

MATRIX:

Home Possible Primary Residence – Owner Occupied				
Transaction	FICO	Number of Units	Maximum LTV/CLTV	DTI
Purchase & Rate / Term	620	1 – Unit	97%	Per LPA
		2 – Units	95%	
		3-4 – Units	95%	

Note:

- Non-Occupant co-borrower
 - Max 95% LTV / CLTV
- Super Conforming not permitted
- West Virginia: Maximum 50% DTI

Home Possible Manufactured Home Primary Residence – Owner Occupied				
Transaction	FICO	Number of Units	Maximum LTV/CLTV	DTI
Purchase & Rate / Term	620	1 – Unit	95%	Per LPA

Note:

- West Virginia: Maximum 50% DTI

Highlights:

- 620 Minimum FICO score.
- Borrowers without credit score – Not Allowed
- Manual Underwriting – Not Allowed
- Min loan amount \$60,000.
- Min loan amount \$75,000 for properties located in NY and TX
- Temporary Buydowns – Not Allowed
- ARM products – Not Available
- Non-Traditional Credit – Not Allowed
- Non-occupying co-borrowers – Not Allowed

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Home Possible - LPA



- Second Home – Not Allowed
- Investment property – Not Allowed
- Cooperative – Not Allowed
- Manufactured Home – Not Allowed
- Conforming Loan limits only – Super Conforming not allowed.
- Texas 50(a)(6) transaction – 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)
- Secondary financing not allowed:
- Down payment assistance and Mortgage Credit Certificates - **not allowed**
- 97% LTV/CLTV for Home Possible Advantage

Products:

Program Codes

Home Possible

30 year fixed	10HPNR-20 30 YR FIXED HOME POSSIBLE
30 year fixed LPMI	10HPNRLPMI-20 30 YR FIXED HOME POSSIBLE LPMI

Parameters and Underwriting:

ATR and QM

- All loans must meet the Ability to Repay (ATR) and Qualified Mortgage (QM) provisions of the Dodd-Frank Act.

Loan Limits

- Conforming Limits ONLY
- Super Conforming – not allowed

REFINANCES

All Refinance Mortgage requirements:

- All borrowers must occupy the property as their primary residence
- When an existing Mortgage will be satisfied as a result of a refinance transaction, one of the following requirements must be met:
- At least one borrower is obligated on the new loan who was also a borrower obligated on the existing loan being refinanced. OR
- The borrower has been on title, and residing in the property, for at least 12 months and has either paid the mortgage for the last 12 months or can demonstrate a relationship (relative, domestic partner, etc...) with the current obligor. OR
- The borrower has recently inherited, or was legally awarded, the property (divorce, separation, or dissolution of a domestic partnership).

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Home Possible - LPA



	<p>Rate and Term requirements: A "no cash-out" refinance Mortgage, Rate and Term, is a mortgage for which the proceeds may be used only to:</p> <ul style="list-style-type: none"> • Pay off the first Mortgage, regardless of its age • Pay related Closing Costs, Financing Costs, and Prepays / Escrows 	
Derogatory Credit	Derogatory Seasoning	
	Bankruptcy Foreclosure Deed-in-Lieu, Pre-Foreclosure, Charge-off of Mortgage account Short Sale Mortgage Modification Foreclosure and Bankruptcy on the same Mortgage (Mortgages not-reaffirmed) Judgement / Liens Collections and Charge off	<ul style="list-style-type: none"> • As per Loan Prospector (LP) - LP Streamline Accept – Only. (If LP is accept with standard documentation the waiting periods apply).
Student Loan Payment	<p>Student loan payment requirements: Deferred, forbearance, in repayment.</p> <ul style="list-style-type: none"> • 1% of outstanding balance or obtain documentation verifying the proposed monthly payment amount. <p>IBR – Interest Based Repayment plan – not acceptable</p>	
Mortgage Insurance	<ul style="list-style-type: none"> • Loans with a DTI greater than 45%, with a credit score <700 are not eligible for Mortgage Insurance, regardless of AUS decision. 	
Underwriting	<ul style="list-style-type: none"> • Loan Prospector – "LP Accept" only • Manual Underwriting – Not Allowed 	
Ratio	<p>Debt to Income Ratio – DTI:</p> <ul style="list-style-type: none"> • As per LP – LP Accept 	
Eligible AUS Decision	LPA Accept per Freddie Mac guidelines <ul style="list-style-type: none"> • Enter loans into LPA using the "Offering Identifier" field found in the Mortgage Type and Loan Terms section. Must reflect Home Possible to obtain an LPA decision indicating eligibility for Home Possible Mortgage program • LPA certificate must state that the loan casefile is eligible for delivery as a Home Possible Mortgage loan 	
Ineligible AUS Decisions	LPA Caution	
Manual	Not permitted	

