NATIONS DIRECT MORTGAGE

Last Updated 10.26.2026

Freddie Mac Home One

Primary Residence

Loan Purpose	Min Score FICO/ Vantage[3,4]	Units	Conforming Max LTV/CLTV
Purchase or No Cash-out Refinance	Per LPA	1	Fixed 97%[1,2]

[1] ATLTV ratio may be permitted up to 105% when secondary financing is an affordable second.

[2] Conforming Loan limits only

[3]Minimum credit score requirements determined by LPA all borrowers must have a credit score

[4]All borrowers must use the same credit scoring model, for example all borrowers on the loan must either use Vantage Scores or FICO scores they cannot be co-mingled.

Matrix Updates in Yellow | **NDM Overlays in Green**

Maximum Loan Limits

Property Type	Conforming Loan Limits[1]
1 Unit	$845,000

Product Types

Fixed Rate: 10-30 Year terms in annual increments

Property Types

SFRs, PUDs, Warrantable Condo, 2-4 Unit

Minimum Loan Amount

$75,000

AUS

All loans must receive LPA accept findings

Mortgage Insurance

Standard mortgage insurance is used when required. Lender Paid MI with single premium is permitted. BPMI monthly and Single Premium allowed.

Loan Term	LTV			
	80.01-85%	85.01-90%	90.01-95%	95.01-97%
25- & 30- Year Terms, Manufactured	12%	25%	30%	35%
10, 15, & 20 Year	6%	12%	25%	35%

General Eligibility

Home One Product Info

- Purchase & Rate & Term Refinance Transactions only.
- One Unit Properties Only- Includes Condominium and PUDs.
- **No Cash-Out Refinance with an LTV between 95.01-97%. -** Existing loan being refinanced must be owned or securitized by Freddie Mac. Document via lender's servicing system, FHLMC's loan look up tool or Servicer Letter.
- Non-Occupant Co-Borrowers are ineligible.
- Manufactured Homes & 2-4 Unit Properties are ineligible
- At least one borrower must be considered a first-time home buyer
- If all occupying borrowers are First-Time Homebuyers, Homeownership Education is required for at least one borrower.
- Conforming Loan Limits only.

Temporary Buydowns

Buydown Options:

- 3-2-1- LTV is capped at 90%
- 2-1
- 1-1
- 1-0

Offering Seller Paid Buydown options only

- Non-Owner Transactions are ineligible
- Refinance Transactions are ineligible

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Temporary Buydowns Continued	**Ineligible Property Types:** • 2-4 Unit Properties • Manufactured Homes **Buydown Calculator-** https://myndm.com/downloads/resources/NDM-Buydown-Calculator.xlsx
Mortgage Insurance Requirements	For loans requiring Mortgage Insurance, the loan will be eligible provided it meets the MI companies' minimum credit score requirements.
Credit Requirements	
Age of Documents	• 120 Days for Credit Report, Income, Asset and Appraisal • 90 days Title All items are measured from Note Date
Borrower Eligibility	**Eligible Borrowers:** • Must have legal residency and valid Social Security Number • US Citizens, Permanent Residents and Non-Permanent Resident Aliens (No DACA) • Inter-Vivos Revocable Trusts **Ineligible Borrowers:** • Foreign Nationals • Limited and General Partnerships • Irrevocable Trusts • ITIN borrowers
Credit Report Requirements	Classic FICO or VantageScore 4.0 are allowable; all borrowers must use the same credit scoring model. FICO and VantageScore cannot be co-mingled between borrowers.
Credit Refresh/Soft Pull/Undisclosed Debt Monitoring	Required within 10 calendar days of Note date. NDM will run UDM on all files. Any additional inquiries found on soft pull/UDM must be addressed by borrower.
DTI	Per LPA findings
Debt paid by Borrower's Business	When a self-employed Borrower is obligated on a debt that has been paid by the Borrower's business for 12 months or longer, the monthly payment for the debt may be excluded from the monthly debt payment-to-income ratio if the following requirements are met: • The Mortgage file contains evidence that the debt has been paid timely by the Borrower's business for no less than the most recent 12 months, and • The tax returns evidence that business expenses associated with the debt (e.g., interest, lease payments, taxes, insurance) have been reported and support that the debt has been paid by the business
Federal Income Tax Installment Agreements	**The debt may include the monthly payment amount in liabilities (in lieu of requiring payment in full) if:** • There is no indication that a Notice of Federal Tax Lien has been filed against the borrower in the county in which the subject property is located. • **The lender obtains the following documentation for agreements approved by the IRS:**

