



FREDDIE MAC HOME POSSIBLE

Purchase and No Cash-Out Refinance , Primary Residence – Conforming and Super Conforming												
Transaction Type	Property Type	Product	Secondary Financing	LTV	TLTV	HTLTV	Product	LTV	TLTV	HTLTV	Underwriting	
Purchase No Cash-Out Refinance	1-Unit SFR, Condo, PUD	Conforming	Other Secondary Financing	97	97	97	With Non-Occupant Borrower(s)	95	95	95	LPA® Accept or Streamlined Accept required. Note: Additional LPA submission requirements apply to loans with Affordable Seconds®, 4204.2.	
			With Affordable Seconds®	97	105			95	105			
		Super Conforming	Other Secondary Financing	95	95	95	With Non-Occupant Borrower(s)	95	95	95		
			With Affordable Seconds®	95	105			95	105			
Home Possible Income Limits - Conforming and Super Conforming												
Income Area Type by Census Tract	Percentage of Area Medium Income (AMI)			Look-up Tool			Other Requirements					
Low-Income Census Tract Areas	No income limit (Applies to areas with median income ≤80% AMI as determined by LPA.)			Home Possible Income & Property Eligibility Tool			<ul style="list-style-type: none"> If loan is submitted to LPA® and receives an Accept finding for Home Possible there is no need to further confirm income limits, 4501.7. See Income in this program guide for income calculation guidelines. 					
100% Areas	Income cannot exceed 100% of AMI											
<ul style="list-style-type: none"> Borrower Eligibility: Freddie Mac permits non-occupant co-borrowers and multi-property ownership in this program, 4501.7. See Borrower Eligibility and Multiple Properties Owned. Credit Scores: LPA will determine credit eligibility, however, Lender requires that every borrower on the Note generate at least one traditional credit score. See Credit Reports and Credit Scores. Homebuyer Education: No borrower is required to be a first-time homebuyer, however if all occupant borrowers on a purchase transaction are first-time homebuyers, homebuyer education requirements apply. See Homeownership Education and Housing Counseling. Mortgage Insurance: Standard mortgage insurance coverage is required. See Mortgage Insurance. Program Eligibility: Manufactured housing, Community Land Trusts, and Buydowns are not allowed. Transactions which are Home Possible Construction Conversion or Renovation Mortgages are not eligible. See Product, Program, and Transaction Eligibility. 												
General (Conforming) Balance, Fixed Rate				Amortization Months				Minimum Loan Amount	Maximum Loan Amount			
FHLMC Fixed 30 Home Possible				360				\$75,000	Freddie Mac General (Conforming) Loan Limits Webpage			
FHLMC Fixed 30 Home Possible HiBal								Freddie Mac Maximum Base Conforming Loan Limit + \$1				HERA Loan Limits by County No maximum loan amount. All loans must receive LPA® Accept findings.

Program Overview
Freddie Mac Home Possible® Conforming and Super Conforming mortgages offer low down payments for low- to moderate-income homebuyers and buyers in low income census tract areas, and in other communities, subject to Borrower income limitations.

Note: The following are **not** offered or permitted by Freddie Mac in the Home Possible program, 4501.1:

- Second homes
- Investment properties
- Cash-out refinances

See [Freddie Mac Guide Section 4501](#) for complete Freddie Mac requirements.

