

Freddie Mac Home Possible (LP)

Purchase and Rate and Term Refinance (Conforming Limits)

Units	Maximum LTV/ TLTV / HLTUV	Minimum Credit Score
1 Unit	97 / 97 / 97%	620
2 - 4 Unit	85 / 95 / 95%	620


Purchase and Rate and Term Refinance (Super Conforming)

Units	Maximum LTV/ TLTV / HLTUV	Minimum Credit Score
1 Unit	95 / 95/ 95%	620
2 Unit	85 / 85 / 85%	620
3 - 4 Unit	80 / 80 / 80%	620

Follow CWL Conventional Guidelines unless stated otherwise below

General Information

Homeownership Education and Housing Counseling	<p>At least one occupying borrower must participate in a homeownership education program before the Note Date for purchase transactions when all occupying borrowers are first-time homebuyers.</p> <p>Homeownership education or landlord education must not be provided by an interested party to the transaction, the originating lender or the seller.</p> <p>Landlord Education (2-4 unit Primary Residences)</p> <ul style="list-style-type: none"> • Purchase Transactions – At least one qualifying borrower must participate in a landlord education program before the Note Date. <ul style="list-style-type: none"> ○ A copy of a certificate evidencing successful completion of the landlord education program must be retained in the mortgage file. • Refinance Transactions – Landlord education is not required but is recommended for borrowers who have not previously attended a program. <p>Acceptable Homeownership Education Programs</p> <ul style="list-style-type: none"> • Programs provided by mortgage insurance companies, HUD-approved counseling agencies, Housing Finance Agencies (HFAs) or Community Development Financial Institutions (CDFIs); • Programs that meet the standards of the National Industry Standards for Homeownership Education and Counseling (www.homeownershipstandards.com); • Freddie Mac's free homeownership education curriculum, CreditSmart® Homebuyer U. <p>A copy of Exhibit 20, Homeownership Education Certification, or another document (i.e., the CreditSmart® Homebuyer U certificate of completion) containing comparable information must be provided and retained in the mortgage file.</p>
Higher Priced Mortgage Loans	<ul style="list-style-type: none"> • ACE (Automatic Collateral Evaluation) are ineligible for HPML.
Loan Limits	<ul style="list-style-type: none"> • Follow CWL Conventional Guidelines
Mortgage Insurance	<p>Required on all loans exceeding an 80% LTV</p> <ul style="list-style-type: none"> • Borrower Paid Financed – must qualify for QM (Must also meet financed guidelines below) • Borrower Paid Single Premium MI Option • Monthly • Lender Paid MI (not eligible with super conforming loans) • Financed premiums must comply with the requirements below: <ul style="list-style-type: none"> ○ The base LTV must not exceed the maximum LTV permitted for the program ○ The gross LTV cannot exceed 97% (95% for Super Conforming) ○ Subject property must be 1-4 unit Primary Residence ○ Fixed rate only ○ The amount of coverage meets the standard coverage level requirements using the base LTV ratio.

