Agency Standards Revisions

***Note**: Truist specific overlays are underlined.*

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See COR23-083 for the Applicable Effective Dates of These Revisions)
Cash-Out Refinance	Correspondent Section 2.01 Agency Loan Standard	• Standard Agency (LPA) • Agency Plus (LPA) • Agency Plus Select (LPA) • Texas Section 50 (a)(6) Mortgages (LPA)	**Refinances / Cash-Out Refinance** **Freddie Mac LPA** Follow LPA requirements, which are as follows: • A cash-out refinance mortgage must meet the applicable requirements outlined in the "Continuity of Obligation" subtopic previously presented in this topic. • A cash-out refinance mortgage is a mortgage in which the use of the loan amount is not limited to specific purposes. • **Cash-Out Refinance Mortgage Used to Pay off a First Lien Mortgage** • When proceeds of a cash-out refinance mortgage are used to pay off a first lien mortgage, the first lien mortgage being refinanced must be seasoned for at least 12 months (i.e., at least 12 months must have passed between the note date of the mortgage being financed and the note date of the cash-out refinance mortgage), as documented in the mortgage file (e.g., on the credit report or title commitment). • The requirement that the mortgage being refinanced must be seasoned for at least 12 months does not apply when the first lien mortgage being refinanced is a Home Equity Line of Credit (HELOC). • **Cash-Out Refinance Mortgage on a Property Owned Free and Clear** • A mortgage placed on a property previously owned free and clear by the borrower is considered a cash-out refinance mortgage except for: • CHOICERenovation® mortgages when proceeds are used only to finance the eligible renovations as described in "Freddie Mac's CHOICERenovation® Mortgage" requirements previously presented in the "Eligible Transactions" topic. These CHOICERenovation mortgages are considered "no cash-out" refinance mortgages. For more information, see "Freddie Mac's CHOICERenovation® Mortgage" requirements previously presented in the "Eligible Transactions" topic. • GreenCHOICE® mortgages when proceeds are used only to finance eligible energy and/or water efficiency improvements as described in "Freddie Mac's GreenCHOICE® Mortgages" requirements previously presented in the "Eligible Transactions" topic. These GreenCHOICE mortgages are considered "no cash-out" refinance mortgages. For more information, see "Freddie Mac's GreenCHOICE® Mortgages" requirements previously presented in the "Eligible Transactions" topic. • At least one borrower must have been on the title to the subject property for at least six months prior to the note date, except as specified below. • For cases in which the property is a leasehold estate, at least one borrower must have been lessee on the ground lease or lease agreement of the subject leasehold estate for at least six months. • For cases in which title to the property is held by a limited liability company (LLC) or limited partnership (LP), the time the property was titled in the name of the LLC or LP may be included in the six-month requirement provided: • At least one borrower must have been the majority owner or had control of the LLC or LP since the date the property was acquired by the LLC or LP, and • Title must be transferred from the LLC or LP into the borrower's name prior to the note date • If none of the borrowers have been on the title to the subject property for at least six months prior to the note date of the cash-out refinance mortgage, the following requirement(s) must be met: • At least one borrower on the refinance mortgage inherited or was legally awarded the subject property (for example, in the case of divorce, separation or dissolution of a domestic partnership) ***OR*** • All of the Delayed Financing Cash-Out Refinance requirements must be met. See the "Delayed Financing Cash-Out Refinance" subtopic for further details.	