

Matrix Category: **LOAN TRANSACTION – CASH-OUT REFINANCE**

Agencies: Fannie Mae - Freddie Mac- HUD - VA - USDA

| Fannie Mae – DU® | Unit Type | LTV/CLTV/HCLTV* | |
|---------------------|-----------|-----------------|-----|
| | | Fixed Rate | ARM |
| Primary | 1 unit | 80% | 75% |
| Primary | 2-4 units | 75% | 65% |
| Second Home | 1 unit | 75% | 65% |
| Investment Property | 1 unit | 75% | 65% |
| Investment Property | 2-4 units | 70% | 60% |
| High Balance | 1 unit | 60% | 60% |

*CLTV: Combined loan-to-value ratio. HCLTV: Home equity combined loan-to-value ratio.

| Fannie Mae - Manual Underwrite | Unit Type | LTV/CLTV/HCLTV* | |
|--------------------------------|-----------|-----------------|-----|
| | | Fixed Rate | ARM |
| Primary | 1 unit | 60% | 75% |
| Primary | 2-4 units | 75% | 65% |
| Second Home | 1 unit | 75% | 65% |
| Investment Property | 1 unit | 75% | 65% |
| Investment Property | 2-4 units | 60% | 70% |

*CLTV: Combined loan-to-value ratio. HCLTV: Home equity combined loan-to-value ratio.

Note: Manual underwriting has additional rules, including maximum income-to-debt ratio, minimum credit score and reserve requirements.

Ownership: For DU® or a manual underwrite, the borrower must have owned the property for at least six months before refinancing with cash out.

Seasoning: The borrowers have been on title for at least six months.

Exception to the six month seasoning rule: Known as “Delayed Financing Exception”, all of the below guidelines (A-D) must be met:

- A) Individuals must be a natural person, an allowable trust, or an LLC, (refer to Fannie Mae guidelines section B2-1.2-03) and allowable trust requirements for this program).
- B) HUD-1, on the purchase transaction, shows all cash for the purchase of the property.
- C) Verify source of funds that are used for the purchase of the home.
- D) Gift funds that are used for the purchase of the home are not permitted.

Properties currently or recently listed for sale: LTV Restriction for homes listed for sale: If a home was listed for sale within the past six months, the LTV is restricted to 70% (LTV, CLTV and HCLTV).

LINK: https://www.fanniemae.com/content/eligibility_information/eligibility-matrix.pdf

LINK: <https://www.fanniemae.com/content/guide/selling/b2/1.2/03.html>

| Freddie Mac | Unit Type | LTV-No Jr. Lien | LTV-With Jr. Lien |
|----------------------------|------------------|------------------------|--------------------------|
| Primary | 1 unit | 80% | 75% (TLTV: 80%) |
| Primary | 2-4 units | 75% | 70% (TLTV: 75%) |
| Second Home | 1 unit | 75% | 70% (TLTV: 75%) |
| Investment Property | 1 unit | 75% | 70% (TLTV: 75%) |
| Investment Property | 2-4 units | 70% | 65% (TLTV: 70%) |

*TLTV: Total-loan-to-value ratio

Note: Additional requirements apply for: Manufactured Home, Super-Conforming and Home-Possible® Mortgages.

Seasoning: The borrowers have been on title for at least six months.

LINK: http://www.freddiemac.com/singlefamily/factsheets/sell/ltv_tltv.htm
<http://www.freddiemac.com/learn/pdfs/uw/refinance.pdf>

| FHA | Unit Type | LTV | CLTV |
|----------------|------------------|------------|-------------|
| Primary | 1 -4 units | 85% | See Below |

- ✓ The non-occupant co-borrower cannot be added to cash-out refinance transactions.
- ✓ Length of ownership (seasoning) is 12 months, as his/her primary residence, to use the current appraised value.
- ✓ Length of ownership (seasoning), less than 12 months, as his/her primary residence: Maximum LTV is 85% of appraised value or purchase price, whichever is less.
- ✓ Existing subordinate lien: There is no CLTV limit.
- ✓ New subordinate lien: CLTV is limited to 85%.
- ✓ 3-4 units must pass a “self-sufficiency test”. [1]
- ✓ Second appraisal required on high-balance cash-out refinances.

[1] All actual plus market rent for the owner’s unit: Rent value – 15% = net rent. The PITI on the property cannot exceed 85% of the rental value (4 units at \$1,000 x 4 = \$4,000 – 15% = \$3,400. PITI cannot exceed \$3,400).

LINK:

| | |
|-------|---|
| 09-08 | Limits on Cash-Out Refinances |
|-------|---|

| VA | Unit Type | LTV | CLTV |
|---------|------------|------|------|
| Primary | 1 -4 units | 100% | 100% |

- ✓ Maximum guaranty is the same as it is for purchases.
- ✓ Standard loan limit is: \$417,000. High-balance loan limit is: over \$417,000 within county limit.

LINK: <http://www.benefits.va.gov/homeloans/purchasecashout.asp>

USDA: N/A

The USDA does not offer cash-out refinances, at this time.

Customized matrices are available based on agency guidelines, program type, compliance, as well as bond and down payment assistance programs. Email Donna Beinfeld at: donna@donnashi.com

We can produce matrices with your company’s name, logo and other unique information for your staff, customers and third-party originators.