <small>UPDATED</small></p>	<p>Freddie Mac Form 91 Calculator (2016-2017) Quick reference guide and income analysis for Freddie Mac Form 91. <small>UPDATED</small></p>	<p>Freddie Mac Form 92 Calculator (2016-2017) Form 92 has Rental Income Calculations - Schedule E. <small>UPDATED</small></p>
<p>Schedule Analysis Method (SAM) Calculator (2015-2016) Calculate qualifying income from tax returns.</p>	<p>Rental Income Calculator (2016-2017) Assists in calculating rental income from 99 form 1042 Schedule E. <small>UPDATED</small></p>	<p>Current Ratio - Liquidity Calculator (2016-2017) Calculate working capital liquidity against current liabilities. <small>UPDATED</small></p>
<p>Quick Ratio - Liquidity Calculator (2016-2017) Calculate an originator's liquidity against current liabilities. <small>UPDATED</small></p>	<p>2106 Expense Form (2016-2017) Calculator and 2106 reference guide to assist you in calculating 2106 expenses. <small>UPDATED</small></p>	<p>Fannie Mae Rental Guide (Calculator 1037) Use this worksheet to calculate qualifying rental income for Fannie Mae Form 1037 (Rental Residences, 3-to-4-unit Property). <small>UPDATED</small></p>
<p>Fannie Mae Rental Guide (Calculator 1038) Worksheet for calculating qualifying rental income for Fannie Mae Form 1038 (Individual Rental Income from Investment Property). <small>UPDATED</small></p>	<p>Fannie Mae Rental Guide (Calculator 1039) Calculate qualifying rental income for Fannie Mae Form 1039 (Business Rental Income from Investment Property). <small>UPDATED</small></p>	

Additional MI Site Information

What's New

- New Lower Rates
- Training
- Lender Stories 2018
- UW Manual
- First-Time Homebuyers

First-time homebuyers are looking for you. Genworth's First-Time homebuyer material suite can help. See all we offer ▶

Self-Employed Borrower Tools

Valuable income calculation tools and reference guides for calculating self-employed borrower income.

- Fannie Mae Form 1084 Calculator (2016-2017)
- Rental Income Calculator (2016-2017)
- Freddie Mac Form 31 Calculator (2016-2017)
- Freddie Mac Form 92 Calculator (2016-2017)
- Schedule Analyst Method (SAM) Calculator (2016-2017)

[More Tools](#)

Homebuyer Education

Help first-time homebuyers prepare for the homebuying process. Your no-fee resource!

Master Policy Agreement
Partner with us. A master policy agreement is the first step to submitting MI loans to Genworth.

[GET STARTED](#)

Genworth MI Community

Genworth MI (@GenworthMI)
First-time homebuyers had a strong purchase year in 2017. Will that continue during 2018? Read what our very own Tian Liu has to say. [ow.ly/d1r130kIH5J](#)

First-time U.S. home buying posts first dro...
Americans who had never previously owned a home bought 411,000 single-family homes in...

[STAY CONNECTED](#)

Find My Sales Representative

ZIP Code: 23114 [View Your Team](#)

Jean Carmichael
Middle Sales Representative
📞 319.646.6542
✉️ jean.carmichael@genworth.com

Mike Haboush
Regional Vice President
📞 800.767.1194
✉️ Mike.Haboush@genworth.com

Your Genworth Resources

- **ActionCenter®: 800 444.5664**
- **Your Local Genworth
Regional Underwriter**
- **Your Genworth Sales
Representative**



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