**Refinances / Cash-Out Refinance** **Freddie Mac LPA** Follow LPA requirements, which are as follows: • **Requirements for all Cash-Out Refinance Mortgages** • A cash-out refinance mortgage must meet the applicable requirements outlined in the "Continuity of Obligation" subtopic previously presented in this topic. • A cash-out refinance mortgage is a mortgage in which the use of the loan amount is not limited to specific purposes. • ~~**Cash-Out Refinance Mortgage Used to Pay off a First Lien Mortgage**~~ • ~~When proceeds of a cash-out refinance mortgage are used to pay off a first lien mortgage, the first lien mortgage being refinanced must be seasoned for at least 12 months (i.e., at least 12 months must have passed between the note date of the mortgage being financed and the note date of the cash-out refinance mortgage), as documented in the mortgage file (e.g., on the credit report or title commitment).~~ • ~~The requirement that the mortgage being refinanced must be seasoned for at least 12 months does not apply when the first lien mortgage being refinanced is a Home Equity Line of Credit (HELOC).~~ • ~~**Cash-Out Refinance Mortgage on a Property Owned Free and Clear**~~ • ~~A mortgage placed on a property previously owned free and clear by the borrower is considered a cash-out refinance mortgage except for:~~ • ~~CHOICERenovation® mortgages when proceeds are used only to finance the eligible renovations as described in "Freddie Mac's CHOICERenovation® Mortgage" requirements previously presented in the "Eligible Transactions" topic. These CHOICERenovation mortgages are considered "no cash-out" refinance mortgages. For more information, see "Freddie Mac's CHOICERenovation® Mortgage" requirements previously presented in the "Eligible Transactions" topic.~~ • ~~GreenCHOICE® mortgages when proceeds are used only to finance eligible energy and/or water efficiency improvements as described in "Freddie Mac's GreenCHOICE® Mortgages" requirements previously presented in the "Eligible Transactions" topic. These GreenCHOICE mortgages are considered "no cash-out" refinance mortgages. For more information, see "Freddie Mac's GreenCHOICE® Mortgages" requirements previously presented in the "Eligible Transactions" topic.~~ • At least one borrower must have been on the title to the subject property for at least six months prior to the note date, except as specified below. • For cases in which the property is a leasehold estate, at least one borrower must have been lessee on the ground lease or lease agreement of the subject leasehold estate for at least six months. • For cases in which title to the property is held by a limited liability company (LLC) or limited partnership (LP), the time the property was titled in the name of the LLC or LP may be included in the six-month requirement provided: • At least one borrower must have been the majority owner or had control of the LLC or LP since the date the property was acquired by the LLC or LP, and • Title must be transferred from the LLC or LP into the borrower's name on or before the note date • If none of the borrowers have been on the title to the subject property for at least six months prior to the note date of the cash-out refinance mortgage, the following requirement(s) must be met: • At least one borrower on the refinance mortgage inherited or was legally awarded the subject property (for example, in the case of divorce, separation or dissolution of a