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Underwrite										
Qualifying Rate	<ul style="list-style-type: none"> • Fixed Rate: Note rate 									
Types of Financing	<ul style="list-style-type: none"> • Purchase Mortgage • Rate & Term Refinance (No Cash-out Refinance) 									
Incidental Cash Back	<ul style="list-style-type: none"> • Maximum incidental cash back to the borrower is the greater of 1% of the loan amount or \$2,000 • Texas homestead properties subject to 50(a)(6) may not receive any (\$0) cash back at closing. Refer to Texas 50(a)(6) Product Profile 									
Texas Owner- Occupied Properties	<ul style="list-style-type: none"> • Owner occupied properties with a first mortgage or second lien subject to Texas Section 50(a)(6) not permitted in this product. Refer to the Texas 50(a)(6) Product Profile. • A copy of the current mortgage or note is required to determine if the terms are subject to Texas Section 50(a)(6) (also known as Home Equity Deed of Trust, Home Equity Installment Contract or Residential Home Loan Deed of Trust) (Non-Delegated Clients only) • An existing Texas Section 50(a)(6) loan (either first or second mortgage) may be refinanced as a Texas non-Home Equity Section 50(f)(2) loan secured by a lien against the homestead subject to the following: <ul style="list-style-type: none"> ○ Max 80% LTV/CLTV ○ 12-month seasoning for any Texas Section 50(a)(6) loan (first or second) ○ Cash back not permitted ○ No additional funds may be included in the loan amount (except closing costs and prepaids) ○ No new subordinate financing ○ An Interior and Exterior Appraisal Report is required ○ Lender must provide the <i>Notice of Refinance of a Texas Home Equity Loan Pursuant to Subsection (f)(2)</i> no later than the third business day after the loan application date and at least 12 days prior to closing <table border="1" data-bbox="499 1144 1848 1333"> <thead> <tr> <th colspan="3">Texas 50 (f)(2) Determination</th> </tr> <tr> <th>New loan amount pays off existing lien and...</th> <th>Existing lien is non-50(a)(6), the new lien is...</th> <th>Existing lien is 50(a)(6), the new lien is...</th> </tr> </thead> <tbody> <tr> <td>Provides even \$1 cash to borrower</td> <td>Texas 50 (a)(6)</td> <td>Texas 50 (a)(6)</td> </tr> </tbody> </table>	Texas 50 (f)(2) Determination			New loan amount pays off existing lien and...	Existing lien is non-50(a)(6), the new lien is...	Existing lien is 50(a)(6), the new lien is...	Provides even \$1 cash to borrower	Texas 50 (a)(6)	Texas 50 (a)(6)
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	Pays off/down existing 50(a)(6) lien with no cash to borrower	Texas 50 (a)(6)	Texas 50(f)(2)
	Pays off/down existing 50(a)(6) lien with cash to borrower	Texas 50 (a)(6)	Texas 50 (a)(6)
	New lien is < existing UPB (no new funds)	Non-Texas 50 (a)(6)	Texas 50(f)(2)
	Funds, prepaids and/or closing costs	Non-Texas 50 (a)(6)	Texas 50(f)(2)
	Pays off/down purchase money second	Non-Texas 50 (a)(6)	Texas 50(f)(2)
	Pays off/down existing Secured Home Improvement loan (mechanic's lien)	Non-Texas 50 (a)(6)	Texas 50(f)(2)
	Provides funds to satisfy a court- ordered divorce equity buyout (owelty lien)	Non-Texas 50 (a)(6)	Texas 50 (a)(6)
	<ul style="list-style-type: none"> • Borrower may elect to have loan remain a Texas 50(a)(6). Refer to Texas 50(a)(6) product profile • Once the borrower has completed a Texas 50(f)(2) any subsequent refinances of the homestead property may follow standard rate term refinance guidelines unless a cash-out refinance transaction 		
Properties Listed for Sale	<ul style="list-style-type: none"> • No restrictions 		
Ineligible Subordinate Financing	<ul style="list-style-type: none"> • Seller seconds • Variable interest rate 		
Occupancy	<ul style="list-style-type: none"> • Primary residence 		
Eligible Property Types	<ul style="list-style-type: none"> • 1-4 units • Condos <ul style="list-style-type: none"> ○ Must be reviewed by PRD (Non-Delegated Clients) • Leasehold estates 		

