

PRIMARY RESIDENCE – PURCHASE & RATE/TERM REFINANCE			
Property Type	Max. LTV	Max. CLTV/HCLTV	Min. Credit Score
1 Unit	97% <sup>(1)</sup>	105%/NA <sup>(1,2)</sup>	620
2-4 Units	95%	95%	620
<p>1. Traditional subordinate financing is limited to 97% TLTV. Maximum TLTV allowed up to 105% for purchase transactions when utilizing an approved Affordable Second program with Home Possible Advantage, see Community Seconds Programs. Any secondary financing subordinating for rate/term refinance loans must be an approved Affordable Second and cannot exceed 105% TLTV.</p> <p>2. HELOC secondary financing is not eligible.</p>			
<b>Age of Documents</b>	<ul style="list-style-type: none"> <li>For new and existing construction, credit documents must be no more than 4 months old on the date the note is signed, including credit reports and employment, income and asset documents.</li> <li>Preliminary Title Policies must be no more than 180 days old on the date the note is signed.</li> </ul>		
<b>Amortization Type</b>	<ul style="list-style-type: none"> <li>Fixed Rate</li> </ul>		
<b>AUS</b>	<ul style="list-style-type: none"> <li>LP Accept</li> <li>Manual UW is not permitted</li> </ul>		
<b>Assets</b>	<p><b>Acceptable Assets</b></p> <ul style="list-style-type: none"> <li>Personal gifts, gifts or grants from a qualified entity, employer assistance</li> <li>Community Seconds</li> <li>Minimum borrower contribution from own funds MUST be met before other acceptable sources of funds are permitted</li> <li>Cash-on-Hand <ul style="list-style-type: none"> <li>The borrower customarily uses cash for expenses, and the amount of funds saved is consistent with the borrower’s previous payment practices.</li> <li>The alternative documentation or monthly reports do not indicate that the Borrower has checking, savings, or similar accounts.</li> <li>The cash on hand is not borrowed and could have been saved by the Borrower.</li> <li>The credit report does not show more than three tradelines for the Borrower.</li> <li>The updated credit report does not show any new accounts or a substantial increase to an existing account that approximates, or exceeds, the amount of cash on hand provided by the Borrower</li> <li>The Freddie Mac’s Exhibit 23 Monthly Budget and Residual Analysis Form confirms that the total monthly residual income available for savings is a positive number. <ul style="list-style-type: none"> <li>A completed Freddie Mac’s Exhibit 23 Monthly Budget and Residual Analysis Form or another document containing the same information.</li> <li>Copies of six months’ cash receipts (e.g., rent or utility receipts) or other alternative documentation (e.g., direct verifications or wire transfers) verifying that all recurring obligations, including the payment of revolving and installment debt, are paid in cash</li> <li>A credit report, obtained at the time of loan application</li> <li>Copies of three months’ statements for any open revolving account that reveal cash advances are not the source of</li> </ul> </li> </ul> </li> </ul>		

	<p>Borrower Funds. Any cash advances must be explained and documented (i.e., a cash advance used in an emergency situation).</p> <ul style="list-style-type: none"> <li>◦ An updated credit report, obtained approximately one week before closing, that reveals no new accounts or substantial increases to balances on already existing accounts</li> </ul> <ul style="list-style-type: none"> <li>• Sweat equity is allowed, if the following conditions are met: Sweat equity is credit for labor performed on the Mortgaged Premises or materials furnished for the Mortgaged Premises by the Borrower. Such credit must be fully explained and documented. Any labor performed must be completed in skillful, workmanlike manner must be certified by the appraiser. Credit will not be given for sweat equity unless there is at least a 5% down payment from Borrower Personal Funds.</li> <li>• Other eligible sources of funds per Freddie Mae guidelines.