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Appraisals 9.0. Appraisal	<ul style="list-style-type: none"> Unless the Last LPA Feedback Certificate offers, and the lender accepts, an Alternative Collateral Evaluation (ACE) appraisal waiver, an appraisal with an interior and exterior inspection meeting Freddie Mac requirements is required, 4501.6, 5601.9(c). Lender overlays may apply: See the <u>Freddie Mac Conforming Mortgage Program Guide</u>. 												
Assets – 1031 Tax Deferred Exchanges	<ul style="list-style-type: none"> <u>Transactions that are 1031 Tax Deferred Exchanges are not allowed in this program.</u> 												
Assets, Reserves, Source of Funds Effective 10/29/2018	<ul style="list-style-type: none"> Minimum Borrower Contribution: For Home Possible purchase transactions, no minimum borrower contribution is required, 4501.10(a)(ii). Reserves must be verified in the amount stated in the LPA Feedback Certificate, 4501.10(b). Acceptable Sources of Funds, 4501.10(c): <table border="1" data-bbox="508 399 1692 553"> <thead> <tr> <th>Use</th> <th>Permitted Sources of Funds</th> </tr> </thead> <tbody> <tr> <td>Minimum Borrower Contributions</td> <td>Borrower Personal Funds</td> </tr> <tr> <td>Down Payment</td> <td>Borrower Personal Funds, Other Eligible Sources of Funds</td> </tr> <tr> <td>Paying Down the Primary Balance for a Refinance</td> <td>Borrower Personal Funds, Other Eligible Sources of Funds</td> </tr> <tr> <td>Closing Costs</td> <td>Borrower Personal Funds, Other Eligible Sources of Funds, Flexible Sources of Funds</td> </tr> <tr> <td>Reserves</td> <td>Borrower Personal Funds, Other Eligible Sources of Funds</td> </tr> </tbody> </table> “Borrower Personal Funds” (4501.10(c)(i)) include: <ul style="list-style-type: none"> Borrower personal funds as described in Section 5501.3(b). Cash on hand, if the Lender reasonably concludes, and can support, that the Borrower is a cash basis individual and that the cash on hand is not borrowed and could be saved by the Borrower as documented by the following: <ul style="list-style-type: none"> A completed <i>Exhibit 23, Monthly Budget and Residual Analysis Form</i>, or another document containing the same information, confirming that the total monthly residual income available for savings is a positive number Copies of six months’ cash receipts (e.g., rent or utility receipts) or other alternative documentation (e.g., direct verifications or wire transfers) meeting the requirements of 5202.2(b) to verify that recurring obligations, including the payment of revolving and installment debt, are customarily paid in cash A credit report, obtained at the time of loan application, meeting the requirements of 5203.1. The credit report must not show more than three Tradelines. <u>(Reminder: Lender requires that every borrower generate at least one credit score.)</u> Copies of three months’ statements for any open revolving account that reveal cash advances are not the source of Borrower funds. Any cash advances must be explained and documented (i.e., a cash advance used in an emergency situation). An updated credit report obtained approximately one week before closing that 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 The Mortgage file must have no indication that the Borrower typically uses checking, savings or similar accounts Evidence that all funds used to qualify the Borrower for the Mortgage transaction are deposited in a financial institution or are held in an institutional escrow account prior to closing. “Other Eligible Sources of Funds” (4501.10(c)(ii)) include: <ul style="list-style-type: none"> Other eligible sources of funds as described in 5501.3(c), including gifts, gifts of equity or grants. <ul style="list-style-type: none"> <u>Gifts or grants from the Seller as the originating lender or the Seller’s TPO are not acceptable to Lender.</u> Unsecured Loans: <ul style="list-style-type: none"> <i>Home Possible</i> purchase transactions - Unsecured loans meeting all of the requirements in 4501.10(c)(ii) and from the following sources are acceptable: An Agency, a Related Person, or a Community Savings System (funds in excess of the Borrower contribution to the Community Savings System). <ul style="list-style-type: none"> <u>Agency affiliated with, under contract to, or financed by Seller or Seller’s TPO as originating lender is not allowed.</u> If the monthly P & I or interest only payment begins on or after the 61st monthly payment, or if repayment of the loan is due only upon sale or default, the amount of the monthly payment may be excluded from the monthly debt payment-to-income ratio, 4501.10(c)(ii). Proceeds from Secondary Financing, including Affordable Seconds®: See <u>Secondary Financing</u> in this program guide. <u>(RHS Leveraged Seconds are not allowed.)</u> Sweat equity is not permitted. “Flexible Sources of Funds” (4501.10(c)(iii)) include: <ul style="list-style-type: none"> Financing concessions as described in 5501.5(b), meeting the applicable requirements of Section 5501.5. Lender credit, as documented on the Settlement/Disclosure Statement <u>Proceeds from an unsecured loan from the Seller as originating lender or the Seller’s TPO are not acceptable to Lender.</u> Also see <u>Automated Income and Asset Modeler (AIM)</u> in this program guide. 	Use	Permitted Sources of Funds	Minimum Borrower Contributions	Borrower Personal Funds	Down Payment	Borrower Personal Funds, Other Eligible Sources of Funds	Paying Down the Primary Balance for a Refinance	Borrower Personal Funds, Other Eligible Sources of Funds	Closing Costs	Borrower Personal Funds, Other Eligible Sources of Funds, Flexible Sources of Funds	Reserves	Borrower Personal Funds, Other Eligible Sources of Funds
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AUS and Underwriting 10.4. General Mortgage Loan and Transaction Eligibility 1/31/2019	<ul style="list-style-type: none"> • <u>Loan Product Advisor® (LPA®) with “Accept” or “Streamlined Accept” findings are required. Manual underwriting is NOT accepted for any loans in this program, including loans with errors in the credit report.</u> (Note: Freddie Mac requires LPA Accept or Streamlined Accept findings for all Super Conforming mortgages, 4501.8.) • For special requirements for submitting Mortgages with Affordable Seconds® to LPA, see Freddie Guide Section 4204.2 and Secondary Financing in this program guide.

- Lender will accept, but will not require, Freddie Mac loans with LPA Income and Asset Assessment (AIM).
- If AIM is used, the transaction must meet all related requirements of *Freddie Mac Seller/Service Guide Chapters 5901 and 5902*.
- As required by Freddie Mac, copies of all vendor Verification Reports must be included in the loan file.

