

Freddie Mac Loan Program

Summary

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| Product Types | 10Y, 15Y, 20Y, 25Y, and 30Y Fixed; 5/1 & 7/1 ARMs |
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Loan Limits

For Conforming Loan Amounts, view State/County limits:

<https://www.fhfa.gov/DataTools/Downloads/Pages/Conforming-Loan-Limits.aspx>

Conforming and Super Conforming Balances

Primary Residence

| Loan Purpose | Minimum FICO ² | Units | Max LTV ¹ | Max CLTV ¹ |
|---------------------------------|---------------------------|-------|----------------------|-----------------------|
| Purchase or Refinance Rate/Term | 620 | 1 | 95% | 95% |
| | 620 | 2 - 4 | 80% | 80% |
| Refinance Cash-Out | 620 | 1 | 80% | 80% |
| | | 2 - 4 | 75% | 75% |

Second Home

| Loan Purpose | Minimum FICO ² | Units | MAX LTV ¹ | CLTV ¹ |
|---------------------------------|---------------------------|-------|----------------------|-------------------|
| Purchase or Refinance Rate/Term | 620 | 1 | 90% | 90% |
| Refinance Cash-Out | 620 | 1 | 75% | 75% |

Investment Property

| Loan Purpose | Minimum FICO ² | Units | LTV ¹ | CLTV ¹ |
|---------------------------------|---------------------------|-------|------------------|-------------------|
| Purchase or Refinance Rate/Term | 620 | 1 | 85% | 85% |
| | 620 | 2-4 | 75% | 75% |
| Refinance Cash-Out | 620 | 1 | 75% | 75% |
| | 620 | 2-4 | 70% | 70% |

¹For all loans, Max LTV is reduced by 5% when using secondary financing.

²Minimum FICO requirements determined by Freddie LP Findings.

*****In the absence of a guideline, please refer to the Freddie Mac Sellers Guide*****

Miscellaneous Credit Parameters

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| <p>Miscellaneous Requirements</p> | <p>All standard NDM guideline requirements apply unless otherwise noted below.</p> <ul style="list-style-type: none"> • All loans must receive LP Accept Findings. • Non-occupying borrower income may be used in qualifying income. • Helocs: Qualifying payment is either monthly payment as shown on credit report or monthly statement, or 1% of balance when no payment amount noted. • R/T refinance: Proceeds can be used to pay off a first mortgage as long there are at least 120 days seasoning when the mortgage being refinanced was from a purchase money transaction; the note date of the mortgage must be at least 120 days prior to the note date of the no cash-out refinance. • SFRs, PUDs, 2-4 Units and Condos only • When a Mortgage includes a non-occupying borrower and the LTV ratio is greater than 80%, the occupant borrower must make the first 5% down payment from the occupant borrower funds. Funds that are owned jointly by the occupant Borrower and the non-occupying borrower are considered the funds of the occupant Borrower. |
| <p>Appraisal</p> | <ul style="list-style-type: none"> • An appraisal with an interior and exterior inspection that meets Freddie Mac requirements. • A field review is required when the LTV/CLTV/TLTV/HTLTV exceeds 75% and the value is greater than \$1,000,000 • The appraiser performing the initial appraisal and the appraisal field review report must be qualified to perform appraisals without oversight or supervision by a “supervisory” appraiser. • In addition to meeting Freddie Mac’s <i>Special Requirements for Condominiums</i>, when the subject property is an attached condominium, the appraiser must provide at least two comparable sales from outside the subject project and outside the influence of the developer, builder or property seller. |
| <p>Asset Dissipation</p> | <p>The assets described herein may be used to qualify the Borrower provided that the requirements below are met. The Borrower must not currently be using the eligible assets as a source of income</p> <p>Asset eligibility requirements The following assets may be used to qualify the Borrower for the Mortgage, provided that the assets meet the following requirements:</p> <p><i>Retirement assets</i></p> <ul style="list-style-type: none"> • The retirement assets must be in a retirement account recognized by the Internal Revenue Service (IRS) (e.g., 401(k), IRA) • Borrower(s) must be the sole owner • The account must be immediately accessible in its entirety • Account funds must not be subject to a penalty • The Borrower's rights to the funds in the account must be fully vested <p>Documentation</p> <ul style="list-style-type: none"> • Most recent retirement asset account statement(s) • Satisfactorily documented evidence of the following: <ul style="list-style-type: none"> ○ Borrower(s) must be the sole owner of the account ○ Retirement asset account is a retirement account recognized by the IRS ○ 100% of balance is fully vested and immediately accessible ○ Account is not subject to a penalty <p><i>Lump-sum distribution funds not deposited to an eligible retirement asset</i> If the lump-sum distribution funds have been deposited to an eligible retirement asset, follow the requirements for retirement assets described above.</p> <ul style="list-style-type: none"> • Lump-sum distribution funds must be derived from a retirement account recognized by the IRS (e.g., 401(k), IRA) and must be deposited to a non-retirement brokerage or depository account • Borrower must have been the recipient of the lump-sum distribution funds • Parties not obligated on the Mortgage may not have an ownership interest in the account that holds the funds from the lump-sum distribution |

