Freddie Mac Single-Family

Freddie Mac Refi Possible℠ Mortgage Requirements Update

June 16, 2021

Your opinion matters. In response to your feedback and under the guidance of the Federal Housing Finance Agency (FHFA) and in coordination with Fannie Mae, we are updating our requirements for Freddie Mac Refi Possible℠ (Refi Possible), which we introduced in *Single-Family Seller/Servicer Guide* (Guide) Bulletin 2021-17. The updates outlined below and those announced in Guide) Bulletin 2021-17 will be incorporated into the Guide with an upcoming Bulletin scheduled for early July.

Refi Possible is our newest refinance, offering for lower-income borrowers and will be available on August 30, 2021.

Refi Possible Payment History Requirements

As announced in Bulletin 2021-17, mortgages being refinanced as Refi Possible must not have been:

- 30 days delinquent in the most recent six months.
- 30 days delinquent more than once in the most recent 12 months.
- 60 or more days delinquent in the most recent 12 months.

Today, we are specifying the following:

- **Use of the credit report.** As a Seller, you may use the credit report to determine if the payment history requirements have been met through the last reported mortgage tradeline date.
- **Loan Product Advisor® (LPA℠) assessment.** LPA will assess payment history through the date the mortgage tradeline was last reported on the credit report.
- **Additional due diligence.** The Seller is responsible for establishing the payment history between the date the mortgage tradeline was last reported and the note date., For example, Sellers may check the update the tradeline information on the credit report prior to the note date or check their servicing records for the Servicer transactions.

Related Resources

- Refi Possible FAQs
- Refi Possible Program Highlight Grid PDF
- Freddie Mac Press Release
- FHFA Fact Sheet PDF

Eligibility for mortgages with a COVID-19 forbearance plan. If the borrower has missed payments due to a COVID-19 forbearance and those payments have been resolved according to the temporary eligibility requirements in Bulletin 2021-17, those missed payments are not considered delinquencies for the purpose of meeting the payment history requirements.

If the mortgage being refinanced…	Then…
Had delinquencies that do not meet the payment history requirements above due to a COVID-19 forbearance plan.	The mortgage is **ELIGIBLE** for Refi Possible, provided that: • The mortgage is current as of the note date of the new Mortgage according to Bulletin 2021-17. • All requirements of Bulletin 2021-17 are met. • Delinquencies during the COVID-19 forbearance are not reported on the credit report.
Had delinquencies that do not meet the payment history requirements above for any other reason.	The mortgage is **INELIGIBLE** for Refi Possible.

Note: Except for the time period between the date time mortgage tradeline was last reported and the note date of the new mortgage, Sellers may determine whether the mortgage being refinanced meets the payment history requirements. Delinquencies during a COVID-19 forbearance plan which were not reported to credit bureaus do not impact eligibility for Refi Possible.

Note: The additional due diligence required in Bulletin 2021-17 is to determine if the mortgage being refinanced is current as of the note date of the new mortgage. Additional requirements in Bulletin 2021-17 must be met if the mortgage is not current. These are temporary requirements that must be met in addition to the payment history requirements for Refi Possible for as long as these temporary requirements remain in effect. Both the payment history requirements for Refi Possible **and** the additional requirements established in Bulletin 2021-17 must be met for a mortgage to be eligible as a Refi Possible mortgage.

Secondary financing

Our requirements will be updated to state that no new secondary financing is permitted for a Refi Possible mortgage, except when a junior lien is refinanced at the same time with the first lien and there is no increase in the unpaid principal balance or the monthly principal and interest payment of the junior lien.

Benefits of the Refi Possible Mortgage

Refi Possible will make it easier for your eligible lower-income borrowers with Freddie Mac-owned mortgages who may think they have missed the opportunity to refinance and take advantage of lower interest rates. This mortgage offering helps your lower-income borrowers and your business by:

- Assisting them in building generational wealth through housing and increase their likelihood of sustained homeownership.
- Reducing their monthly mortgage payments to help increase savings and cushion against economic hardship.

- Reaching borrowers who previously were not eligible for refinance and expand your refinance business opportunity.
- Becoming a trusted mortgage advisor for borrowers and the communities you serve.

How Do You Get Started?

You can begin submitting applications in Loan Product Advisor starting August 30, 2021. Make sure you are working with your software partner for the necessary LPA system-to-system update related to the new enumeration "RefiPossible" value as announced in our June LPA Spec Bulletin PDF.

In the meantime, visit our Freddie Mac Loan Look Up Tool to start identifying eligible customers whose loans are backed by Freddie Mac and discuss refinancing.

Also...check out our FAQs and *Freddie Mac Refi Possible℠ Program Highlight Grid* PDF that will help you to hit the ground running with Refi Possible.