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See COR23-083 for the Applicable Effective Dates of These Revisions)
			Reference: See the "Property Assessed Clean Energy (PACE) Loans" subtopic for additional information.	domestic partnership) ***OR*** • All of the Delayed Financing Cash-Out Refinance requirements must be met. See the "Delayed Financing Cash-Out Refinance" subtopic for further details. • **Requirements for a Cash-Out Refinance Mortgage Used to Pay Off a First Lien Mortgage** • When proceeds of a cash-out refinance mortgage are used to pay off a first lien mortgage, the first lien mortgage being refinanced must be seasoned for at least 12 months (i.e., at least 12 months must have passed between the note date of the mortgage being refinanced and the note date of the cash-out refinance mortgage), as documented in the mortgage file (e.g., on the credit report or title commitment). • The requirement that the mortgage being refinances must be seasoned at least 12 months does not apply when the first lien mortgage being refinanced is a Home Equity Line of Credit (HELOC). • **Cash-Out Refinance Mortgage on a Property Owned Free and Clear** • A mortgage placed on a property previously owned free and clear by the borrower is considered a cash-out refinance mortgage except for: • CHOICERenovation® mortgages when proceeds are used only to finance the eligible renovations as described in "Freddie Mac's CHOICERenovation® Mortgage" requirements previously presented in the "Eligible Transactions" topic. These CHOICERenovation mortgages are considered "no cash-out" refinance mortgages. For more information, see "Freddie Mac's CHOICERenovation® Mortgage" requirements previously presented in the "Eligible Transactions" topic. • GreenCHOICE® mortgages when proceeds are used only to finance eligible energy and/or water efficiency improvements as described in "Freddie Mac's GreenCHOICE® Mortgages" requirements previously presented in the "Eligible Transactions" topic. These GreenCHOICE mortgages are considered "no cash-out" refinance mortgages. For more information, see "Freddie Mac's GreenCHOICE® Mortgages" requirements previously presented in the "Eligible Transactions" topic. Reference: See the "Property Assessed Clean Energy (PACE) Loans" subtopic for additional information.
"No Cash-Out" Refinance	Correspondent Section 2.01 Agency Loan Standard & Correspondent Section 2.01a Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Standard	• Standard Agency (LPA) • Agency Plus (LPA) • Agency Plus Select (LPA) • Home Possible® Mortgage (LPA) • Texas Section 50 (a)(6) Mortgages (LPA)	**Section 2.01 Agency Loan Standard** **Refinances / Limited Cash-Out Refinance (LPA Terminology: "No Cash-Out" Refinance)** **Freddie Mac LPA** Follow LPA requirements, which are as follows: • A "no cash-out" refinance mortgage must meet the applicable requirements outlined in the "Continuity of Obligation" subtopic previously presented in this topic. • A "no cash-out" refinance mortgage is a mortgage for which the proceeds may be used only to: • Pay off the first mortgage, regardless of its age, used to acquire the property. **Truist Note**: Truist provides the following GSE clarification: • If paying off an existing HELOC in first lien position, the HELOC must be paid off and closed. • Pay off the first mortgage, originated as a refinance transaction, with a note date no less than thirty days prior to the note date of the "no cash-out" refinance mortgage, as documented in the mortgage file (e.g., on the credit report or the title commitment) • Pay off or pay down any junior liens secured by the mortgaged premises, that were used in their	**Section 2.01 Agency Loan Standard** **Refinances / Limited Cash-Out Refinance (LPA Terminology: "No Cash-Out" Refinance)** **Freddie Mac LPA** Follow LPA requirements, which are as follows: • A "no cash-out" refinance mortgage must meet the applicable requirements outlined in the "Continuity of Obligation" subtopic previously presented in this topic. • A "no cash-out" refinance mortgage is a mortgage for which the proceeds may be used only to: • Pay off the principal and interest due, including a balance deferred under a loss mitigation plan, for the first mortgage, regardless of its age, used to acquire the property. **Truist Note**: Truist provides the following GSE clarification: • If paying off an existing HELOC in first lien position, the HELOC must be paid off and closed. • Pay off the principal and interest due, including a balance deferred under a loss mitigation plan, for the first mortgage, originated as a refinance transaction, with a note date no less than thirty days prior to the note date of the "no cash-out" refinance mortgage, as documented in the mortgage file