</li> </ul> <p><b>Borrower Contribution</b></p> <table border="1" data-bbox="524 821 1458 1024"> <thead> <tr> <th data-bbox="524 821 643 953">Number of Units</th> <th data-bbox="643 821 914 953">≤ 80% LTV Minimum Borrower Contribution</th> <th data-bbox="914 821 1185 953">&gt; 80 and ≤ 95% LTV Minimum Borrower Contribution</th> <th data-bbox="1185 821 1458 953">&gt; 95% LTV Minimum Borrower Contribution</th> </tr> </thead> <tbody> <tr> <td data-bbox="524 953 643 989">1</td> <td data-bbox="643 953 914 989">0%</td> <td data-bbox="914 953 1185 989">0%</td> <td data-bbox="1185 953 1458 989">0%</td> </tr> <tr> <td data-bbox="524 989 643 1024">2-4</td> <td data-bbox="643 989 914 1024">0%</td> <td data-bbox="914 989 1185 1024">3%</td> <td data-bbox="1185 989 1458 1024">N/A</td> </tr> </tbody> </table>	Number of Units	≤ 80% LTV Minimum Borrower Contribution	> 80 and ≤ 95% LTV Minimum Borrower Contribution	> 95% LTV Minimum Borrower Contribution	1	0%	0%	0%	2-4	0%	3%	N/A
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<b>Borrower Eligibility</b>	<ul style="list-style-type: none"> <li>• U.S. citizens</li> <li>• Permanent resident aliens, with proof of lawful permanent residence</li> <li>• Nonpermanent resident alien immigrants with proof of lawful residence</li> <li>• Non-occupying co-borrowers are not allowed.</li> </ul>												
<b>Credit</b>	<ul style="list-style-type: none"> <li>• Non-traditional credit is not allowed.</li> <li>• Per Freddie Mac.</li> </ul>												
<b>Employment/Income Verification</b>	<ul style="list-style-type: none"> <li>• Per LP</li> </ul>												
<b>FICO/Credit Score</b>	<ul style="list-style-type: none"> <li>• 620 regardless of LP findings.</li> </ul>												
<b>Home-buyer Education and Counseling</b>	<ul style="list-style-type: none"> <li>• When all borrowers are first time homebuyers for purchase transactions, at least one qualifying borrower must complete homeownership education prior to the note date. Education must be provided by one of the following: <ul style="list-style-type: none"> <li>• A program that meets the standards of the National Industry Standards for Homeownership Education and Counseling link</li> <li>• Programs utilizing Freddie Mac CreditSmart, see the Freddie Mac website. Minimum modules to be completed: <ul style="list-style-type: none"> <li>- Module 1 – Your Credit and Why it is Important</li> <li>- Module 2 – Managing Your Money</li> <li>- Module 7 – Thinking Like a Lender</li> <li>- Module 11 – Becoming a Homeowner</li> <li>- Module 12 – Preserving Homeownership: Protecting Your Investment</li> </ul> </li> </ul> </li> <li>• A copy of the certificate of completion for homeownership education must be retained in the mortgage loan file.</li> </ul>												

	<p><b>2 TO 4-UNIT PROPERTIES</b></p> <ul style="list-style-type: none"> <li>• Purchase transactions – At least one qualifying borrower must participate in a landlord education program prior to the note date. A copy of the certificate of completion must be retained in the mortgage loan file.</li> <li>• Refinance transactions – Landlord education is not required but is recommended for borrowers who have not previously attended a program.</li> </ul>
<b>Income</b>	<ul style="list-style-type: none"> <li>• All borrower income disclosed on the 1003 Application will be considered for loan qualification for the ability to repay and to apply the income limits. LPA may require borrower to provide full tax returns and all schedules</li> <li>• Total borrower income limited as indicated above under Income Limitations</li> <li>• Income other than listed below to be documented per standard Freddie Mac guidelines and/or LPA.</li> </ul> <p><b>Rental income:</b></p> <ul style="list-style-type: none"> <li>• Rental income from a 1-unit primary residence</li> <li>• Rental income from a 1-unit primary residence may be considered as stable monthly income provided it meets the stable monthly income guidelines of Freddie Mac or the following: <ul style="list-style-type: none"> <li>- Connection with the borrower. The person providing the rental income and the Borrower: <ul style="list-style-type: none"> <li>- Have resided together for at least one year</li> <li>- Will continue residing together in the new residence, and</li> <li>- The person providing the rental income provides appropriate documentation