See the table below for details and requirements.

General Requirements - Freddie Mac Automated Income and Asset Modeler (AIM)

General Freddie Mac Requirements <i>Freddie Mac Guide Section 5901</i>	<ul style="list-style-type: none"> • A signed <i>IRS Form 4506-T</i> is required for each borrower, <i>5302.5</i>: except that a signed 4506-T is not required for a borrower if <i>all</i> of the following are met: <ul style="list-style-type: none"> ○ The Last Feedback Certificate has a Risk Class of Accept, and ○ All of the borrower's income is from an eligible source described in <i>5901.2(b)</i>, and ○ All of the borrower's income is on the income Verification Report, and ○ The Last Feedback Certificate reflects an income representation and warranty result of Eligible* for all of that borrower's income. • If <i>any</i> of the borrower's income does not meet all of the conditions above, a signed <i>4506-T</i> is required for that borrower. • VVOE REQUIREMENT: For all loans, the lender must obtain the 10-day pre-closing verification for the borrower's current employment, 5302.2(d). • Note: If there are any changes to income or employment, the Verification Report must be re-run. LPA does not "automatically" update Verification Reports with subsequent LPA runs.
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Loan File Component	Finding	Income Documentation Requirements
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Employment Income (Must be reviewed for each income source and each borrower individually)	*Eligible	<ul style="list-style-type: none"> • For this income source, follow the LPA documentation requirements. (The income Verification Report is generally acceptable documentation.) See Freddie Mac Guide Chapter <i>5901.6</i>. • Freddie Mac requires that the Verification Report(s) must be maintained in the loan file, <i>5901.6</i> • Tax and/or W-2 transcripts are not required for this income source. • For 4506-T signing requirements, see <i>General Requirements</i> above.
	Not Eligible	<ul style="list-style-type: none"> • For that income source, verify and document the borrower's income using traditional documentation as required by <i>Freddie Mac Guide Section 5300</i>. • If all qualifying income is W-2 income* and/or the type of fixed-income typically reported on a 1099, tax and W-2 transcripts are not required. • A signed <i>4506-T</i> is required.
	Unavailable	<ul style="list-style-type: none"> • For that income source, verify and document the borrower's income using traditional documentation as required by <i>Freddie Mac Guide Section 5300</i>. • If all qualifying income is W-2 income* and/or the type of fixed-income typically reported on a 1099, tax and W-2 transcripts are <i>not</i> required. • A signed <i>4506-T</i> is required.

Self-Employment or other Income Type Requiring Tax Returns	<i>Freddie Mac Guide Chapter 5304</i>	<ul style="list-style-type: none"> • In addition to Freddie Mac income documentation requirements, a signed <i>4506-T</i> form and <u>tax transcripts are required for this income source</u>. • Lender will accept automated self-employment income assessments through AIM that meet Freddie Mac requirements, including Freddie Mac Guide sections <i>5903, 5901, and 5902</i>.
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Loan File Component	Finding	Asset Documentation Requirements
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General Freddie Mac Requirements, 5902		<ul style="list-style-type: none"> • If there are any changes to the borrower's assets, the Verification Report must be re-run. LPA does not "automatically" update Verification Reports with subsequent LPA runs.
Assets	Eligible	<ul style="list-style-type: none"> • Follow the LPA documentation requirements. As required by Freddie Mac, the Verification Report(s) must be in the loan file. • The asset verification report is generally acceptable documentation for verification of the "Total Funds to be Verified" amount indicated on the Last Feedback Certificate and the asset verification report must be maintained in the Mortgage file; and • The lender must verify and document, as required by the Guide for the asset type, additional funds required for the Mortgage transaction that are not included in the "Total Funds to be Verified" amount indicated on the Last Feedback Certificate and the documentation must be maintained in the Mortgage file.
	Not Eligible	<ul style="list-style-type: none"> • Verify and document the Borrower's assets using traditional documentation as required by the Guide. Documentation must be maintained in the Mortgage file. See <i>Chapter 5500</i>.

