



## Conforming and High Balance Freddie Mac

Revision: November 29, 2022

Purchase & Rate/Term Refinances Fixed and ARMS					
Property Type / Occupancy <sup>2</sup>	Fico Score <sup>3</sup>	Max LTV w/o sec. fin.	Max LTV w/sec fin.	Max TLTV w/sec. fin.	Max HTLTV w/sec. fin
1 - Unit Primary Residence	620	95%	95%	95%	95%
2 Unit Primary Residence	620	85%	85%	85%	85%
3-4 Unit Primary Residence	620	80%	80%	80%	80%
Second Home	620	90%	90%	90%	90%
1 Unit Purchase Investment	620	80%	80%	80%	80%
1 Unit R&T Investment	620	80%	80%	80%	80%
2-4 Unit Purchase Investment	620	75%	75%	75%	75%
2-4 Unit R&T Investment	620	75%	75%	75%	75%
Cash Out Fixed and ARMS					
Property Type / Occupancy <sup>2</sup>	Fico Score <sup>3</sup>	Max LTV w/o sec. fin.	Max LTV w/sec fin.	Max TLTV w/sec. fin.	Max HTLTV w/sec. fin
1 - Unit Primary Residence	620	80%	80%	80%	80%
2-4 Unit Primary Residence	620	75%	75%	75%	75%
Second Home	620	75%	75%	75%	75%
1 Unit Investment	620	75%	75%	75%	75%
2-4 Unit Investment	620	70%	70%	70%	70%
<sup>1</sup> Manufactured Homes limited to 95% LTV/CLTV for Purchase and R/T. Cash-out max 65% LTV/CLV and is limited to 20 years max term. Minimum Fico 640. Conforming loan amounts only. Owner Occupied Only. <sup>2,3</sup> Agency Express product restrictions: Owner Occupied Transaction Only, Wage Earners only, minimum Fico 680, Fixed Products Only, Excludes Attached Condo/Manufactured Homes, and maximum 2 REO's owned including subject property.					



## Conforming and High Balance Freddie Mac

	<b>General Guidelines</b>
<b>ATR and QM</b>	All loans must meet the Ability to Repay (ATR) and Qualified mortgage (QM) provisions of the Dodd-Frank Act.
<b>High Cost</b>	Not Eligible
<b>HPML</b>	<p>Eligible:</p> <ul style="list-style-type: none"> <li>• Minimum 620 score</li> <li>• Appraisal required regardless of AUS findings</li> </ul> <p>Ineligible:</p> <ul style="list-style-type: none"> <li>• ARMS with fixed interest rates &lt; 7 years</li> <li>• LTV/CLTV &gt; 100%</li> </ul> <p>NOTE:</p> <ul style="list-style-type: none"> <li>• Non-Owner transactions are exempt from HPML guidelines</li> <li>• If the property is considered a flip and it has been less than 180 days from Seller's Acquisition Date to Contract date, a 2<sup>nd</sup> full appraisal will be required if the appreciation is <math>\geq 10\%</math> in the past 90 days or <math>\geq 20\%</math> in the past 91-180 days (Seller Acquisition date to Contract date)</li> <li>• Borrower is not eligible to pay for the 2<sup>nd</sup> appraisal when required</li> </ul>
<b>ARM Information</b>	<p>SOFR: Based on 30-day average of the SOFR index.</p> <p>For 5/6 ARM: <u>Index</u>: SOFR <u>Caps</u>: 2/1/5 <u>Floor Margin</u>: 3% ; first adjustment 2%; subsequent adjustment cap 1%; lifetime adjustment 5%; first interest rate change date 59 months; subsequent interest rate change date is every 6 months</p> <p>For 7/6 ARM: <u>Index</u>: SOFR <u>Caps</u>: 5/1/5 <u>Floor Margin</u>: 3.00%; first adjustment 5%; subsequent adjustment cap 1%; lifetime adjustment 5%; first interest rate change date 83 months; subsequent interest rate change date is every 6 months</p> <p>For 10/6 ARM: <u>Index</u>: SOFR <u>Caps</u>: 5/1/5 <u>Floor Margin</u>: 3.00%; first adjustment 5%; subsequent adjustment cap 1%; lifetime adjustment 5%; first interest rate change date 119 months; subsequent interest rate change date is every 6 months</p>
<b>Products</b>	<p>Conforming Fixed Rate (10,15,20,25 and 30-Year); High Balance (15 and 30-Year only)</p> <p>Fixed period SOFR Index with 30-Year term (5/6, 7/6, 10/6)</p>
<b>Borrower Qualification</b>	<p><u>Fixed Rate</u>: Note Rate</p> <p><u>5/6 ARMS</u>: Greater of the Initial note rate + 2% or the fully indexed rate (index plus margin rounded to the nearest one eighth percent)</p> <p><u>7/6 and 10/6 ARMS</u>: Greater of the Initial Note rate or the fully indexed rate ((index plus margin rounded to the nearest one eighth percent)</p>
<b>Qualifying Ratios</b>	<b>Maximum qualifying ratio: 50%</b> (Subject to AUS approval)