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| | <ul style="list-style-type: none"> • The proceeds from the lump-sum distribution must be immediately accessible in their entirety • The proceeds from the lump-sum distribution must not have been or currently be subject to a penalty <p>Documentation</p> <ul style="list-style-type: none"> • Most recent three months personal depository or brokerage account statements • Employer distribution letter(s) and/or check-stub(s) evidencing receipt and type of lump-sum distribution funds; IRS 1099-R (if it has been received) • Satisfactorily documented evidence of the following: <ul style="list-style-type: none"> ○ Funds verified in the non-retirement account and used for Mortgage qualification must have been derived from eligible retirement assets ○ Lump-sum distribution funds must not have been or currently be subject to a penalty <p><i>Assets from the sale of the Borrower's business</i></p> <ul style="list-style-type: none"> • The Borrower(s) must be the sole owner(s) of the proceeds from the sale of the business that were deposited to the non-retirement brokerage or depository account • Parties not obligated on the Mortgage may not have an ownership interest in the account that holds the proceeds from the sale of the Borrower's business • The proceeds from the sale of the business must be immediately accessible in their entirety • The sale of the business must not have resulted in the following: <ul style="list-style-type: none"> ○ retention of business assets, existing secured or unsecured debt, ownership interest or seller-held notes to buyer of business <p>Documentation</p> <ul style="list-style-type: none"> • Most recent three months personal depository or brokerage account statements • Fully executed closing documents evidencing final sale of business to include sales price and net proceeds • Contract for sale of business • Most recent business tax return prior to sale of business • Satisfactorily documented evidence of the following: <ul style="list-style-type: none"> ○ Funds verified in the non-retirement account and used for Mortgage qualification must have been derived from the sale of the Borrower's business <p>Asset calculation for Mortgage qualification The borrower may use 70% of the balance of the eligible asset less any funds required to complete the transaction (e.g., down payment, Closing Costs, Financing Costs, Prepays/Escrows), divided by 360 months, regardless of loan term or account balance, to qualify the Borrower for the Mortgage.</p> <p>Mortgage eligibility requirements The assets may only be used to qualify the Borrower if the loan meets all of the following requirements:</p> <ul style="list-style-type: none"> • The Mortgage is secured by a 1-unit Primary Residence or second home • The Mortgage is either a purchase transaction Mortgage, "no cash-out" refinance Mortgage, or Relief Refinance Mortgage • The Mortgage has a maximum loan-to-value (LTV)/total LTV (TLTV)/Home Equity TLTV (HTLTV) ratio of 70% |
| Borrower Eligibility | <ul style="list-style-type: none"> • All borrowers must have legal residency - Citizen, permanent & non-permanent resident aliens • All borrowers must have a social security number, no ITINs • No foreign nationals |
| Income | <ul style="list-style-type: none"> • Future income; Employment contracts, anticipated income is not allow. All wage earners must have a current paystub in the file at the time of closing |

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| Mortgage Insurance | <ul style="list-style-type: none"> • Standard mortgage insurance is required. • Lender-paid mortgage insurance with single premiums is permitted. |
| Reserves | <ul style="list-style-type: none"> • Primary Residence - None. • Primary Residence: 2-4 units require at least 6 months PITI. • Second Homes – two months <ul style="list-style-type: none"> ○ Two months additional reserves for each financed second home or investment property the borrower has an ownership interest in or is obligated to. • N/O/O – Six months <ul style="list-style-type: none"> ○ Two months additional reserves for each financed second home or investment property the borrower has an ownership interest in or is obligated to. |
| Tax Transcripts | <ul style="list-style-type: none"> • All loans require a signed 4506-T form. • Tax transcripts are required for all self-employed borrowers • Transcripts are not required for wage earners. This includes but is not limited to; <ul style="list-style-type: none"> ○ Hourly employees ○ Salaried employees ○ Social Security earnings ○ Pension income ○ VA benefits |