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			entirety to acquire the subject property. Any remaining balance must be subordinated to the refinance mortgage. • Pay related closing costs **Note**: Real estate taxes that are past due and/or delinquent, as defined by the taxing authority, may not be paid with the proceeds of the "no cash-out" refinance mortgage, except that if the transaction results in cash out as permitted in the following bullet, these funds may be used to pay the delinquent taxes. • Disburse cash out to the borrower (or any other payee) up to the greater of 1% of the new refinance mortgage or $2,000 • Pay off the outstanding balance of a land contract or contract for deed if the requirements in the “Installment Land Contract” subtopic are met • Pay off of a Property Assessed Clean Energy (PACE) or PACE-like obligation, subject to the additional requirements outlined in the “Property Assessed Clean Energy (PACE) Loans” subtopic • For GreenCHOICE® Mortgages, pay off existing debts incurred to make energy and/or water efficiency improvements, with such debt being limited to 15% of the appraised value, subject to the additional requirements outlined in the “Fannie Mae’s HomeStyle® Energy for Improvements on Existing Properties/Freddie Mac’s GreenCHOICE Mortgages®” subtopic • For GreenCHOICE Mortgages, finance energy and/or water efficiency improvements, subject to the additional requirements outlined in the “Fannie Mae’s HomeStyle® Energy for Improvements on Existing Properties/Freddie Mac’s GreenCHOICE® Mortgages” subtopic • For CHOICERenovation® Mortgages, pay off the exiting mortgage debt and/or finance the eligible renovations, subject to the additional requirements outlined in the “Fannie Mae’s HomeStyle® Renovation Mortgage / Freddie Mac’s CHOICERenovation® Mortgage” subtopic • In the event there are remaining proceeds from the "no cash-out" refinance mortgage after the proceeds are applied as described above: • The mortgage amount must be reduced, or • The excess amount must be applied as a principal curtailment to the new refinance mortgage at closing and must be clearly reflected on the Settlement/Closing Disclosure Statement. • Under no circumstances may cash disbursed to the borrower (or any other payee) exceed the maximum permitted for "no cash-out" refinance mortgages. • **Secondary financing** • The borrower is not required to satisfy outstanding junior liens secured by the mortgaged premises, provided that the junior liens meet the requirements pertaining to secondary financing (including the special requirements for Affordable Seconds mortgages, if applicable). See the “Secondary Financing” topic subsequently presented in this document for additional details. • **Special documentation requirements** • If a junior lien was paid off as part of the "no cash-out" refinance transaction, the lender must maintain documentation in the mortgage file demonstrating that the full amount of the lien was used for the purchase of the subject property. • **Truist Note for Texas only**: For any refinance of a Texas Constitution Section 50(a)(6) loan that results in a loan originated in accordance with and secured by a lien permitted by Article XVI, Section 50(a)(4) of the Texas Constitution, an affidavit referenced in Section 50(f-1) Article XVI of the Texas Constitution must be prepared and recorded in connection with each such transaction.	(e.g., on the credit report or the title commitment) • Pay off any costs or fees associated with the satisfaction and release of the first mortgage (e.g., late fees, prepayment penalties, etc.) • Pay off or pay down any junior liens secured by the mortgaged premises, that were used in their entirety to acquire the subject property. Any remaining balance must be subordinated to the refinance mortgage. • Pay related closing costs **Note**: Real estate taxes that are past due and/or delinquent, as defined by the taxing authority, may not be paid with the proceeds of the "no cash-out" refinance mortgage, except that if the transaction results in cash out as permitted in the following bullet, these funds may be used to pay the delinquent taxes. • Disburse cash out to the borrower (or any other payee) up to the greater of 1% of the new refinance mortgage or $2,000 • Pay off the outstanding balance of a land contract or contract for deed if the requirements in the “Installment Land Contract” subtopic are met • Pay off of a Property Assessed Clean Energy (PACE) or PACE-like obligation, subject to the additional requirements outlined in the “Property Assessed Clean Energy (PACE) Loans” subtopic • For GreenCHOICE® Mortgages, pay off existing debts incurred to make energy and/or water efficiency improvements, with such debt being limited to 15% of the appraised value, subject to the additional requirements outlined in the “Fannie Mae’s HomeStyle® Energy for Improvements on Existing Properties/Freddie Mac’s GreenCHOICE Mortgages®” subtopic • For GreenCHOICE Mortgages, finance energy and/or water efficiency improvements, subject to the additional requirements outlined in the “Fannie Mae’s HomeStyle® Energy for Improvements on Existing Properties/Freddie Mac’s GreenCHOICE® Mortgages” subtopic • For CHOICERenovation® Mortgages, pay off the exiting mortgage debt and/or finance the eligible renovations, subject to the additional requirements outlined in the “Fannie Mae’s HomeStyle® Renovation Mortgage / Freddie Mac’s CHOICERenovation® Mortgage” subtopic • In the event there are remaining proceeds from the "no cash-out" refinance mortgage after the proceeds are applied as described above: • The mortgage amount must be reduced, or • The excess amount must be applied as a principal curtailment to the new refinance mortgage at closing and must be clearly reflected on the Settlement/Closing Disclosure Statement. • Under no circumstances may cash disbursed to the borrower (or any other payee) exceed the maximum permitted for "no cash-out" refinance mortgages. • **Secondary financing** • The borrower is not required to satisfy outstanding junior liens secured by the mortgaged premises, provided that the junior liens meet the requirements pertaining to secondary financing (including the special requirements for Affordable Seconds mortgages, if applicable). See the “Secondary Financing” topic subsequently presented in this document for additional details. • **Special documentation requirements** • If a junior lien was paid off as part of the "no cash-out" refinance transaction, the lender must maintain documentation in the mortgage file demonstrating that the full amount of the lien was used for the purchase of the subject property. • **Truist Note for Texas only**: For any refinance of a Texas Constitution Section 50(a)(6) loan that results in