## Conforming and High Balance Freddie Mac

<b>Maximum Loan Amount</b>	<p>Minimum Conforming Loan Amount is \$75,000.00</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="6">2022 Loan Limits</th> </tr> <tr> <th>Units</th> <th>Continental Us</th> <th>Hawaii</th> <th>Units</th> <th>Continental Us</th> <th>Hawaii</th> </tr> <tr> <th colspan="3">Conforming Maximum Loan Amount 2022</th> <th colspan="3">High Balance Maximum Loan Amount 2022</th> </tr> </thead> <tbody> <tr> <td><b>One</b></td> <td>\$647,200</td> <td>\$970,800</td> <td><b>One</b></td> <td>\$970,800</td> <td>Not Applicable</td> </tr> <tr> <td><b>Two</b></td> <td>\$828,700</td> <td>\$1,243,050</td> <td><b>Two</b></td> <td>\$1,243,050</td> <td>Not Applicable</td> </tr> <tr> <td><b>Three</b></td> <td>\$1,001,650</td> <td>\$1,502,475</td> <td><b>Three</b></td> <td>\$1,502,475</td> <td>Not Applicable</td> </tr> <tr> <td><b>Four</b></td> <td>\$1,244,850</td> <td>\$1,867,275</td> <td><b>Four</b></td> <td>\$1,867,275</td> <td>Not Applicable</td> </tr> </tbody> </table> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="6">2023 Loan Limits</th> </tr> <tr> <th>Continental Us</th> <th>Hawaii</th> <th>Units</th> <th>Continental Us</th> <th>Hawaii</th> <th></th> </tr> <tr> <th colspan="3">Conforming Maximum Loan Amount 2023</th> <th colspan="3">High Balance Maximum Loan Amount 2023</th> </tr> </thead> <tbody> <tr> <td>\$726,200</td> <td>Not Applicable</td> <td><b>One</b></td> <td>\$1,089,300</td> <td>Not Applicable</td> <td></td> </tr> <tr> <td>\$929,850</td> <td>Not Applicable</td> <td><b>Two</b></td> <td>\$1,394,775</td> <td>Not Applicable</td> <td></td> </tr> <tr> <td>\$1,123,900</td> <td>Not Applicable</td> <td><b>Three</b></td> <td>\$1,685,850</td> <td>Not Applicable</td> <td></td> </tr> <tr> <td>\$1,396,800</td> <td>Not Applicable</td> <td><b>Four</b></td> <td>\$2,095,200</td> <td>Not Applicable</td> <td></td> </tr> </tbody> </table>	2022 Loan Limits						Units	Continental Us	Hawaii	Units	Continental Us	Hawaii	Conforming Maximum Loan Amount 2022			High Balance Maximum Loan Amount 2022			<b>One</b>	\$647,200	\$970,800	<b>One</b>	\$970,800	Not Applicable	<b>Two</b>	\$828,700	\$1,243,050	<b>Two</b>	\$1,243,050	Not Applicable	<b>Three</b>	\$1,001,650	\$1,502,475	<b>Three</b>	\$1,502,475	Not Applicable	<b>Four</b>	\$1,244,850	\$1,867,275	<b>Four</b>	\$1,867,275	Not Applicable	2023 Loan Limits						Continental Us	Hawaii	Units	Continental Us	Hawaii		Conforming Maximum Loan Amount 2023			High Balance Maximum Loan Amount 2023			\$726,200	Not Applicable	<b>One</b>	\$1,089,300	Not Applicable		\$929,850	Not Applicable	<b>Two</b>	\$1,394,775	Not Applicable		\$1,123,900	Not Applicable	<b>Three</b>	\$1,685,850	Not Applicable		\$1,396,800	Not Applicable	<b>Four</b>	\$2,095,200	Not Applicable	