Automated Income and Asset Modeler (AIM)
3/21/2019

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		Unavailable	<ul style="list-style-type: none"> Verify and document the Borrower's assets using traditional documentation as required by the Guide. Documentation must be maintained in the Mortgage file. See <i>Chapter 5500</i>. 													
Borrower Eligibility 10.5. Borrower Eligibility 10.6 Trust Eligibility 4/19/2019	<ul style="list-style-type: none"> No borrower is required to be a first-time homebuyer, however, if all borrowers on a purchase transaction are first-time homebuyers, homebuyer education requirements apply. See Homeownership Education and Housing Counseling in this program guide All Borrowers must meet Freddie Mac borrower eligibility requirements, <i>Freddie Mac Topic 5103, Determining Borrower Eligibility</i>, including: <ul style="list-style-type: none"> Borrowers must be a natural person. Non-U. S. citizen borrowers must meet Freddie Mac requirements for permanent or nonpermanent resident aliens, <i>Freddie Mac 5103.2</i>. Borrowers meet Freddie Mac requirements for stable income, <i>Freddie Mac 5301.1</i>. Loan must meet Freddie Mac Continuity of Obligation and prior ownership/title requirements as applicable, <i>4301.2 General Requirements for All Refinance Mortgages</i>. All Borrowers must also meet the following Lender requirements: <ul style="list-style-type: none"> <u>Non-U. S. citizen Borrowers meet the proof of lawful residency documentation requirements listed in the table below.</u> <u>All borrowers must have a valid social security number.</u> <u>No Borrower is a Corporation, Limited Liability Company (LLC), partnership or other business entity.</u> <u>Maximum four (4) Borrowers per loan.</u> <u>No Borrower is a person with diplomatic immunity or a Foreign Politically Exposed Person.</u> Special Borrower Eligibility – Mortgaged Premises Occupied by Borrower's Parent or Disabled Child: For guidelines, including occupancy requirements, see Freddie Mac Guide Section 5103.8 Also see Occupancy, Non-Occupant Borrowers, and Multiple Properties Owned in this program guide. <table border="1" data-bbox="459 672 1866 857"> <thead> <tr> <th colspan="4">Non-U.S. Citizen Proof of Lawful Residency Documentation Requirements (New table 3/31/2017)</th> </tr> <tr> <th>Program</th> <th>Permanent Resident Alien</th> <th>Non-Permanent Resident Alien</th> <th>Non-Resident Alien or Other</th> </tr> </thead> <tbody> <tr> <td>Freddie Mac</td> <td> <ul style="list-style-type: none"> <u>Permanent Resident Card (Green Card), or</u> <u>Passport with USCIS I-551 stamp</u> </td> <td> <ul style="list-style-type: none"> <u>USCIS Employment Authorization Document</u> </td> <td>Not Eligible</td> </tr> </tbody> </table> <p>*Deferred Action for Childhood Arrival (DACA) recipients, as indicated by EAD Code C33 on the borrower's <i>Employment Authorization Document (EAD)</i>, are not eligible; <i>5103.2: Permanent and Nonpermanent Resident Aliens</i>.</p>				Non-U.S. Citizen Proof of Lawful Residency Documentation Requirements (New table 3/31/2017)				Program	Permanent Resident Alien	Non-Permanent Resident Alien	Non-Resident Alien or Other	Freddie Mac	<ul style="list-style-type: none"> <u>Permanent Resident Card (Green Card), or</u> <u>Passport with USCIS I-551 stamp</u> 	<ul style="list-style-type: none"> <u>USCIS Employment Authorization Document</u> 	Not Eligible
Non-U.S. Citizen Proof of Lawful Residency Documentation Requirements (New table 3/31/2017)																
Program	Permanent Resident Alien	Non-Permanent Resident Alien	Non-Resident Alien or Other													
Freddie Mac	<ul style="list-style-type: none"> <u>Permanent Resident Card (Green Card), or</u> <u>Passport with USCIS I-551 stamp</u> 	<ul style="list-style-type: none"> <u>USCIS Employment Authorization Document</u> 	Not Eligible													
Compliance 8.9 Qualified Mortgage/ATR 8.9 Higher Priced Mortgage Loans	<ul style="list-style-type: none"> See the <i>Freddie Mac Conforming Mortgage Program Guide</i>. 															
Condominiums 10.7.5. Condominium Requirements	<ul style="list-style-type: none"> Lender overlays apply: See the <i>Freddie Mac Conforming Mortgage Program Guide</i>. 															
Credit Report and Credit Scores 10.4.2. Credit Report Requirements	<ul style="list-style-type: none"> <u>Each borrower must generate a traditional credit score from at least one repository.</u> <u>Lender does not permit use of non-traditional or "alternative" credit.</u> No minimum credit score required, however, <u>all loans must receive LPA Accept findings.</u> See AUS and Underwriting. 															
Debt-to-Income Ratio (DTI) Calculation 3/21/2019	<ul style="list-style-type: none"> See the <i>Freddie Mac Conforming Mortgage Program Guide</i> for requirements. There is no maximum monthly housing expense-to-income ratio. Loan Product Advisor (LPA) will determine the maximum DTI, <i>4501.9(d)</i>. For loans with secondary financing, including eligible unsecured loans, if the monthly P & I or interest only payment begins on or after the 61st monthly payment under the First Lien Mortgage or if repayment of the loan is due only upon sale or default, the amount of the monthly payment may be excluded from DTI, <i>4501.10(c)(ii)(3)</i>. See Secondary Financing. Alimony or Maintenance Payments in LPA: Effective with loans delivered to Lender on and after 5/3/2019, monthly alimony or maintenance payments with more than 10 months remaining must be entered in LPA as a negative income type, <i>5301.1, 5401.2</i>. 															
Deed Restrictions 10.9. Resale Deed Restrictions	<ul style="list-style-type: none"> Lender overlays apply: See the <i>Freddie Mac Conforming Mortgage Program Guide</i> for requirements. 															
Disaster Policy 10.10. Disaster Policy	<ul style="list-style-type: none"> Lender overlays apply. See the <i>Freddie Mac Conforming Mortgage Program Guide</i> for requirements. 															