to evidence 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)</li> </ul> </li> </ul> </li> <li>• Rental payment. Rental income from the person residing in the mortgaged premises: <ul style="list-style-type: none"> <li>- Has been paid to the borrower for the past 12 months on a regular basis</li> <li>- Can be verified by the borrower with evidence showing receipt of regular payments of rental income to the borrower for the past 12 months (i.e. copies of cancelled checks)</li> <li>- Does not exceed 30% of the total income used to qualify for the mortgage</li> </ul> </li> <li>• The mortgage file must contain a written statement from the borrower affirming: <ul style="list-style-type: none"> <li>- The source of the rental income</li> <li>- 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</li> <li>- Rental income from 2 to 4-unit primary residences</li> </ul> </li> </ul>
<b>Ineligible</b>	<ul style="list-style-type: none"> <li>• Texas (a)(6) transactions – The loan is not eligible for a refinance under this program if the Borrower receives any cash back at closing (even as little as \$1)</li> </ul>
<b>Interest Party Contribution</b>	<ul style="list-style-type: none"> <li>• Up to 75%LTV: 9%</li> <li>• 75.01%-90%: 6%</li> <li>• 90.01-97%: 3%</li> </ul>
<b>Lien Position</b>	<ul style="list-style-type: none"> <li>• First</li> </ul>
<b>Maximum Loan Amount</b>	<ul style="list-style-type: none"> <li>• Conforming limit</li> </ul>
<b>Minimum Loan Amount</b>	<ul style="list-style-type: none"> <li>• \$25,000</li> </ul>

<b>Mortgage Insurance</b>	<ul style="list-style-type: none"> <li>Mortgage Insurance is required if the LTV exceeds 80%. Refer to the below coverage amounts.</li> </ul> <table border="1" data-bbox="548 338 1458 472"> <thead> <tr> <th colspan="5">Mortgage Insurance Coverage Requirements</th> </tr> <tr> <th>Term</th> <th>80.01-85.00%</th> <th>85.01-90.00%</th> <th>90.01-95.00%</th> <th>95.01-97.00%</th> </tr> </thead> <tbody> <tr> <td>≤20 years</td> <td>6%</td> <td>12%</td> <td>25%</td> <td>25%</td> </tr> <tr> <td>&gt;20 years</td> <td>12%</td> <td>25%</td> <td>25%</td> <td>25%</td> </tr> </tbody> </table> <p>95.01-97% LTV only allowed on 1 unit properties.</p>	Mortgage Insurance Coverage Requirements					Term	80.01-85.00%	85.01-90.00%	90.01-95.00%	95.01-97.00%	≤20 years	6%	12%	25%	25%	>20 years	12%	25%	25%	25%
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<b>Number of Financed Properties</b>	<ul style="list-style-type: none"> <li>The borrower may have an ownership in any other residential dwelling at the time of loan closing.</li> <li>A manufactured home, regardless of the type of land ownership, is considered a residential dwelling for this purpose.</li> <li>Ownership in a timeshare, either as a deeded interest or a right-to-use arrangement, is not considered ownership in a residential dwelling for HomeReady purposes due to the very limited (typically one or two weeks per year) access to the unit.</li> </ul>																				
<b>Occupancy</b>	<ul style="list-style-type: none"> <li>Primary Residence</li> </ul>																				
<b>Property Types</b>	<ul style="list-style-type: none"> <li>Single Family (Detached, Attached)</li> <li>PUD (Detached, Attached)</li> <li>Condominium – Warrantable (Detached, Attached)</li> <li>Modular Home</li> <li>2-4 Units</li> </ul>																				
<b>Program Code</b>	<ul style="list-style-type: none"> <li>ELPH30 (Refer to Rate Sheet Page 3)</li> </ul>																				
<b>Ratio</b>	<ul style="list-style-type: none"> <li>As determined by LP</li> </ul>																				
<b>Qualifying Rate</b>	<ul style="list-style-type: none"> <li>Note Rate</li> </ul>																				
<b>Reserves</b>	<ul style="list-style-type: none"> <li>LP will determine the reserve requirement.</li> <li>1 Unit: None / 2-4 Units: 2 Months</li> </ul>																				
<b>Subordinate Financing</b>	<ul style="list-style-type: none"> <li>Standard secondary financing: Maximum CLTV/HCLTV is the same as LTV in the matrix at the beginning.</li> <li>Community Second secondary financing: Maximum CLTV is 105%. - More than one Community Second is allowed.</li> </ul>																				