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	<ul style="list-style-type: none"> • Manufactured housing (multi-wide) • Modular home • PUDs • Nevada <ul style="list-style-type: none"> ○ The following is required for condo & PUD units in Nevada for Delegated Clients: <ul style="list-style-type: none"> ▪ HOA dues for the subject unit must be current prior to closing ▪ HOA may not be seller of the subject unit
Ineligible Property Types	<ul style="list-style-type: none"> • Condo hotels • Co-ops • Manufactured housing (single wide) • Non-warrantable condos • Properties with a C5 and C6 condition rating
Ineligible States	<ul style="list-style-type: none"> • Alaska
Eligible Borrowers	<ul style="list-style-type: none"> • U.S. citizens • Permanent resident alien • Non-permanent resident alien • Inter vivos revocable trust: Trusts must be reviewed by Second Signature
Non-Occupant Co-Borrower	<ul style="list-style-type: none"> • 1-unit only • Max LTV/CLTV/HCLTV ≤ 95% • The non-occupant co-borrower may not be an interested party to the sales transaction (e.g., property seller, builder, real estate broker)
Housing Payment History	<ul style="list-style-type: none"> • Inclusive of all liens regardless of position • Applies to all mortgages on all financed properties • Follow LPA Accept

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Borrower Contributions	<table border="1"> <thead> <tr> <th>Property Type</th> <th>≤ 80% LTV</th> <th>>80% ≤95% LTV</th> <th>>95% LTV</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%</td> <td>3%</td> </tr> <tr> <td>Gifts</td> <td colspan="3">Yes</td> </tr> <tr> <td colspan="4">LTV includes LTV/CLTV/HCLTV</td> </tr> </tbody> </table>	Property Type	≤ 80% LTV	>80% ≤95% LTV	>95% LTV	1-unit	None	None	None	2-4 unit	None	3%	3%	Gifts	Yes			LTV includes LTV/CLTV/HCLTV			
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Cash on Hand	<ul style="list-style-type: none"> • The following requirements must be met: <ul style="list-style-type: none"> ○ The borrower is a cash basis individual and that the cash on hand is not borrowed and could be saved by the borrower ○ The below documents are needed <ul style="list-style-type: none"> ▪ A completed Freddie Mac Exhibit 23 Monthly Budget and Residual Analysis Form 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 or acceptable alternative documentation to verify the recurring obligations, including the payment of revolving and installment debt, are customarily paid in cash ▪ The credit report must not show more than three trade lines ▪ 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 ▪ An updated credit report must be obtained one week prior to closing that does not show any new accounts or a substantial increase to an existing account that exceeds the amount of cash on hand provided by the borrower ▪ There must be no indication that the borrower typically uses checking, savings, or similar accounts ▪ Evidence that funds for the down payment, closing costs, prepaids and reserves are deposited in a financial institution or are held in an escrow account prior to closing 																				