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Electronic Signatures 6.12.2. Electronic Delivery and Electronic Signature	<ul style="list-style-type: none"> • <u>Lender overlays apply.</u> See the <i>Freddie Mac Conforming Mortgage Program Guide</i> for requirements.
Escrow Holdbacks 5.20. Escrow/ Impound Accounts 2/26/2019	<ul style="list-style-type: none"> • <u>Purchase Transactions:</u> Loans with pending escrow holdbacks for postponed improvements are eligible, due to weather related issues only, max \$5000, subject to Freddie Mac requirements and the requirements in the <i>Lender Escrow Holdback Product Guide</i>. <ul style="list-style-type: none"> ○ Properties must be suitable for immediate occupancy and postponed improvements must not impact safety, soundness or habitability ○ <u>Maximum holdback amounts:</u> New Construction - the lesser of \$35,000 or 10% of improved value; Existing Construction - the lesser of \$15,000 or 10% of improved value. ○ <u>Borrowers may not complete the improvements. Existing-construction Texas loans are not eligible.</u> • <u>Completion escrow accounts must be custodial accounts that satisfy the criteria in Fannie Mae Selling Guide Section B4-1.2-03.</u> (Effective for Freddie Mac loans delivered to Lender on and after April 5, 2019.) • <u>Refinance Transactions:</u> Escrowed completion funds must have been fully disbursed and work completed as evidenced by an acceptably completed Form 442, Satisfactory Completion Certificate prior to Purchase by Lender.
Escrow / Impound Accounts 1.20. Escrow/ Impound Accounts	<ul style="list-style-type: none"> • <u>Escrow/impound accounts are required for all loans > 80% LTV except as prohibited or required by Applicable Law in certain states.</u> For requirements, see the <i>Freddie Mac Conforming Mortgage Program Guide</i>.
Homeownership Education and Housing Counseling Effective 10/29/2018	<ul style="list-style-type: none"> • For Home Possible purchase transactions when all occupant Borrowers are First-Time Homebuyers, at least one occupying Borrower must participate in a homeownership education program before the Note Date, 4501.12. (Note – other requirements apply, but are not applicable to transactions eligible for sale to Lender.) • <u>Program Requirements, 5103.6:</u> <ul style="list-style-type: none"> ○ Homeownership education must not be provided by an interested party to the transaction, the Seller, or the Seller’s TPO. ○ Homeownership education programs may use different formats and require different lengths of time to complete. The following are acceptable: <ul style="list-style-type: none"> ▪ Programs developed by HUD-approved counseling agencies, Housing Finance Agencies (HFAs) or Community Development Financial Institutions (CDFIs) ▪ Programs developed by mortgage insurance companies ▪ Programs that meet the standards of the National Industry Standards for Homeownership Education and Counseling (www.homeownershipstandards.com). ○ Alternately, Freddie Mac’s free financial literacy curriculum, CreditSmart®, meets the homeownership education requirements. See 5103.6 for requirements. • <u>Documentation:</u> A copy of Exhibit 20, Homeownership Education Certification, or another document (such as the CreditSmart – Steps to Homeownership certificate of completion) containing comparable information must be retained in the Mortgage file, 5103.6.
Identity of Interest and Non-Arm’s Length Transactions 10.4.4. Requirements for Identity of Interest and Non-Arm’s Length Transactions	<ul style="list-style-type: none"> • <u>Lender overlays apply.</u> For requirements, see the <i>Freddie Mac Conforming Mortgage Program Guide</i>.