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Federal Income Tax Installment Agreements Con't	○ an approved IRS installment agreement with the terms of repayment, including the monthly payment amount and total amount due; and ○ evidence the borrower is current on the payments associated with the tax installment plan. Acceptable evidence includes the most recent payment reminder from the IRS, reflecting the last payment amount and date and the next payment amount owed and due date. ○ At least one payment must have been made prior to closing. • **For installment agreements still pending approval from the IRS:** ○ A copy of the application for the installment agreement with the terms of repayment, including the monthly payment amount and total due. ○ Proof installment agreement has been sent to the IRS ○ The greater of the monthly payment amount requested by the borrower or the amount of taxes owed divided by 72 must be included in the DTI.
Homebuyer Education	If all occupying buyers are first-time homebuyers, homeownership education is required for at least 1 borrower.
Non-Occupant Borrowers	Not Eligible for this program
Open-End or 30-day accounts	• When there is no monthly payment listed on the credit report or if there is no documentation indicating a monthly payment amount, the full amount of the outstanding account balance must be included in the DTI **or** • Monthly payments on 30-day accounts are not required to be included in the liabilities if the Borrower has sufficient funds to pay off the outstanding account balance. The funds must be in addition to any funds used to qualify the Borrower.
Refinance Seasoning	**All Refinances must have:** • At least one Borrower on the mortgage was a borrower on the mortgage being refinanced; OR • At least one Borrower on the mortgage held title to and resided in the subject property as Primary Residence for the most recent 12 months and can document that the Borrower, either: ○ Has been making timely mortgage payments, including secondary financing, for most recent 12 months; OR ○ Is related to a borrower on the mortgage being refinanced. ○ At least one Borrower on the refinance Mortgage inherited or was legally awarded the subject property. **<u>No Cash-Out Refinance</u>** • Paying off an existing Purchase transaction - 1 day on title subject to above • Paying off an existing Refinance transaction - 31 days from existing Note date to new Note date of the "no Cash-out" refinance loan. **<u>Cash Out</u>** – Unallowable on Home One Program
Solar Panels (Leased or PPA)	• Solar Lease or Power Purchase Agreement must be obtained and reviewed. • If the solar panels are included in Title and UCC fixture filing remain, the solar debt secured in real estate must be included in the CLTV ratio and subordination is required. The solar panel can then be included and given value in the property appraisal based on standard appraisal requirements.

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Solar Panels (Leased or PPA)	• The monthly lease payment must be included in the DTI ratio calculation unless the lease is structured to
	  ○ provide delivery of a specific amount of energy at a fixed payment during a given period, and
	  ○ have a production guarantee that compensates the borrower on a prorated basis in the event the solar panels fail to meet the energy output required for in the lease for that period.
	• Payments under power purchase agreements where the payment is calculated solely based on the energy produced may be excluded from the DTI ratio.

Income / Assets	
Amended Tax Returns Overlay	• Amended tax returns must be filed at least 30 days prior to the contract date or application date whichever is earlier • An income increase of 20% or more from the original return will not be allowed or subject to management approval
Income Increase Overlay	Borrowers who have had a 20% or more increase in income within the last 4 months will be subject to additional conditions and management review as per NDM internal income increase policy.
School Transcript Revalidation Policy	NDM will revalidate school transcripts when supplied as part of income review

Rental Income from 1 unit Primary: Accessor Dwelling Unit / Boarder Income	Rental income from a 1-unit Primary Residence may be considered stable monthly income provided it meets the following:
	• The person providing the rental income:
	  ○ Is not obligated on the Mortgage and does not have an ownership interest
	  ○ Has resided with the Borrower for at least one year
	  ○ Will continue residing with the Borrower in the new residence
	  ○ Evidence of residency with the Borrower (i.e., copy of a driver's license, bill, bank statement, etc., that shows the address of that person to be the same as the Borrower's address)
	  ○ Is not the Borrower's spouse or domestic partner
	• Rental income from the person residing in the Mortgaged Premises:
	  ○ Has been paid to the Borrower for the past 12 months
	  ○ Can be verified by the Borrower with evidence showing receipt of regular payments of rental income to the Borrower for at least nine of the past 12 months (i.e., copies of canceled checks)
	  ○ Must be averaged over 12 months for qualifying purposes when fewer than 12 months of payments are documented
	  ○ Does not exceed 30% of total income used to qualify for the Mortgage
	• The Mortgage file must contain a written statement in the form of a signed letter or e-mail directly from the Borrower affirming:
	  ○ The source of the rental income
	  ○ The fact that the person providing the rental income has resided with the Borrower for the past year and intends to continue residing with the Borrower in the new residence for the foreseeable future