2022 Loan Limits																																																																																					
Units	Continental Us	Hawaii	Units	Continental Us	Hawaii																																																																																
Conforming Maximum Loan Amount 2022			High Balance Maximum Loan Amount 2022																																																																																		
<b>One</b>	\$647,200	\$970,800	<b>One</b>	\$970,800	Not Applicable																																																																																
<b>Two</b>	\$828,700	\$1,243,050	<b>Two</b>	\$1,243,050	Not Applicable																																																																																
<b>Three</b>	\$1,001,650	\$1,502,475	<b>Three</b>	\$1,502,475	Not Applicable																																																																																
<b>Four</b>	\$1,244,850	\$1,867,275	<b>Four</b>	\$1,867,275	Not Applicable																																																																																
2023 Loan Limits																																																																																					
Continental Us	Hawaii	Units	Continental Us	Hawaii																																																																																	
Conforming Maximum Loan Amount 2023			High Balance Maximum Loan Amount 2023																																																																																		
\$726,200	Not Applicable	<b>One</b>	\$1,089,300	Not Applicable																																																																																	
\$929,850	Not Applicable	<b>Two</b>	\$1,394,775	Not Applicable																																																																																	
\$1,123,900	Not Applicable	<b>Three</b>	\$1,685,850	Not Applicable																																																																																	
\$1,396,800	Not Applicable	<b>Four</b>	\$2,095,200	Not Applicable																																																																																	
<b>Underwriting Method</b>	Loans must receive a LPA "Accept/Eligible "																																																																																				
<b>Prepayment Penalty</b>	None																																																																																				
<b>Occupancy</b>	Primary Residence, Second home, and Investment Properties																																																																																				
<b>Eligible Borrowers</b>	US Citizens; Permanent Resident Aliens; Non-Permanent Resident Aliens allowed with required VISAs); Revocable Trust; Must have valid Social Security Number; Maximum of 4 borrowers per loan application are allowed																																																																																				