Mortgage Insurance (cont.)	<ul style="list-style-type: none"> The mortgage insurance premium must be paid with a single-premium payment (i.e., monthly premium payments are not eligible) <table border="1" data-bbox="375 178 1542 409"> <thead> <tr> <th rowspan="2">Term</th> <th rowspan="2">MI Coverage</th> <th colspan="4">LTV Ratio</th> </tr> <tr> <th>80.01-85%</th> <th>85.01-90%</th> <th>90.01-95%</th> <th>95.01-97%</th> </tr> </thead> <tbody> <tr> <td rowspan="2">≤ 20 years</td> <td>Standard</td> <td>6%</td> <td>12%</td> <td>25%</td> <td>25%</td> </tr> <tr> <td>Custom¹</td> <td>N/A</td> <td>N/A</td> <td>16%</td> <td>18%</td> </tr> <tr> <td rowspan="2">> 20 years</td> <td>Standard</td> <td>12%</td> <td>25%</td> <td>25%</td> <td>25%</td> </tr> <tr> <td>Custom¹</td> <td>6%</td> <td>12%</td> <td>16%</td> <td>18%</td> </tr> </tbody> </table> <p>¹Additional adjustments apply if custom mortgage insurance is chosen.</p> <p>Acceptable Mortgage Insurance Companies:</p> <ul style="list-style-type: none"> MGIC (http://www.mgic.com) Genworth (www.mortgageinsurance.genworth.com) Essent Guaranty (http://essent.us) National MI (www.nationalmi.com) <ul style="list-style-type: none"> DTI > 45% requires minimum 700 FICO Score (does not apply if using National's Rate GPS) Radian (http://www.radian.biz/page?name=HomePage) <ul style="list-style-type: none"> Single Premium MI: DTI > 45% requires minimum 700 FICO Score. Single premium MI is also not available when LTV > 95% and DTI > 45% regardless of fico score. (Restrictions do not apply if using Radian's RADAR Rates Single Premium Borrower-Paid pricing option). 	Term	MI Coverage	LTV Ratio				80.01-85%	85.01-90%	90.01-95%	95.01-97%	≤ 20 years	Standard	6%	12%	25%	25%	Custom ¹	N/A	N/A	16%	18%	> 20 years	Standard	12%	25%	25%	25%	Custom ¹	6%	12%	16%	18%
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Supporting Documentation	<ul style="list-style-type: none"> Underwriting will follow the AUS findings regarding VODs, bank statements or paystubs. All supporting documentation must be dated within 120 days of the Note (existing and new construction) 																																
Underwriting	<ul style="list-style-type: none"> LPA Approve/Accept Fill out Community Lending information on the submission screen in LPA 																																
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Borrower Contribution	<p>The following requirements apply to purchase transactions:</p> <table border="1" data-bbox="375 1354 1542 1501"> <thead> <tr> <th colspan="4">Minimum contribution from borrower personal funds</th> </tr> <tr> <th>Property Type</th> <th>LTV/TLTV/HTLTV ≤ 80%</th> <th>LTV/TLTV/HTLTV 80.01-95%</th> <th>LTV/TLTV/HTLTV > 95%</th> </tr> </thead> <tbody> <tr> <td>1 Unit</td> <td>None</td> <td>None</td> <td>None</td> </tr> <tr> <td>2-4 Unit</td> <td>None</td> <td>3% of value</td> <td>N/A</td> </tr> </tbody> </table>	Minimum contribution from borrower personal funds				Property Type	LTV/TLTV/HTLTV ≤ 80%	LTV/TLTV/HTLTV 80.01-95%	LTV/TLTV/HTLTV > 95%	1 Unit	None	None	None	2-4 Unit	None	3% of value	N/A																
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Non-Occupant Co-Borrower	<p>Non-occupying borrower are permitted provided that:</p> <ul style="list-style-type: none"> Subject property is 1 unit; Maximum 95% LTV/TLTV/HTLTV, except maximum 105% TLTV allowed when combined with an Affordable Seconds. Funds used to qualify for the mortgage may come from the occupying and/or the non-occupying borrower. 																																
Occupancy	<ul style="list-style-type: none"> At least one borrower must occupy the property as their primary residence. 																																
Ownership of Other Property	<ul style="list-style-type: none"> 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. 																																

Financing Types

Eligible Loan Types	<ul style="list-style-type: none"> Fixed rate products only Primary residence, Purchase and Rate and Term Refinance only.
Super Conforming (High Balance)	<ul style="list-style-type: none"> Not allowed when LTV exceeds 95%.
Temporary Buydowns	<ul style="list-style-type: none"> Not allowed.

Credit

Credit	<ul style="list-style-type: none"> Follow CWL Conventional Guidelines
Qualifying Ratios	<ul style="list-style-type: none"> Per LPA