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Seller Contributions	<ul style="list-style-type: none"> • Primary Residence <ul style="list-style-type: none"> ○ 3% for LTV/CLTV > 90% ○ 6% for LTV/CLTV > 75% & ≤ 90% ○ 9% for LTV/CLTV ≤ 75%
Reserves	<ul style="list-style-type: none"> • Follow LPA reserve requirements • Gift funds may be used to meet reserve requirements • Rate & Term Refi: The cash out may not be used to meet reserve requirements
Sweat Equity	<ul style="list-style-type: none"> • Not permitted
Income Requirements and Limits	<ul style="list-style-type: none"> • Qualifying income from all borrowers who will be on the Note must be included • Only the income used to qualify the borrowers must be included in the income limits • LPA will determine income eligibility: <ul style="list-style-type: none"> ○ Income must not exceed 80% AMI for the subject property location ○ See Income Eligibility by Census Tract Lookup tool
Rental Income from Boarder	<ul style="list-style-type: none"> • Income from a boarder (related or non-related) can be included in the calculation of the borrower's stable monthly income if the following are met: <ul style="list-style-type: none"> ○ 1-unit ○ The boarder is not obligated on the mortgage and does not have ownership interest in the property ○ The boarder is not the borrower's spouse or domestic partner ○ The boarder must have resided with, and paid rent to, the borrower for the last 12 months ○ The boarder will continue to reside with the borrower ○ Provide appropriate documentation to evidence residency with the borrower (e.g., copy of driver's license, monthly bills, bank statement that shows the boarder's address as being the same as the borrower's address) ○ Provide evidence of payment of rental payments (such as cancelled checks) to borrower for the last nine of the past 12 months. The income must be averaged over 12 months when fewer than 12 months of payments are documented ○ The amount of rental income may not exceed 30% of the total qualifying income for the mortgage

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	<ul style="list-style-type: none"> ○ The borrower must provide a written statement affirming <ul style="list-style-type: none"> ▪ The source of 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
IRS Form 4506-C	<ul style="list-style-type: none"> ● Signed 4506-C for each borrower whose income must be documented with tax returns and used for qualification (self-employment, rental income, etc.) ● At Closing (all loans) <ul style="list-style-type: none"> ○ 4506-C for each borrower whose income is used to qualify (regardless of income type) must be signed at closing even if LPA AIM waives the requirement ○ 4506-C for the business tax return transcript(s) must be signed at closing when the business returns are used for qualification even if LPA AIM waives the requirement
Number of Financed Properties	<ul style="list-style-type: none"> ● New multiple loans must be underwritten simultaneously ● Maximum two financed properties including the subject property ● Properties owned by non-occupant co-borrower are not included
Appraisals	<ul style="list-style-type: none"> ● Follow LPA Accept ● Automated Collateral Evaluation (ACE) <ul style="list-style-type: none"> ○ LPA ACE+ PDR is not permitted ○ Must be dated within 120 days from the LPA offer date to the note date ○ Not permitted if appraisal has already been obtained ● Kansas Primary Residence <ul style="list-style-type: none"> ○ A valuation is required for primary residences. One of the following may be used to determine value: <ul style="list-style-type: none"> ● Most recent tax assessment value by county ● 2055 Drive-by Appraisal Report ● Required AVM from one of the following: (CoreLogic, Freddie Mac HVE, Black Knight Collateral Analytics) ○ If the LTV exceeds 100%, a Kansas High Loan-to-Value Notice must be provided to the borrower not less than three days prior to closing and a copy of the valuation provided to the borrower