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<p style="text-align: center;">Income Clarification 4/16/2019</p>	<ul style="list-style-type: none"> • Income Calculations: Except as otherwise below and in <i>Freddie Mac Guide Section 4501</i> for Home Possible loans, follow the requirements in <i>Freddie Mac Guide 5302-5307</i>. • Income Limits: Effective with <u>Guide Bulletin 2017-26</u>, the lender must use the income “used to qualify the Borrower” to establish that the income limits are not exceeded. LPA will determine the income eligibility of the Mortgage, <i>4501.7</i>. (With <i>Guide Bulletin 2017-26</i>, Lenders are no longer required to use “all income on the URLA.”) • Unique Eligible Income Types for Home Possible, 4501.9 <ul style="list-style-type: none"> ○ Rental income from a 1-unit Primary Residence may be considered as stable monthly income (as defined in <i>Freddie Mac Guide Section 5301.1</i>) provided it meets the requirements in <i>Section 5306.1</i> or the following: <ul style="list-style-type: none"> ▪ Connection with Borrower - The person providing the rental income and the Borrower: <ul style="list-style-type: none"> • Have resided together for at least one year, and • Will continue residing together in the new residence, and • 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). ▪ Rental payment - Rental income from the person residing in the Mortgaged Premises: <ul style="list-style-type: none"> • Has been paid to the Borrower for at least 9 of the past 12 months on a regular basis. <ul style="list-style-type: none"> ○ The income must be averaged over 12 months when fewer than 12 months of payments are documented. • 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) • Does not exceed 30% of total income used to qualify for the Mortgage. ▪ Other Documentation - The Mortgage file must contain a written statement from the Borrower affirming: <ul style="list-style-type: none"> • 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. ○ Accessory Unit Income: Rental income that meets the above requirements may be generated from an accessory unit. See <i>Freddie Mac Guide 5601.2, 5306.1(a)(ii), and 5601.12</i> for property eligibility and appraisal requirements, <i>4501.9(a)</i>. • Note: When rental income from an <i>investment property</i> is being used to qualify, the requirements of <i>Freddie Mac Guide Topics 5300 and 5400</i>, including eligible income types, apply. In the event any requirements of <i>Topics 5300 or 5400</i> conflict with the requirements in <i>Section 4501.9</i> the requirements of <i>Section 4501.9</i> apply. • Income Contributions from Borrowers with Insufficient Credit History are not eligible. Lender requires that every borrower generate at least one traditional credit score. See <u>Credit Report and Credit Scores</u> in this program guide. • Also see <u>Tax Transcripts and 4506-T</u> in this program guide.
<p style="text-align: center;">Leasehold Estates and Land Trusts 8/16/2018</p>	<ul style="list-style-type: none"> • Except as otherwise noted in this section, Loans secured by properties on leased land are eligible for purchase by Lender subject to Freddie Mac requirements, <i>1301.11, 3301.10, 3401.13, 5704.1-5, 9101.2 and, 9102.4</i>. • <u>Mortgage loans on homes in a Land Trust or Community Land Trust, including Illinois land trusts and “Indian Leased Land”</u>, are not eligible for purchase by Lender. • Also see <u>Property Eligibility</u>.
<p style="text-align: center;">Loan Quality Advisor® (LQA) 10.1 General Loan Eligibility</p>	<ul style="list-style-type: none"> • <u>Freddie Mac Loans delivered to Lender must be able to pass Freddie Mac’s Loan Quality Advisor.</u> • For complete requirements, see the <i>Freddie Mac Conforming Mortgage Program Guide</i>.
<p style="text-align: center;">Mortgage Credit Certificates and Housing Authority Subsidies</p>	<ul style="list-style-type: none"> • <u>Lender overlays apply.</u> See the <i>Freddie Mac Conforming Program Guide</i>.