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			In addition to the affidavit requirement outlined above, refinances of an owner's home equity loan as a non-home equity refinance [i.e., non-50(a)(6)] loan under Article XVI, subsection 50(a)(4) of the Texas Constitution must comply with ***all*** Texas state-specific requirements for such transactions.
			
			• **Requirements for Standard Agency "No Cash-Out" Refinance Transactions with LTV, TLTV, and/or HTLTV Ratios Greater than 95%**
			  • For standard Agency transactions, if the LTV, TLTV, and/or HTLTV ratio exceeds 95%, all of the following requirements apply:
			    • The mortgage being refinanced must be owned or securitized by Freddie Mac unless it has secondary financing that is an Affordable Second.
			    • The mortgage being refinanced cannot be a converted ARM loan owned or securitized by Freddie Mac (i.e., Seller-Owned Converted Mortgage).
			    • The mortgage being refinanced cannot be a modified loan owned or securitized by Freddie Mac (i.e., Seller-Owned Modified Mortgage).
			    • At least one borrower on the transaction must have a usable credit score as determined by Loan Product Advisor.
			
			  • **Note**: To identify if Freddie Mac owns the mortgage, the borrower can look up the loan in Freddie Mac's Loan Look-Up Tool or authorize the lender to obtain this information on the borrower's behalf.
				a loan originated in accordance with and secured by a lien permitted by Article XVI, Section 50(a)(4) of the Texas Constitution, an affidavit referenced in Section 50(f-1) Article XVI of the Texas Constitution must be prepared and recorded in connection with each such transaction.
				
				In addition to the affidavit requirement outlined above, refinances of an owner's home equity loan as a non-home equity refinance [i.e., non-50(a)(6)] loan under Article XVI, subsection 50(a)(4) of the Texas Constitution must comply with ***all*** Texas state-specific requirements for such transactions.
				
				• **Requirements for Standard Agency "No Cash-Out" Refinance Transactions with LTV, TLTV, and/or HTLTV Ratios Greater than 95%**
				  • For standard Agency transactions, if the LTV, TLTV, and/or HTLTV ratio exceeds 95%, all of the following requirements apply:
				    • The mortgage being refinanced must be owned or securitized by Freddie Mac unless it has secondary financing that is an Affordable Second.
				    • The mortgage being refinanced cannot be a converted ARM loan owned or securitized by Freddie Mac (i.e., Seller-Owned Converted Mortgage).
				    • The mortgage being refinanced cannot be a modified loan owned or securitized by Freddie Mac (i.e., Seller-Owned Modified Mortgage).
				    • At least one borrower on the transaction must have a usable credit score as determined by Loan Product Advisor.
				
				  • **Note**: To identify if Freddie Mac owns the mortgage, the borrower can look up the loan in Freddie Mac's Loan Look-Up Tool or authorize the lender to obtain this information on the borrower's behalf.