## Conforming and High Balance Freddie Mac

<p><b>Credit</b></p>	<ul style="list-style-type: none"> <li>• Minimum credit score(s): Minimum required per LTV/CLTV grid</li> <li>• LPA Approval General Credit Guidelines <u>Mortgage lates</u>: LPA findings. <u>Chapter 7 or 11 Bankruptcy</u>: 4 years have elapsed since the discharge or dismissal date to the Note date <u>Chapter 13 Bankruptcy</u>: 2 years have elapsed since discharge date to the Note date; 4 years have elapsed since dismissal date to the Note Date <u>Short Sale, "Settled for Less", Deed-in-lieu of foreclosure, Pre-foreclosure</u>: with AUS approval- 4 years waiting period from recording date to the Note Date. 2 years waiting period (base on Credit Report Date) is acceptable if reason was due to extenuating circumstances as per agency guidelines. Extenuating circumstances must be explained with adequate supporting documentation <u>Foreclosure</u>: 7 years waiting period is required from completion date to the Note date</li> <li>• Borrower with multiple BK filings within the last seven (7) years: five (5) years waiting period since the most recent discharged / dismissal date.</li> <li>• If the foreclosure is within the bankruptcy than the seasoning requirements follow bankruptcy guidelines.</li> </ul>
<p><b>ADU (Accessory Dwelling Units)</b></p>	<p>An ADU is allowed on 1 to 3 Unit properties.</p> <p>Rental income generated from an ADU is allowed only on a <u>Subject 1-Unit Primary Residence</u> to be considered when qualifying the Borrower for a <b>Purchase or R&amp;T refinance Mortgage</b>, provided that certain requirements are met, including but not limited to:</p> <ul style="list-style-type: none"> <li>▪ The ADU must comply with zoning and land use requirements (legal, legal non-conforming or no zoning)</li> <li>▪ An appraisal report must be obtained to support the ADU's marketability and include at least one comparable sale with an ADU that is rented. If an automated collateral evaluation (ACE) appraisal waiver is offered, it must not be accepted. Full appraisal is required regardless of AUS findings.</li> <li>▪ The appraiser's rental analysis must include a minimum of three comparable rentals that support the market rent of the ADU, and at least one of the comparable rentals must be a property with an ADU.</li> <li>▪ The ADU rental income used to qualify the Borrower for the Mortgage <u>does not exceed 30% of the total stable monthly income.</u></li> <li>▪ At least one qualifying Borrower must participate in a landlord education program or have previous landlord experience for a minimum of one year.</li> </ul>
<p><b>Limited Review for Condos</b></p>	<ul style="list-style-type: none"> <li>• Refer to Agency guideline for reduced LTVs for restricted states such as Florida.</li> <li>• If a condo is in litigation and litigation is approved, it's always subject to full review regardless of AUS findings.</li> </ul> <p><b>Limited Review Parameters</b></p>



## Conforming and High Balance Freddie Mac

	<p><b>Maximum LTV/CLTV/HCLTV:</b> The maximum LTV/CLTV/HCLTV is dependent upon the method by which the loan is evaluated and decision as well as where the property is geographically located <b>Approve/Eligible Loans</b></p> <ul style="list-style-type: none"> <li>○ Primary Residence: 90%/90%/90% (<b>75% / 90% / 90% for Florida properties</b>)</li> <li>○ Second Home: ≤75% / 75% / 75% (<b>70% / 75% / 75% for Florida properties</b>)</li> </ul> <p>Investment: ≤75% / 75% / 75% (<b>70% / 75% / 75% for Florida properties</b>)</p>
<p><b>Property Types</b></p>	<ul style="list-style-type: none"> <li>• Condo, PUD, SFR, 2-4 Units, Age restrictions. <b>Ineligible Properties</b>, Deed Restrictions other than Age, co-ops, condo hotels, leasehold condos, mixed-used live/work, no gut rehab)</li> <li>• Condo complex with 4 or less units require that at least 3 out of 4 are owner occupied properties.</li> <li>• Condo conversion within the past 3 years not allowed.</li> <li>• New Condo Projects in Florida are eligible only if currently approved via FNMA PERS approved process.</li> <li>• Owner occupancy requirement for condos is no longer applicable for owner occupied and second home. On all investment properties, 50% owner-occupancy required.</li> <li>• <b>Manufactured Homes:</b> <ul style="list-style-type: none"> <li>○ It must permanently be affixed to the lot and considered real estate under state law.</li> <li>○ Constructed on or after 6/15/1976; must have one or more labels attached to the home. (<a href="#">IBTS website</a>)</li> <li>○ 1 Unit Classified as Real Property, No Accessory Unit</li> <li>○ Doublewide or Multi-Wide</li> <li>○ Minimum 600 SQFT and minimum 12 FT Wide</li> <li>○ Cannot have been previously installed or occupied at another site</li> <li>○ Towing hitch, wheels &amp; axles removed</li> <li>○ Fee Simple</li> <li>○ Max 10 acres</li> <li>○ Cannot be a manufactured Condo or PUD</li> <li>○ No new construction</li> <li>○ No refinance of interim construction financing</li> <li>○ Engineer Cert – Foundation Cert is required only if there is addition</li> <li>○ No manufactured Advantage Properties</li> <li>○ No Conforming High Balance loan amounts</li> <li>○ Minimum Fico 640</li> <li>○ Owner Occupied</li> <li>○ Purchase and R/T max LTV/CLTV at 95%</li> <li>○ Cash-Out max LTV/CLTV at 65% and Maximum 20 Years Term</li> <li>○ Mortgage insurance requires prior approval</li> <li>○ Second signature is required</li> </ul> </li> </ul>