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Mortgage Insurance 5.19 Mortgage Insurance Effective 10/29/2018	<ul style="list-style-type: none"> • Ineligible MI Types: Lender does not accept the following: <ul style="list-style-type: none"> ○ <u>Monthly Lender Paid MI (or any MI) if the premium is paid out of the mortgage interest received</u> ○ <u>Home Possible transactions for which the lender has exercised the “Minimum MI Coverage Option” with a loan level price adjustment.</u> See the table below for coverage requirements. ○ MI that does not meet applicable Local, State or Federal laws or regulations ○ MI that does not meet Freddie Mac requirements. • Home Possible MI Coverage Requirements: <table border="1" data-bbox="512 370 1465 464"> <thead> <tr> <th data-bbox="512 370 1192 402">Home Possible MI Coverage Requirements</th> <th data-bbox="1192 370 1465 402">LTV</th> </tr> </thead> <tbody> <tr> <td data-bbox="512 402 1192 435">25 percent coverage (<i>Reduced Standard Rate, 4701</i>)</td> <td data-bbox="1192 402 1465 435">>90 - 97%</td> </tr> <tr> <td data-bbox="512 435 1192 464">Standard Rate</td> <td data-bbox="1192 435 1465 464">≤ 90%</td> </tr> </tbody> </table> • See <i>4701.1, Mortgage Insurance</i> for Freddie Mac Mortgage Insurance requirements • Providers: See <i>Seller Guide Section 5.1.1. Quick Reference Guide, Private Mortgage Insurance</i>, for the list of MI providers eligible to Lender Mortgage insurance premiums may be paid as follows, (<i>4701.2, 4501.11</i>): <ul style="list-style-type: none"> ○ Borrower-paid monthly, annual, or single premium (or a combination of those) ○ Lender-paid– single premium ○ Financed (borrower-paid) premiums • For Financed MI premiums (<i>4701.2</i>): <ul style="list-style-type: none"> ○ Base LTV is calculated using the loan amount without the financed premium. <ul style="list-style-type: none"> ▪ Base LTV is used to calculate MI coverage. ○ Gross LTV is calculated using the loan amount including the financed premium. The Gross LTV must not exceed the maximum LTV limits for the Loan Program. 	Home Possible MI Coverage Requirements	LTV	25 percent coverage (<i>Reduced Standard Rate, 4701</i>)	>90 - 97%	Standard Rate	≤ 90%
Home Possible MI Coverage Requirements	LTV						
25 percent coverage (<i>Reduced Standard Rate, 4701</i>)	>90 - 97%						
Standard Rate	≤ 90%						
Multiple Properties Owned 4/16/2019	<ul style="list-style-type: none"> • The Borrower may have an ownership interest in other residential properties, <i>4501.7</i>. • <u>The occupying Borrower(s) must not have an ownership interest in more than two financed residential properties, including the subject property, as of the Note Date of the new loan. The last day for Lender to purchase loans that do not meet this requirement is 6/3/2019. (Overlay for timing only).</u> • See <i>Freddie Mac Guide 5401.2(b)(i)</i> for requirements for excluding liabilities, including Mortgage debt, from the monthly debt payment-to-income ratio. 						
Non-Occupant Borrowers Effective 10/29/2018	<ul style="list-style-type: none"> • Freddie Mac permits non-occupant borrowers in the Home Possible program, <i>4501.7</i>. • See the matrix on page 1 of this Program Guide for LTV/TLTV/HTLTV restrictions that apply to transactions with non-occupant borrower(s). 						
Occupancy Effective 10/29/2018	<ul style="list-style-type: none"> • Primary residence only – The occupant borrowers must occupy the Mortgage Premises as their Primary Residence, <i>4501.7</i>. 						
Power of Attorney 6.10 Power of Attorney	<ul style="list-style-type: none"> • <u>Lender overlays apply.</u> For requirements, see the <i>Freddie Mac Conforming Mortgage Program Guide</i>. 						

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Product, Program, and Transaction Eligibility 11/26/2018	<ul style="list-style-type: none"> • For general information about the Home Possible product, see the Freddie Mac Home Possible Page • See Product Codes in this program guide for eligible loan terms in this program. • The following are NOT eligible: <ul style="list-style-type: none"> ○ Home Possible with RHS Leveraged Second ○ Manufactured housing ○ Community Land Trusts or Land Trusts (See Leasehold Estates and Land Trusts) ○ Home Possible Construction Conversion <ul style="list-style-type: none"> ▪ <u>“One-time-close” construction loans and construction loan modifications are NOT eligible.</u> ▪ Refinancing of a construction loan where property is complete, and loan has separate documentation, new qualification, new underwrite and new Note may be eligible if the Loan meets all other applicable Home Possible guidelines. ○ Refinance transactions and existing-construction Texas Loans with undisbursed escrow holdbacks (or postponed improvements) (See Escrow Holdbacks) ○ Home Possible Renovation Mortgages ○ Affordable Merit Rate® Mortgages ○ A-minus Mortgages ○ Seasoned Mortgages ○ Financed Permanent or Temporary Subsidy Buydown Mortgages ○ Lender-Owned Modified Mortgages and Lender-Owned Converted Mortgages ○ Mortgages with capitalized balances as described in <i>Freddie Guide Chapter 4403</i> ○ Freddie Mac Relief Refinance and Relief Refinance Open Access (Enhanced) Mortgages ○ Freddie Mac HFA Advantage® ○ Enhanced Relief Refinance^(SM) (which replaces the Relief Refi® - Open Access program) ○ GreenCHOICE Mortgages®, 4606 ○ Texas 50(a)6
Property Eligibility 10.7. Property Eligibility 1/31/2019	<ul style="list-style-type: none"> • Lender allows primary residence, <u>1-unit SFR</u>, condo, and PUD transactions only. <u>Manufactured homes and mobile homes or on-frame modular are not permitted.</u> • <u>Additional Lender overlays apply.</u> For property eligibility restrictions, see the <i>Freddie Mac Conforming Mortgage Program Guide</i>.
Property Flipping and Purchase Contract Assignments, Churning 9.9. Property Flipping & Purchase Contract Assignments	<ul style="list-style-type: none"> • <u>Lender overlays apply.</u> See the <i>Freddie Mac Conforming Mortgage Program Guide</i>.
Refinance Cash to Borrower Limitations	<ul style="list-style-type: none"> • No cash-out refinance transactions only: Maximum cash to borrower is the greater of 1% of the loan amount or \$2,000, <i>4301.4</i>.

