



PRODUCT:	Freddie Relief Refi
E3 CODES:	LP Refi Plus 30 LP Refi Plus 15

Primary Capital Mortgage guidelines have been created to provide direction and consistency in determining a credit decision. The intention of these guidelines is to describe the general underwriting philosophy of the company, however is not all inclusive of different situations that may arise from loan to loan. PCM strives to make solid underwriting decisions based on the quality of the loan, basing our underwriting decision on all aspects of the loan file (i.e. loan to value ratio, collateral value, credit history, assets, qualifying ratios, etc.). Although multiple risk factors are assessed, the underwriter will attempt to balance the evaluation between the borrower and the property & the borrower's ability to repay the loan provided.

PCM reserves the right to apply additional underwriting criteria depending on the overall risk of the loan file. Guides are subject to change without notice.

Eligible Transactions: Rate and term refinance on primary residences of existing Freddie Mac owned loans delivered to Freddie Mac prior to May 31st, 2009. Must be seasoned for at least three months (the note date of the mortgage being refinanced must be at least three months prior to the note date of the Relief Refinance mortgage).

Freddie Mac has a loan lookup tool at <https://ww3.freddiemac.com/corporate/> that enables borrowers to quickly determine if Freddie Mac owns the loan by providing a street address, unit, city, state and zip code.

Additional Documentation Requirements:

A copy of the original note and HUD-1 from the initial closing is required on all loans at time of submission. A copy of the pay off statement is also required.

A copy of the second mortgage note is required if subordinate financing exists.

Amortization: 30, 20 and 15 year principal and interest transactions are allowed.

Appraisal Requirements:

A full URAR is required on all transactions. PCM does not accept transferred appraisals. All appraisals must be ordered through PCM HVCC department. See PCM HVCC policy. www.pcmexpress.com.

The effective date of the appraisal cannot be greater than 12 months old from the closing date, and all comps used in the appraisal report cannot be greater than 12 months old.

*Appraisals are valid for 120 days. A re-cert of value will be required after 120 days & additional comps as determined by the underwriter (all transaction types).

Appraisal requirements for PUDs, in new subdivisions, are as follows:

- One Comparable from inside the subject development must be obtained.
- A minimum of one comparable is required from outside the development and from outside the influence of the developer.

Asset Documentation:

Determined by LP. VOD's are acceptable but must be accompanied by a minimum 1 month bank statement or account history printout.

Borrower Eligibility:

Borrower(s) on existing mortgage must match borrowers on new loan, except that a Borrower obligated on the note of the mortgage being refinanced may be omitted from the note of the Relief Refinance Mortgage, provided that, the Borrower(s) being omitted is also removed from the deed and retains no ownership interest in the mortgaged premises, and at least one Borrower(s) from the mortgage being refinanced is retained.

A Borrower(s) may be added to the note of the Relief Refinance Mortgage provided that at least one Borrower(s) from the mortgage being refinanced is retained.

Borrower Impact:

Relief Refinances must result in at least one of the following:

- Reduction in the interest rate of the First Lien Mortgage,
- Replacement of an ARM, Initial Interest Mortgage (or any Mortgage with an initial interest-only period) or a Balloon/Reset Mortgage with a fixed-rate, fully amortizing Mortgage, or
- Reduction in the amortization term of the First Lien Mortgage (the new refinance Mortgage may have a longer amortization term than the existing Mortgage if at least one of the other requirements is met)

Cash out Refinance:

Not allowed.

**Closing Costs/
Mortgage Proceeds:**

The proceeds of the Relief Refinance Mortgage must be used only to:

- Pay off the first mortgage (amount including only the unpaid principal balance and interest accrued through the date the mortgage being refinanced is paid off).
- Pay related closing cost, financing cost and prepaids/escrows not to exceed the lesser of 4% of current unpaid principal balance or \$5,000.
- Disburse cash to Borrower not to exceed \$250.

**Credit
Requirements:**

In addition to LP approval, all borrowers must meet the following criteria:

- 620 minimum credit score.
- No Mortgage lates in last 12 months.
- Bankruptcy: none in last 48 months
- Foreclosure: none in last 84 months

Loan Quality Initiative applies to loan applications taken on or after June 1st. PCM will pull soft credit report during the 24 hours prior to closing. If there is a significant change to balances or additional credit PCM will require new credit to include changes (rescore), loan re-run through AUS and re-evaluated by underwriting. This could affect pricing and/or approval. New inquiries will be addressed by the reviewer and require verification if new credit was obtained. This could also require new credit (rescore), re-run AUS to maintain approval.

**Geographic
Restrictions:**

The Freddie Mac Relief Refinance is not offered in Texas.

**High Balance
Conforming:**

High Balance Conforming (Jumbo Conforming) are not eligible for this program. Maximum loan amount is \$417,000

**Income
Documentation:**

In addition to LP income documentation requirements, PCM will obtain a signed 4506 on all borrowers for the most recent 2 years. PCM may require additional income documentation not required by LP findings. VOE's are acceptable but must be accompanied by a paystub. VOE must be completed on Fannie/Freddie forms.

Borrower must be on new job a minimum of 30 days and have a paystub that reflects a minimum of 30 days earnings documented in loan file prior to loan closing. A written VOE may not be used in lieu of this requirement.

Verification of Employment:

PCM will obtain a verbal VOE on all borrowers within 72 hours of closing. For self employed borrowers, a third party verification of the business must be obtained within 30 days of closing. Verification may be from CPA, Regulatory Agency, or copy of current business license AND a verifiable phone listing and address for the business.

Listed Properties:

If property was listed for sale within the last six months prior to the date of application, it must be taken off the market prior to the application date. If the property was listed for sale at the time of or after the application date, it is not eligible for refinance.

Maximum Loan Amount and LTV:

Rate Term Refinance		
1 Unit	\$417,000	105% LTV

Minimum Loan Amount: \$50,000

Max Cash Out: \$250.00

Mortgage Insurance Details:

PCM will not accept MI transfers. If the existing Mortgage has mortgage insurance, will not be eligible for refinance with PCM.

If the existing Mortgage did not have mortgage insurance coverage, then no Mortgage insurance coverage is required for the new Freddie Mac Relief Refinance Mortgage.

Non-Occupant Co-Borrower:

Non-occupant co-borrowers are not allowed.

Power of Attorney:

PCM will allow POA's on all Owner Occupied transactions as well as all active Military borrowers. POA's must be approved by PCM underwriting prior to closing.

Property Type:

Eligible properties include 1-unit properties, and PUDS.

Ineligible properties include condos, manufactured housing, modular homes, 2-4 unit properties, log homes, unique properties.

Investor loans and Second homes are not available on this program.

Qualifying Ratios:

45% regardless of findings.

Reserves:

Determined by LP.

Subordinate

Financing: Re-subordination of existing secondary financing will be allowed without maximum CLTV limit. New subordinate financing and pay off of existing subordinate financing with loan proceeds is not allowed. Payoff of existing subordinate liens from the borrower's own funds is allowed.

Temporary Buy-downs: Temporary buy-downs are not allowed.

Title: A full title commitment with a complete 24-month chain of title is required on all loans.

Underwriting: All loans must receive LP Open Access Approve/Eligible findings.