## Conforming and High Balance Freddie Mac

<p><b>Acceptable Visa Types</b></p>	<ul style="list-style-type: none"> <li>○ A-1 thru A-3 Visas- Note: Borrowers with these Visa types who have diplomatic immunity are not acceptable</li> <li>○ E-1 thru E-3 Visas</li> <li>○ G-1 thru G-5 Visas- Note: Borrowers with these Visa types who have diplomatic immunity are not acceptable</li> <li>○ H-1, H-1B and H-1C Visa's</li> <li>○ H-4 Visa- These visas are given to dependents (spouse and unmarried children under 21 years of age) of a qualified H-1 visa holder. When income is being used to qualify, a current (unexpired) EAD issued by USCIS is also required.</li> <li>○ L-1 Visa</li> <li>○ L-2 Visa- These visas are given to dependents (spouse and unmarried children under 21 years of age) of a qualified L-1 visa holder. When income is being used to qualify, a current (unexpired) EAD issued by USCIS is also required.</li> <li>○ O-1A Visa- Note: Borrowers with this Visa type cannot work in the Arts, Motion Picture or Television industry</li> <li>○ O-1B Visa- Note: This Visa type is for those excluded from eligibility on a O-1A visa as listed above</li> <li>○ O-2 Individuals who will accompany an O-1, artist or athlete, to assist in a specific event or performance</li> <li>○ TN, NAFTA Visa -Used by Canadian or Mexican citizens for professional or business purposes</li> <li>○ TC, NAFTA Visa- Used by Canadian citizens for professional or business purposes</li> <li>● Note: An unexpired Employment Authorization Document (EAD) may be used in lieu of a Visa             <ul style="list-style-type: none"> <li>○ If EAD will expire within one year, the following must be provided                 <ul style="list-style-type: none"> <li>▪ One previous EAD Renewal or if there are no prior EAD renewals, the likelihood of renewal must be determined based on the information provided by USCIS</li> </ul> </li> </ul> </li> <li>● If Visa from the eligible list above is expired, the borrower may still be considered if the below can be met.             <ul style="list-style-type: none"> <li>○ Confirmation that the borrower has submitted an application for extension of the visa or an application for a green card. Documentation includes, but is not limited to:                 <ul style="list-style-type: none"> <li>▪ USCIS Form I-797- issued when application or petition is approved</li> <li>▪ USCIC Form I-797C or I-797E- Cannot state application has been declined</li> <li>▪ USCIS Form I-539 or equivalent or copy of USCIS Form I-485 or equivalent plus electronic verification of receipt from the USCIS website</li> <li>▪ If sponsored by employer, the employer may verify that they are sponsoring the visa renewal</li> </ul> </li> </ul> </li> </ul>
<p><b>Income Verification</b></p>	<ul style="list-style-type: none"> <li>● 4506C required on all loans             <ul style="list-style-type: none"> <li>○ Tax transcripts are not allowed to take the place of tax returns</li> </ul> </li> </ul>