Income

Employment Verification	<p>Follow LPA findings for income documentation requirements</p> <ul style="list-style-type: none"> A verbal VOE is required for all borrowers within 10 days prior to Note date A written VOE is required when using OT or bonus income to qualify All loans require IRS Form 4506-C Form 4506-C must be processed per AUS
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Income Limits	<ul style="list-style-type: none"> The borrower's qualifying income converted to an annual basis must not exceed 80% of the area median income (AMI) for the location of the subject property. For LPA mortgages, LPA will determine the income eligibility of the loan and will apply the updated 2021 AMI limits as follows: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="background-color: #008000; color: white; text-align: center;">Loan Product Advisor determination of Home Possible eligibility</th> </tr> </thead> <tbody> <tr> <td style="width: 50%;">IF the mortgage is submitted as a Home Possible Mortgage on or after June 16, 2021</td> <td style="width: 50%;">THEN the following income limits are applied...</td> </tr> <tr> <td> <p>For the following resubmissions:</p> <ul style="list-style-type: none"> The last submission before the effective date was also a Home Possible Mortgage, and The income limits were met </td> <td> <p>The better of the following income limits:</p> <ul style="list-style-type: none"> 2020 AMI limits at 80% of the AMI OR 2021 AMI limits at 80% of the AMI </td> </tr> <tr> <td> <p>For the following submissions:</p> <ul style="list-style-type: none"> The mortgage is submitted for the first time The Key Number cannot be identified, or The last submission before the effective date was not submitted as Home Possible and/or did not meet the income eligibility limits </td> <td> <p>2021 AMI limits at 80% of the AMI</p> </td> </tr> </tbody> </table>	Loan Product Advisor determination of Home Possible eligibility		IF the mortgage is submitted as a Home Possible Mortgage on or after June 16, 2021	THEN the following income limits are applied...	<p>For the following resubmissions:</p> <ul style="list-style-type: none"> The last submission before the effective date was also a Home Possible Mortgage, and The income limits were met 	<p>The better of the following income limits:</p> <ul style="list-style-type: none"> 2020 AMI limits at 80% of the AMI OR 2021 AMI limits at 80% of the AMI 	<p>For the following submissions:</p> <ul style="list-style-type: none"> The mortgage is submitted for the first time The Key Number cannot be identified, or The last submission before the effective date was not submitted as Home Possible and/or did not meet the income eligibility limits 	<p>2021 AMI limits at 80% of the AMI</p>
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Rental Income	<p>Rental income from a 1-unit Primary Residence may be considered as stable monthly income provided it meets FHLMC requirements below:</p> <ul style="list-style-type: none"> The person providing the rental income: <ul style="list-style-type: none"> Is not obligated on the mortgage and does not have an ownership interest in the mortgaged premises, Has resided with the borrower for at least one year, Will continue residing with the borrower in the new residence, 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, Is not the borrower's spouse or domestic partner. Rental income from the person residing in the mortgaged premises: <ul style="list-style-type: none"> 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 file must contain a written statement in the form of a signed letter or e-mail directly from the borrower affirming: <ul style="list-style-type: none"> The source of the rental income
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Rental Income (cont.)	<ul style="list-style-type: none"> ○ 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. • Rental income that meets the requirements above may be generated from an accessory unit.
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Assets

Assets	<ul style="list-style-type: none"> • Follow CWL Conventional Guidelines unless stated otherwise below. <table border="1" data-bbox="375 338 1323 774"> <thead> <tr> <th colspan="2" data-bbox="375 338 1323 365" style="text-align: center;">Source of Funds</th> </tr> <tr> <th data-bbox="375 365 836 392" style="text-align: center;">Use</th> <th data-bbox="836 365 1323 392" style="text-align: center;">Permitted Sources of Funds</th> </tr> </thead> <tbody> <tr> <td data-bbox="375 392 836 434">Minimum Borrower Contribution</td> <td data-bbox="836 392 1323 434">Borrower personal funds</td> </tr> <tr> <td data-bbox="375 434 836 512">Down Payment</td> <td data-bbox="836 434 1323 512">Borrower personal funds Other FHLMC eligible sources of funds</td> </tr> <tr> <td data-bbox="375 512 836 619">Paying down the principal balance of the mortgage being refinanced for a "no cash-out" refinance transaction</td> <td data-bbox="836 512 1323 619">Borrower personal funds Other FHLMC eligible sources of funds</td> </tr> <tr> <td data-bbox="375 619 836 716">Closing Costs</td> <td data-bbox="836 619 1323 716">Borrower personal funds Other FHLMC eligible sources of funds Flexible sources of funds per FHLMC</td> </tr> <tr> <td data-bbox="375 716 836 774">Reserves</td> <td data-bbox="836 716 1323 774">Borrower personal funds Other FHLMC eligible sources of funds</td> </tr> </tbody> </table> <p data-bbox="375 804 526 831">Sweat Equity</p> <ul style="list-style-type: none"> • Not allowed 	Source of Funds		Use	Permitted Sources of Funds	Minimum Borrower Contribution	Borrower personal funds	Down Payment	Borrower personal funds Other FHLMC eligible sources of funds	Paying down the principal balance of the mortgage being refinanced for a "no cash-out" refinance transaction	Borrower personal funds Other FHLMC eligible sources of funds	Closing Costs	Borrower personal funds Other FHLMC eligible sources of funds Flexible sources of funds per FHLMC	Reserves	Borrower personal funds Other FHLMC eligible sources of funds
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Reserve Requirements	<ul style="list-style-type: none"> • LPA Approve/Accept – Determined by LPA <p data-bbox="375 947 863 974">Reserve Requirements (Definition of PITIA)</p> <ul style="list-style-type: none"> • Principal and interest • Hazard, flood, and mortgage insurance premiums (as applicable) • Real estate taxes • Ground rents • Special assessments • Owners' association dues (excluding individual unit utility charges) • Subordinate finance payments on mortgages secured by the subject property.
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Property