Borrower Minimum Contribution from Personal Funds for Purchase	3% down payment can come from borrower's own fund, gifts or grants

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Reserves	Per LPA

Tax Transcripts	• All loans require a signed 8821 form. Additional 8821 form is required to be signed by Borrower's LLC, S-Corp or Corporation Name and EIN
	• NDM requires Tax Transcripts are required for:
	  ○ Self-employed borrowers
	  ○ Borrower employed by family member
	  ○ Using rental income to qualify per tax returns
	  ○ Relationship between the parties

Property	

Appraisal Requirements	**Standard Appraisal & UAD 3.6 Acceptable**
	• **3.6 will be mandatory starting 2/8/2027**
	• Transferred Appraisal Accepted
	• Freddie SSR score on Appraisal must be 4.9 or below. A Freddie SSR score of 5 is not acceptable.
	• Appraisal Waiver accepted per LPA except for the following:
	• Two- to four-unit properties.
	• Non-Arm's length transactions
	• Leasehold properties.
	• Community land trusts or other properties with resale restrictions, which include loans using the Affordable LTV feature.
	• Manufactured homes
	• Purchases of REO properties as identified in sales contract
	• Texas Section 50(a)(6) loans.
	
	Desktop Appraisals:
	• Must be on form #70D
	• 1-Unit Purchase Transactions Only
	• Max LTV is 90%
	• Primary Residence transactions only
	• Condominium and Manufactured homes are ineligible
	
	Hybrid Appraisal:
	• LPA must indicate Hybrid Appraisal is acceptable
	• Must be on form #70H (SFR) or Form 465H (Condo Hybrid report)
	• Property Data Report (PDR) must be completed first and provided to appraiser
	• 2-4 Unit properties & Manufactured homes are ineligible
	
	Property Data Report:
	• LPA must indicate ACE+PDR is acceptable or Hybrid appraisal is acceptable
	• Must be completed on Property Data Report form acceptable by LPA
	• Manufactured homes are ineligible
	• All PDR reports must be submitted to Freddie Mac bACE API
	• Transferred Appraisal Accepted
	• Freddie SSR score on Appraisal must be 4.9 or below. A Freddie SSR score of 5 is not acceptable.
	• Appraisal Waiver accepted per LPA except for the following:
	  ○ Two- to four-unit properties.
	  ○ Non-Arm's length transactions
	  ○ Leasehold properties.
	  ○ Community land trusts or other properties with resale restrictions, which include loans using the Affordable LTV feature.
	  ○ Manufactured homes
	  ○ Purchases of REO properties as identified in sales contract
	  ○ Texas Section 50(a)(6) loans.

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Escrow Accounts	Required if LTV is > 90% in CA or > 80% in all other states.
Down Payment Assistance (DPA)	Allowed per FHLMC Guidelines
Escrow Holdback	• Allowed for repairs that do not present a health or safety concern and do not affect the structural integrity of the property. • $5,000 limit on required repairs. • 1.5 times the repair to be held by escrow and released upon clearance by Nations Direct written authorization. • Repairs to be completed within 10 days of closing
Ineligible Properties	• No Community Land Trusts, Land Trusts, • Indian Leased Land, Vacant land • Property Condition rating C5 or 6, Quality condition Q6 • Non-Warrantable Condo, Condo-tels, Co-Ops, Manufactured Condos • Commercial Property, Boarding houses, Bed and Breakfast • Working Farms • Green Choice Mortgage • One Time Close Construction to Perm Loans • No shared appreciation or shared equity transactions
Multiple Financed Properties	Borrowers) may not have more than 2 financed properties including the subject property.
Properties Listed for Sale	**Rate/Term Transactions:** Property must be taken off the market prior to application date and borrowers must confirm the intent to occupy for (primary residence).
LLPA Waiver Requirements	**Purchase Transactions Only** • At least one borrower is a First Time Home-buyer • Total qualifying income is at or below 100% of the applicable AMI for non-high-cost areas, and 120% for high-cost areas.
State Restrictions	• Please see our approved states MYNDM.COM/ApprovedStates