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<p style="text-align: center;">Secondary Financing 10.4.7. Subordinate Financing Effective 10/29/2018</p>	<ul style="list-style-type: none"> • Home Possible Conforming and Super Conforming - The following types of secondary financing are eligible (4501.10(c)(ii)(3)): <ul style="list-style-type: none"> ○ Secured lien meeting the requirements in 4204, including: <ul style="list-style-type: none"> ▪ Employer Assisted Homeownership (EAH) Benefit, 4204.1 ▪ Affordable Second® or Affordable Second EAH, 4204.2. ▪ Other second lien meeting the requirements in 4204.1 ○ Unsecured Loans meeting all of the requirements in 4501.10(c)(iii) and from the following sources are acceptable: An Agency, a Related Person, or a Community Savings System (funds in excess of the Borrower contribution to the Community Savings System). (Cannot be from anyone who participated in the mortgage origination process.) See Assets. ○ See the table on Page 1 of this Program Guide for TLTV/HTLTV restrictions. • General Requirements for Loans with Secondary Financing, (4204.1): <ul style="list-style-type: none"> ○ Secondary liens subordinating to new Freddie Mac firsts must meet Freddie Mac requirements, 4204.1 <i>Mortgages with Secondary Financing</i>. ○ A copy of the second lien Note and Settlement/Closing Disclosure is required for all new and re-subordinating second liens. For HELOCs, the HELOC agreement indicating all fees and costs paid by the Borrower at closing, and the maximum permitted credit advance. ○ The title policy must ensure that the new first is clearly insured in first lien position. For new subordinate liens, Lender requests a certified copy of the security instrument indicating that it is recording subordinate to the new first lien. ○ For re-subordinating seconds, a certified copy of the executed subordination agreement (or equivalent, as designated by applicable state law) must be delivered with the Mortgage Loan file, 4204.1(c). ○ Follow Freddie Mac guidelines for calculating HELOC TLTV and HTLTV, 4203.2 <i>Calculating LTV, TLTV and HTLTV ratios</i>. • Affordable Seconds® (4204.2) <ul style="list-style-type: none"> ○ Requirements: Must be a closed-end loan that complies with the requirements of <i>Freddie Guide Section 4204.1(a)</i> and 4204.2, regardless of whether they are originated or are being subordinated to the First Lien Mortgage in a refinance transaction. HELOCs are not permitted. ○ Eligible Source: Must be provided by an Agency under an established, ongoing, documented secondary financing or financial assistance program, meeting the requirements of 4204.2. The Agency must <i>not</i> be the Seller or its TPO, or have participated in any aspect of the Mortgage origination process, or be affiliated with, under contract to, or financed (directly or indirectly) by the Seller or its TPO, or be the property seller or another interested party to the transaction. ○ Employer Assisted Homeownership (EAH) Benefit Affordable Seconds meeting the requirements in 4204.2. are permitted. ○ Submitting to LPA: In LPA, the Lender may enter the amount of the Affordable Second in the "Total Gift Fund" field instead of entering it into the "Subordinate Amount" field, if the Affordable Second does not require a payment before the Due Date of the 61st monthly payment, and It meets all the other requirements for an Affordable Second in 4204.2. ○ Participation in appreciation (equity sharing): When the terms of an Affordable Second permit the Agency to share in the appreciation of the Mortgaged Premises, the requirements in 4204.2 and 4204.5 must be met.
<p>State and Geographic Restrictions 5.1.1. Quick Reference Guide</p>	<ul style="list-style-type: none"> • <u>Lender overlays apply, including that Lender does not purchase properties in the state of New York. See the <i>Freddie Mac Conforming Mortgage Program Guide</i> for requirements.</u>
<p>Tax Transcripts and 4506-T 10.5.6. Tax Return Transcripts 1/31/2019</p>	<ul style="list-style-type: none"> • A 4506-T is required. See 5302.5. • If all qualifying income is W-2 income and/or the type of fixed-income typically reported on a 1099 tax and W-2 transcripts are not required. (Delegated Underwriting only.) • If all qualifying income is not W-2 income, a transcript must be obtained for each tax year covered by the income documentation used to qualify the Borrower(s). If not yet available, <u>loan file must contain a copy of an IRS or vendor document showing that no transcript is available.</u> See <i>Seller Guide Section 10.5.6.</i> for additional details. • Mortgage Loans and/or Borrowers that do not require income documentation under the applicable Loan Program do not require IRS tax transcripts.
<p>Uniform Closing Dataset (UCD) Requirements</p>	<ul style="list-style-type: none"> • See the <i>Freddie Mac Conforming Mortgage Program Guide</i> for Lender requirements.