			Section 2.01a Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Standard Eligible Transactions / Limited Cash-Out Refinance (LPA Terminology: "No Cash-Out" Refinance)
			
			Freddie Mac LPA
			Follow LPA requirements, which are as follows:
			• A "no cash-out" refinance mortgage must meet the applicable requirements outlined in the "Continuity of Obligation" subtopic presented in Section 2.01: Agency Loan Standard.
			• A "no cash-out" refinance mortgage is a mortgage for which the proceeds may be used only to:
			  • Pay off the first mortgage, regardless of its age, used to acquire the property
			
			  Truist Note: Truist provides the following GSE clarification:
			    • If paying off an existing HELOC in first lien position, the HELOC must be paid off and closed.
			
			  • Pay off the first mortgage, originated as a refinance transaction, with a note date no less than thirty days prior to the note date of the "no cash-out" refinance mortgage, as documented in the mortgage file (e.g., on the credit report or the title commitment)
			  • Pay off or pay down any junior liens secured by the mortgaged premises, that were used in their entirety to acquire the subject property. Any remaining balance must be subordinated to the refinance mortgage.
			  • Pay related closing costs
			
			Note: Real estate taxes that are past due and/or delinquent, as defined by the taxing authority, may not be paid with the proceeds of the "no cash-out" refinance mortgage, except that if the transaction results in cash
				Section 2.01a Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Standard Eligible Transactions / Limited Cash-Out Refinance (LPA Terminology: "No Cash-Out" Refinance)
				
				Freddie Mac LPA
				Follow LPA requirements, which are as follows:
				• A "no cash-out" refinance mortgage must meet the applicable requirements outlined in the "Continuity of Obligation" subtopic presented in Section 2.01: Agency Loan Standard.
				• A "no cash-out" refinance mortgage is a mortgage for which the proceeds may be used only to:
				  • Pay off the principal and interest due, including a balance deferred under a loss mitigation plan, for the first mortgage, regardless of its age, used to acquire the property
				
				  Truist Note: Truist provides the following GSE clarification:
				    • If paying off an existing HELOC in first lien position, the HELOC must be paid off and closed.
				
				  • Pay off the principal and interest due, including a balance deferred under a loss mitigation plan, for the first mortgage, originated as a refinance transaction, with a note date no less than thirty days prior to the note date of the "no cash-out" refinance mortgage, as documented in the mortgage file (e.g., on the credit report or the title commitment)
				  • pay off any costs or fees associated with the satisfaction and release of the first mortgage (e.g., late fees, prepayment penalties, etc.)
				  • Pay off or pay down any junior liens secured by the mortgaged premises, that were used in their entirety to acquire the subject property. Any remaining balance must be subordinated to the refinance mortgage.