## Conforming and High Balance Freddie Mac

<b>Income Documentation</b>	<p>Requirements subject to AUS findings</p> <p><b>Future Employment Requirements:</b></p> <ul style="list-style-type: none"><li>• Purchase and Rate &amp; Term Refinance Transactions Only</li><li>• Primary Residence Only</li><li>• Max LTV/CLTV 90%</li><li>• Salary income only (hourly earnings are not permitted)</li><li>• Employment start date must be within 90 days of the note date</li><li>• Income must be for a new primary employment or future salary increase from current employer</li><li>• 1 Unit SFR, Condo and PUD only</li><li>• Employer cannot be a family member or interested party to the real estate transaction</li></ul> <p>Required Documentation:</p> <ul style="list-style-type: none"><li>• Copy of Employment offer letter or employment contract<ul style="list-style-type: none"><li>○ Contract must be fully executed and accepted by the borrower and employer</li><li>○ Clearly state the employer and borrower</li><li>○ Is non-contingent or verification from employer that all contingencies have been cleared</li><li>○ Include the terms of employment, including employment start date and annual income based on salaried income only</li><li>○ For future salary increases from current employer, employment letter or contract must indicate that the increase is fully approved and explicitly granted to borrower</li></ul></li><li>• An additional four months PITIA above the requirements stated by the AUS findings is required</li><li>• A pre-closing verification verifying the terms of the employment letter, contract or future salary increase have not changed will be completed by JMAC Lending within ten calendar days of the note date</li></ul> <p>NOTE:</p> <ul style="list-style-type: none"><li>• Paystub is not required</li></ul>
-----------------------------	---



## Conforming and High Balance Freddie Mac

<b>Non-Traditional Credit</b>	<ul style="list-style-type: none"><li>• <b>Restrictions when no borrower has a credit score:</b><ul style="list-style-type: none"><li>○ Must have LPA approval</li><li>○ The transaction must be a purchase or limited cash-out refinance</li><li>○ Primary one (1) unit with all borrowers occupying subject</li><li>○ The loan amount must meet the general loan limits not high balance limits</li><li>○ The loan must be a fixed-rate mortgage</li><li>○ The Maximum LTV/CLTV, and HCLTV ratio cannot exceed 80%.</li><li>○ Maximum DTI subject to LPA.</li><li>○ Reserve may be required as determined by LPA.</li></ul></li> <li>• <b>Restrictions when at least one borrower has no credit score:</b><ul style="list-style-type: none"><li>○ Must have LPA approval</li><li>○ Primary 1 unit with all borrowers occupying subject</li><li>○ At least one borrower must have at least one credit score</li><li>○ The transaction must be a purchase or limited cash-out refinance</li><li>○ The loan amount must meet the general loan limits not high balance limits</li><li>○ The Maximum LTV/CLTV, and HCLTV ratio does not exceed 95%</li><li>○ If the borrower(s) with a credit score is contributing <u>more than 50%</u> of the qualifying income, then non-traditional credit history is not required for each borrower without a credit score else it required.</li><li>○ If the borrower with a credit score is contributing <u>50% or less</u> of the qualifying income, two (2) nontraditional credit history for each borrower without a credit score is required.</li><li>○ Maximum DTI subject to LPA.</li><li>○ Reserve may be required as determined by LPA.</li></ul></li></ul> <p><b>Nontraditional Documentation Requirements</b></p> <ul style="list-style-type: none"><li>• Each borrower must have at least two payment references in the United States comprised of Noncredit Payment Reference and/or Tradelines not appearing on the credit report. If two or more Borrowers have the same payment reference, then the payment reference may count for each of those Borrowers. Additionally:<ul style="list-style-type: none"><li>○ Each payment reference must have existed for at least the most recent 12 months</li><li>○ At least one Borrower must have a <b>housing payment history</b> as one of the payment references; and:<ul style="list-style-type: none"><li>▪ In the event more than one Borrower has a housing payment history, then all such housing payment histories for the most recent 12 months (or length of housing payment history if less than 12 months) must be verified</li><li>▪ All housing payment histories must have no 30-day or greater Delinquencies in the most 12 months</li></ul></li><li>○ For all payment references <b>other than housing:</b><ul style="list-style-type: none"><li>▪ Only one payment reference may have no 30-day or greater Delinquencies in the most recent 12 months</li><li>▪ All payment references must have no 60-day or greater Delinquencies in the most recent 12 months</li></ul></li></ul></li></ul>
-------------------------------	--





