



Home Affordable Conforming Loan Refinance Program Key Distinctions between Fannie Mae and Freddie Mac

Revised June 23, 2009

Feature	Freddie Mac	Fannie Mae
Start Date	<ul style="list-style-type: none"> • Settlements on or after April 1, 2009. • Mortgage note dates must be on or before June 10, 2010. • Some new features become effective Sept. 1, 2009 	<ul style="list-style-type: none"> • Same as Freddie Mac. • Some new features become effective July 1, 2009.
Borrower Benefit (Refinance must result in one or more.)	<ul style="list-style-type: none"> • Interest rate reduction; • Replacement of an ARM, I/O mortgage, or a balloon/reset mortgage with a fixed-rate, fully amortizing mortgage; or • Amortization term reduction. 	<ul style="list-style-type: none"> • Reduced monthly mortgage principal and interest payment; or • A more stable mortgage product.
Existing Mortgage Product Requirements	All loans that are first-lien, conventional, eligible for purchase by Freddie Mac.	<ul style="list-style-type: none"> • No credit enhancements-with the exception of borrower paid MI. • No Alt A. • Must be fully documented. • No reverse mortgage loans. • No second mortgage loans. • No government mortgage loans.
New Mortgage Terms	40-year loans not permitted.	<ul style="list-style-type: none"> • 40-year loans permitted. • No temporary interest buydowns as of July 1.
Seasoning	Loan must have existed for at least 3 months.	No seasoning requirement.

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Fees/Price Adjustments	<ul style="list-style-type: none"> • Market Condition Fee. <p>Effective Sept.1:</p> <ul style="list-style-type: none"> • High LTV fee. • Secondary Financing Fee. • A-Minus fee (if not same servicer). • Total fees are capped at 2 percent. 	<ul style="list-style-type: none"> • Adverse Market Fee. • Indicator Score/LTV fee. • Loan Characteristic Fee (Condo, 2-unit, etc.) • No Expanded Approval Fee for DU Refi Plus loans with an Expanded Approval recommendation (effective July 1). • Total fees are capped at 2 percent (effective July 1). • Secondary Financing Fee. • <i>(See matrix at efanniemae.com.)</i>
Closing Costs/ Cash Back	<ul style="list-style-type: none"> • Permits financing up to \$2,500 in closing costs. • No rounding cash back. <p>Effective Sept. 1:</p> <ul style="list-style-type: none"> • Financing up to 4 percent of new loan amount or \$5,000 of closing costs. • Cash back to borrower may not exceed \$250. 	<ul style="list-style-type: none"> • Permits financing eligible financing costs. • Lesser of 2 percent or \$2,000 cash back. • Minimal cash back for rounding. • Effective July 1, 2009, cash back to borrower may not exceed \$250.
Reps and Warrants	Home valuation rep/warrant waived if Freddie Mac's automated valuation model is used.	<ul style="list-style-type: none"> • Revised rep/warrant for properties in areas hit by a natural disaster. • Lenders rep/warrant new loan on DU Refi Plus. • Lenders also rep/warrant original loan for Refi Plus if borrower has not made 12 payments.
Eligible Lender Participants (Servicer)	<ul style="list-style-type: none"> • Currently must be the existing servicer of the Freddie Mac loan. • Same servicer requirement will be eliminated on a date to be determined. 	Any Fannie Mae-approved seller may refinance the existing Fannie Mae loan.
Eligible Mortgage Products	<ul style="list-style-type: none"> • Conventional 15-, 20- or 30- year-fixed-rate, fully amortizing mortgage. • Conventional non-convertible 5/1, 7/1 or 10/1 fully amortizing ARM. 	Fully-amortizing fixed rate mortgages with terms of up to 40 years.
Eligible Property Types	<ul style="list-style-type: none"> • Single family (1-4 units) primary residence. • Second home. • Single family (1-4 units) investment property. 	Same as Freddie Mac.

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Maximum Loan to Value Ratio (LTV)	105 percent.	Same as Freddie Mac.
Mortgage Insurance (MI)	<p>For an LTV greater than 80 percent:</p> <ul style="list-style-type: none"> • If the mortgage currently has MI coverage, then same coverage must be maintained. • If mortgage does not have MI, then no coverage is required. 	<ul style="list-style-type: none"> • For new refinance with LTV greater than 80 percent, MI may or may not be required depending on current coverage. • For new refinance with LTV less than 80 percent do not require MI.
Underwriting	<ul style="list-style-type: none"> • Must be manually underwritten. • Re-underwriting not required if payments increase by 20 percent or less. 	<ul style="list-style-type: none"> • Permits manual or automatic underwriting. • DU Refi Plus –DTI limits apply. • Refi Plus – No DTI limits.
Add/Delete Borrower	<ul style="list-style-type: none"> • Cannot add borrowers. • Can delete borrowers. 	<ul style="list-style-type: none"> • Can add borrowers. • Can delete borrowers.

For consumer information about the Making Home Affordable programs, including Home Affordable Refinance loans, please visit <http://makinghomeaffordable.gov/>.