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			out as permitted in the following bullet, these funds may be used to pay the delinquent taxes. ◦ Disburse cash out to the borrower (or any other payee) up to the greater of 1% of the new refinance mortgage or $2,000 ◦ Pay off the outstanding balance of a land contract or contract for deed if the requirements in the "Installment Land Contract" subtopic, presented in Section 2.01: Agency Loan Standard, are met ◦ Pay off of a Property Assessed Clean Energy (PACE) or PACE-like obligation, subject to the additional requirements outlined in the "Property Assessed Clean Energy (PACE) Loans" subtopic, presented in Section 2.01: Agency Loan Standard. ◦ For GreenCHOICE Mortgages®, pay off existing debts incurred to make energy and/or water efficiency improvements, with such debt being limited to 15% of the appraised value, subject to the additional requirements outlined in the "Fannie Mae's HomeStyle® Energy for Improvements on Existing Properties/Freddie Mac's GreenCHOICE Mortgages®" subtopic, presented in Section 2.01: Agency Loan Standard. ◦ For GreenCHOICE Mortgages, finance energy and/or water efficiency improvements, subject to the additional requirements outlined in the "Fannie Mae's HomeStyle® Energy for Improvements on Existing Properties/Freddie Mac's GreenCHOICE® Mortgages subtopic, presented in Section 2.01: Agency Loan Standard. ◦ For CHOICERenovation® Mortgages, pay off the exiting mortgage debt and/or finance the eligible renovations, subject to the additional requirements outlined in the "Fannie Mae's HomeStyle® Renovation Mortgage / Freddie Mac's CHOICERenovation® Mortgage" subtopic, presented in Section 2.01: Agency Loan Standard. • In the event there are remaining proceeds from the "no cash-out" refinance mortgage after the proceeds are applied as described above: ◦ The mortgage amount must be reduced, or ◦ The excess amount must be applied as a principal curtailment to the new refinance mortgage at closing and must be clearly reflected on the Settlement/Closing Disclosure Statement. • Under no circumstances may cash disbursed to the borrower (or any other payee) exceed the maximum permitted for "no cash-out" refinance mortgages. • **Secondary financing** ◦ The borrower is not required to satisfy outstanding junior liens secured by the mortgaged premises, provided that the junior liens meet the requirements pertaining to secondary financing (including the special requirements for Affordable Seconds mortgages, if applicable). See the "Secondary Financing" topic subsequently presented in this document for additional details.	◦ Pay related closing costs **Note**: Real estate taxes that are past due and/or delinquent, as defined by the taxing authority, may not be paid with the proceeds of the "no cash-out" refinance mortgage, except that if the transaction results in cash out as permitted in the following bullet, these funds may be used to pay the delinquent taxes. ◦ Disburse cash out to the borrower (or any other payee) up to the greater of 1% of the new refinance mortgage or $2,000 ◦ Pay off the outstanding balance of a land contract or contract for deed if the requirements in the "Installment Land Contract" subtopic, presented in Section 2.01: Agency Loan Standard, are met ◦ Pay off of a Property Assessed Clean Energy (PACE) or PACE-like obligation, subject to the additional requirements outlined in the "Property Assessed Clean Energy (PACE) Loans" subtopic, presented in Section 2.01: Agency Loan Standard. ◦ For GreenCHOICE Mortgages®, pay off existing debts incurred to make energy and/or water efficiency improvements, with such debt being limited to 15% of the appraised value, subject to the additional requirements outlined in the "Fannie Mae's HomeStyle® Energy for Improvements on Existing Properties/Freddie Mac's GreenCHOICE Mortgages®" subtopic, presented in Section 2.01: Agency Loan Standard. ◦ For GreenCHOICE Mortgages, finance energy and/or water efficiency improvements, subject to the additional requirements outlined in the "Fannie Mae's HomeStyle® Energy for Improvements on Existing Properties/Freddie Mac's GreenCHOICE® Mortgages subtopic, presented in Section 2.01: Agency Loan Standard. ◦ For CHOICERenovation® Mortgages, pay off the exiting mortgage debt and/or finance the eligible renovations, subject to the additional requirements outlined in the "Fannie Mae's HomeStyle® Renovation Mortgage / Freddie Mac's CHOICERenovation® Mortgage" subtopic, presented in Section 2.01: Agency Loan Standard. • In the event there are remaining proceeds from the "no cash-out" refinance mortgage after the proceeds are applied as described above: ◦ The mortgage amount must be reduced, or ◦ The excess amount must be applied as a principal curtailment to the new refinance mortgage at closing and must be clearly reflected on the Settlement/Closing Disclosure Statement. • Under no circumstances may cash disbursed to the borrower (or any other payee) exceed the maximum permitted for "no cash-out" refinance mortgages. • **Secondary financing** ◦ The borrower is not required to satisfy outstanding junior liens secured by the mortgaged premises, provided that the junior liens meet the requirements pertaining to secondary financing (including the special requirements for Affordable Seconds mortgages, if applicable). See the "Secondary Financing" topic subsequently presented in this document for additional details.
Student Loans	Correspondent Section 2.01 Agency Loan Standard	• Standard Agency (LPA) • Agency Plus (LPA) • Agency Plus Select (LPA) • Home Possible® Mortgage	**Liabilities and Qualifying Ratios / Student Loans** **Freddie Mac LPA** Follow LPA requirements, which are as follows: • **Student Loans in Repayment, Deferment or Forbearance** ◦ For student loans in repayment, deferment or forbearance: ▪ 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, use 0.5% of the	**Liabilities and Qualifying Ratios / Student Loans** **Freddie Mac LPA** Follow LPA requirements, which are as follows: • **Student Loans in Deferment, Forbearance, or Repayment, Including Income-Driven Repayment Plans** ◦ In all cases, an amount greater than zero must be included in the monthly debt payment-to-income ratio for all student loans, as described below. ◦ For student loans in deferment, forbearance, or repayment, including income-driven repayment plans:

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		(LPA)
		• Texas Section 50 (a)(6) Mortgages (LPA)
			outstanding loan balance, as reported on the credit report
			
			• **Student Loan Forgiveness, Cancelation, Discharge and Employment-Contingent Repayment Programs**
			  • The student loan payment may be excluded from the monthly debt payment-to-income ratio provided the mortgage file contains documentation that indicates the following:
			    • The student loan has 10 or less monthly payments remaining until the full balance of the student loan is forgiven, canceled, discharged or in the case of an employment-contingent repayment program, paid, or
			    • The monthly payment on a student loan is deferred or is in forbearance and the full balance of the student loan will be forgiven, canceled, discharged or in the case of an employment-contingent repayment program, paid, at the end of the deferment or forbearance period
			  AND
			    • The borrower is eligible or approved, as applicable, for the student loan forgiveness, cancelation, discharge or employment-contingent repayment program, and the lender is not aware of any circumstances that will make the borrower ineligible in the future. Evidence of eligibility or approval must come from the student loan program or the employer, as applicable.
				• If the monthly payment amount reported on the credit report is greater than zero, the lender must use the monthly payment amount reported on the credit report, unless other documentation in the mortgage file supports a different current payment amount greater than zero, or
				• If the monthly payment amount reported on the credit report is zero, the lender must use 0.5% of the outstanding loan balance, as reported on the credit report, unless other documentation in the mortgage file supports a different current payment amount greater than zero
				• For student loans in income-driven repayment plans:
				  • The monthly payment amount, as described above, may be used for qualifying, unless documentation in the mortgage file indicates the borrower must recertify their income and/or the borrower's payment will increase prior to or on the first mortgage payment due date
				  • When documentation in the mortgage file indicates the borrower must recertify their income and/or that the borrower's payment will increase prior to or on the first mortgage payment due date, the lender must include in the monthly debt payment-to-income ratio:
				    • The greater of the current payment or 0.5% of the outstanding loan balance, or
				    • The documented future payment amount if greater than the current payment, or
				    • The future payment amount that is less than or equal to the current payment, provided that the mortgage file contains documentation that the borrower has recertified their income and the future payment amount has been approved. The future payment amount must be greater than zero.
				
				• **Student Loan Forgiveness, Cancelation, Discharge, and Employment-Contingent Repayment Programs**
				  • The student loan payment may be excluded from the monthly debt payment-to-income ratio provided the mortgage file contains documentation that indicates the following:
				    • The student loan has 10 or fewer monthly payments remaining until the full balance of the student loan is forgiven, canceled, discharged or in the case of an employment-contingent repayment program, paid, or
				    • The monthly payment on a student loan is deferred or is in forbearance and the full balance of the student loan will be forgiven, canceled, discharged or in the case of an employment-contingent repayment program, paid, at the end of the deferment or forbearance period
				  AND
				    • The borrower is eligible or approved, as applicable, for the student loan forgiveness, cancelation, discharge or employment-contingent repayment program, and the lender is not aware of any circumstances that will make the borrower ineligible in the future. Evidence of eligibility or approval must come from the student loan program or the employer, as applicable.