## Conforming and High Balance Freddie Mac

	<ul style="list-style-type: none"> <li>○ Each payment reference must:             <ul style="list-style-type: none"> <li>▪ Meet the requirements for written verifications, refer to FHLMC Guide Section 5102.3</li> <li>▪ Meet the age of documentation requirements, refer to FHLMC Guide Section 5102.4</li> <li>▪ Be documented in accordance, refer to FHLMC Guide Section 5202.2(b)</li> </ul> </li> <li>• Each Borrower must have no collections (other than medical), judgments or tax liens filed in the most recent 24 months</li> <li>• When the credit reputation for all Borrowers is established using only Noncredit Payment References, then at least one Borrower must participate in a homeownership education program before the Note Date, or the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgage.</li> </ul> <p><b>Only borrower paid mortgage insurance (BPMI) mortgage insurance are allowed when using non-traditional credit.</b></p>
<p><b>Leasehold Requirements</b></p>	<p>Refer to agency guidelines for additional requirements.</p> <ul style="list-style-type: none"> <li>• The term of the leasehold must extend beyond our loan term by no less than 5 years unless it can be documented that title will vest as Fee Simple at an earlier date. ( I.E. Leasehold expires and automatically converts to Fee Simple.)</li> <li>• Cannot be held in a Community Land Trust</li> <li>• Indian Leased Land is not eligible</li> <li>• Leaseholds are not eligible on Texas(a)(6) loans</li> <li>• A full appraisal is required regardless of AUS findings</li> </ul>
<p><b>Temporary Interest Rate Buydown</b></p>	<ul style="list-style-type: none"> <li>• 2/1 and 1/0 temporary buydown</li> <li>• Fixed Rate only</li> <li>• Qualification is on the full note rate</li> <li>• Purchase Transaction Only</li> <li>• Owner Occupied Transaction Only</li> <li>• 1 to 4 Unit – (Exclude manufactured homes)</li> <li>• Minimum Fico 680</li> <li>• All buydown needs to be from the following third parties which can be from the seller/builder. Borrower and lender funded buydown accounts are not allowed.</li> <li>• The buydown plan must be a written agreement between the party providing the buydown funds and the borrower.</li> <li>• The total closing costs and buydown cannot exceed IPC Limits.</li> </ul>



## Conforming and High Balance Freddie Mac

<p><b>Down Payments, Reserves &amp; Source of Funds</b></p>	<p>Gift Funds</p> <ul style="list-style-type: none"> <li>• Primary Residence: Allows the entire down payment and closing costs from gift funds from immediate family for One Unit Properties</li> <li>• Second Home and Owner Occupied 2-4 Units is allowed but 5% must be from borrower own funds.</li> <li>• Gift of Equity allowed on owner occupied and second home purchase.</li> <li>• Investment Properties: Gifts funds and gifts of equity are not permitted.</li> </ul> <p>Reserves are determined by AUS; the following are generally required:</p> <ul style="list-style-type: none"> <li>• Additional reserves may be required by AUS based on risk.</li> <li>• Primary Residence with 2-4 unit's properties needs 6 months PITI</li> <li>• Subject Investment Properties needs 6 months PITI (<i>refer to multiple financed properties for additional reserve requirements</i>)</li> <li>• Subject Second home transactions also require 2 months PITI reserves for each additional second home and/or investment property (<i>refer to multiple financed properties for additional reserve requirements</i>).</li> </ul> <p>NOTE: VODs are acceptable subject to QC, which may delay loan process.</p>
<p><b>Financing Concessions</b></p>	<p>Seller Contributions: Basis for the limit is now based on CLTV ratio</p> <ul style="list-style-type: none"> <li>• Primary Residence and Second Home <ul style="list-style-type: none"> <li>○ 3%: LTV &gt; 90%</li> <li>○ 6%: LTV 75.01 -90%</li> <li>○ 9%: LTV &lt; 75%</li> </ul> </li> <li>• Investment Properties <ul style="list-style-type: none"> <li>○ 2%: All LTV/CLTVs</li> </ul> </li> </ul> <p>NOTE: maximum financing concessions are based on the LTV ratio when there is no secondary financing and TLTV ratio wen secondary financing is present. Contributions in excess of the above limitations are considered sales concessions.</p> <ul style="list-style-type: none"> <li>• Sales concessions are deducted from the purchase price and LTV is calculated using the lower of the reduced purchase price or appraised value.</li> <li>• Interested part contributions used to reimburse the borrower for payment of short sale fees must be considered and treated as a sales concession.</li> </ul>