Appraisal Requirements	<ul style="list-style-type: none"> • Must obtain an appraisal with an interior and exterior inspection unless the last Feedback Certificate includes an automated collateral evaluation offer stating the mortgage is eligible for collateral representation and warranty relief with an appraisal waiver.
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Property Types	<p data-bbox="375 1350 461 1377">Eligible</p> <ul style="list-style-type: none"> • Owner Occupied, Single family 1-4 unit properties • Condominiums • Planned Unit Developments (PUD's) <p data-bbox="375 1493 480 1520">Ineligible</p> <ul style="list-style-type: none"> • Second homes • Investment properties • Recreational, vacation, or second homes • Co-ops • Manufactured homes
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Automated Collateral Evaluation (ACE)	<table border="1" data-bbox="375 1703 1544 1961"> <thead> <tr> <th colspan="2" data-bbox="375 1703 1544 1730" style="text-align: center;">LPA Automated Collateral Evaluation (ACE)</th> </tr> </thead> <tbody> <tr> <td colspan="2" data-bbox="375 1730 1544 1814" style="text-align: center;">For certain Loan Product Advisor Mortgages, the automated collateral evaluation provides the Lender with the option to accept an appraisal waiver and originate the Mortgage without an appraisal provided the following requirements are met:</td> </tr> <tr> <th data-bbox="375 1814 971 1841" style="text-align: center;">Eligible Transactions</th> <th data-bbox="971 1814 1544 1841" style="text-align: center;">Ineligible Transactions</th> </tr> <tr> <td data-bbox="375 1841 971 1961"> <ul style="list-style-type: none"> • LPA Accept • LTV/TLTV/HTLTV does not exceed 80% • One-unit Primary Residence • Purchase and Rate/Term Refinance </td> <td data-bbox="971 1841 1544 1961"> <ul style="list-style-type: none"> • HPML loans • Cash-out Refinance • Manufactured Homes • Leasehold properties </td> </tr> </tbody> </table>	LPA Automated Collateral Evaluation (ACE)		For certain Loan Product Advisor Mortgages, the automated collateral evaluation provides the Lender with the option to accept an appraisal waiver and originate the Mortgage without an appraisal provided the following requirements are met:		Eligible Transactions	Ineligible Transactions	<ul style="list-style-type: none"> • LPA Accept • LTV/TLTV/HTLTV does not exceed 80% • One-unit Primary Residence • Purchase and Rate/Term Refinance 	<ul style="list-style-type: none"> • HPML loans • Cash-out Refinance • Manufactured Homes • Leasehold properties
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Automated Collateral Evaluation (ACE) (cont.)	<ul style="list-style-type: none"> • At time of application the loan officer must enter in the note pad that they intend to use the ACE • Loan must be disclosed with full appraisal fee • Upon evaluation by Loan Product Advisor, the last feedback certificate must indicate that the mortgage is eligible for collateral representation and warranty relief with an appraisal waiver (this represent the “offer”); and • There can be no changes to the AUS after clear to close. All underwriting conditions must be received, reviewed and cleared prior to doc. No UTR conditions can be moved prior to funding. • Changes to the AUS after clear to close may result in loss of ACE - use the AUS tolerance job aid to determine if AUS needs to be re-run AUS must be reviewed thoroughly each time AUS is run to ensure waiver is not lost. 	<ul style="list-style-type: none"> • Mortgages for which an appraisal has been obtained in connection with the mortgage • Properties subject to resale restrictions • Construction to Perm • Renovation Mortgages • Mortgages with Freddie Mac Settlement Dates more than 120 days from the Note Date • Non-arm’s length transactions • Purchases on REO properties (as identified in the sales contract) • Mortgages with an estimate of value or purchase price greater than \$1,000,000 • Properties listed in disaster areas • A contaminated site or hazardous substance exists affecting the property or the neighborhood in which the property is located • Adverse physical property conditions that are apparent based on the review of the sales contract, property inspection, disclosure from the borrower or seller.
Unpermitted Additions	<ul style="list-style-type: none"> • Refer to Unpermitted Additions Job Aid in the Job Aid section of PARC. 	