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Escrow Waivers	<p>Escrow Waiver Eligibility</p> <ul style="list-style-type: none"> • Max LTV ≤ 80% <ul style="list-style-type: none"> ○ CA: LTV < 90% ○ NM: LTV < 80% • Escrows may not be waived for first-time homebuyer (FTHB) or borrowers who exhibit recent delinquencies • FTHBs may be considered on a case-by-case basis with a demonstrated ability to save (reserves) and strong residual income
Principal Curtailment	<ul style="list-style-type: none"> • A principal curtailment is permitted up to the lesser of 2% of the loan amount or \$2,500
Home Ownership Education/ Counseling	<ul style="list-style-type: none"> • Required for purchase transactions • Must be completed prior to the Note date • Must be completed by at least one borrower when all occupying borrowers are first time homebuyers • Must not be provided by an interested party to the transaction. • Must be completed by at least one borrower for purchase transactions, when all occupying borrowers are first time homebuyers • The following types of homeownership education are acceptable <ul style="list-style-type: none"> ○ Programs provided by HUD approved counseling agencies, Housing Finance Agencies (HFAs) or Community Development Financial Institutions (CDFIs) ○ Freddie Mac’s free financial literacy curriculum, CreditSmart Homebuyer U- With Certificate ○ Borrower completes online CreditSmart Homebuyer U- With Certificate that includes modules 1 through 6 ○ Homeownership education programs provided by mortgage insurance companies or • other providers programs that meet the standards of the National Industry Standards for Homeownership Education and Counseling
Landlord Education	<ul style="list-style-type: none"> • Must be completed prior to the note date • At least one borrower must participate in a landlord education program for a purchase transaction

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	<ul style="list-style-type: none"> • Must not be provided by an interested party to the transaction. • Landlord Education is not required for refinance transactions, but it is recommended for borrowers who have not previously attended a program • Evidence of completion of the landlord education requirement must be retained in the mortgage file (certificate or letter from the provider)
MI Eligible Providers	<ul style="list-style-type: none"> • MI company must be acceptable to Freddie Mac
MI Eligible Programs	<p>Borrower Paid Mortgage Insurance</p> <ul style="list-style-type: none"> • Monthly plans • Single-premium plan • Split-premium • Financed MI <ul style="list-style-type: none"> ○ 1-Unit ○ MI coverage is based on LTV excluding financed premium ○ LTV including financed premium may not exceed LTV limitation for product <p>Lender-Paid Mortgage Insurance</p> <ul style="list-style-type: none"> ○ Client ordered <ul style="list-style-type: none"> ▪ Must be activated and remitted to MI company
MI Ineligible Programs	<ul style="list-style-type: none"> • Annual plans • Lender-paid monthly plans • Reduced or custom mortgage insurance • Split premium

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MI Coverage	<ul style="list-style-type: none"> • Private Mortgage Insurance is required for all loans >80% LTV • Consult individual MI company guidelines • Use the lesser of the sales price or appraised value to determine the appropriate coverage <ul style="list-style-type: none"> ○ NY State: Use the appraised value to determine if mortgage insurance is required. <table border="1" data-bbox="499 370 1644 784"> <thead> <tr> <th style="text-align: center;">LTV</th> <th style="text-align: center;">Standard Coverage</th> </tr> </thead> <tbody> <tr> <td colspan="2" style="text-align: center;">All ARMs and Fixed Rate: >20-year Term</td> </tr> <tr> <td style="text-align: center;">90.01% to 97%</td> <td style="text-align: center;">25%</td> </tr> <tr> <td style="text-align: center;">85.01% to 90%</td> <td style="text-align: center;">25%</td> </tr> <tr> <td style="text-align: center;">80.01% to 85%</td> <td style="text-align: center;">12%</td> </tr> <tr> <td colspan="2" style="text-align: center;">Fixed Rate: ≤ 20-year Term</td> </tr> <tr> <td style="text-align: center;">90.01% to 97%</td> <td style="text-align: center;">25%</td> </tr> <tr> <td style="text-align: center;">85.01% to 90%</td> <td style="text-align: center;">12%</td> </tr> <tr> <td style="text-align: center;">80.01% to 85%</td> <td style="text-align: center;">6%</td> </tr> </tbody> </table>	LTV	Standard Coverage	All ARMs and Fixed Rate: >20-year Term		90.01% to 97%	25%	85.01% to 90%	25%	80.01% to 85%	12%	Fixed Rate: ≤ 20-year Term		90.01% to 97%	25%	85.01% to 90%	12%	80.01% to 85%	6%
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Ineligible Programs	<ul style="list-style-type: none"> • Freddie Mac CHOICEHome • Freddie Mac GreenCHOICE • HFA Preferred Advantage program 																		

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