## Conforming and High Balance Freddie Mac

<b>Assets</b>	<p>Allowable Assets for down payment and closing:</p> <ul style="list-style-type: none"> <li>• Checking</li> <li>• Saving</li> <li>• 401K, Stock, Bonds and Mutual Funds- 100% of vested balance minus any outstanding loans, may be used</li> <li>• Life Insurance – 100% of cash value</li> <li>• Business funds can be used for down payment, closing costs and reserves:             <ul style="list-style-type: none"> <li>○ The amount of business assets that can be used must correspond to the borrower’s percentage of ownership in the business. (Note: Underwriter will need to complete a cash flow analysis.)</li> <li>○ If using more than 75% of business funds, a CPA letter is required to state the withdrawal of the business funds will not negatively impact the business.</li> </ul> </li> </ul>
<b>Cash Out Transaction</b>	The property must have been purchased by the borrower at least six months prior to the Note Date.
<b>Student Loan</b>	Refer to agency guidelines.
<b>Rental Income</b>	Refer to agency guidelines.
<b>Multiple Financed Properties</b>	Minimum required reserves based on LPA findings
<b>Non-Occupant Co-Borrower</b>	Allowed subject to agency guidelines
<b>Maximum Number of Financed Properties</b>	<ul style="list-style-type: none"> <li>• Up to 10 financed properties including the owner-occupied property</li> <li>• Minimum Credit score of 720 when borrower(s) own more than six financed properties</li> </ul> <p><b>NOTE:</b> The max number of properties a borrower can own is 15 includes free/clear.</p>
<b>Recently Listed Properties</b>	Properties that were listed for sale must have been taken off the market at least one day before the Note date
<b>Delayed Financing</b>	Allowed subject to agency guidelines
<b>Conversion of Principal Residence to Investment Property</b>	Current Executed Lease Agreement is required. Lender will review and use rental income reflected on lease agreement provided rental income reflected on lease is deemed acceptable and in line with market rents. On loans where ratios are pushed, or underwriter research indicates rents are out of line, a 1007/comparable rental survey will be required.
<b>Transferred Appraisal</b>	<ul style="list-style-type: none"> <li>• This is only allowed on standard conforming loan amount (exclude high balance</li> <li>• Allowed on FIXED products only</li> </ul>



## Conforming and High Balance Freddie Mac

<p><b>Appraisal Waiver</b></p>	<p>Property Inspection Waiver are allowed subject to AUS but the following will require full appraisal regardless of AUS findings:</p> <ul style="list-style-type: none"> <li>• 2-4 Unit properties;</li> <li>• Investment properties;</li> <li>• Mortgages with an estimate of value or purchase price greater than \$1,000,000;</li> <li>• Mortgage secured by leasehold estate;</li> <li>• Properties in an area recently impacted by a disaster;</li> <li>• A contaminated site or hazardous substance exists affecting the property or the neighborhood in which the property is located;</li> <li>• Transactions using Gift of Equity;</li> <li>• Resale restrictions;</li> <li>• Non-ARMS length transactions;</li> <li>• Purchases of REO (Bank owned) Properties;</li> <li>• No property in FEMA disaster area;</li> <li>• Texas Equity 50(a)(6) &amp; 50(f)(2) transactions;</li> </ul> <p>Furthermore, the following will require full appraisal:</p> <ul style="list-style-type: none"> <li>• Investment property requiring rental income from the subject property to qualify the borrower;</li> <li>• The lender by law is required to have a full appraisal;</li> <li>• The lender believes that an appraisal is warranted based on additional information the lender has about the property or subsequent events.</li> </ul> <p><b>Note: The lender may not exercise an appraisal waiver offer if an appraisal is obtained for the transaction.</b></p>
<p><b>Non-Arm's Length Transactions</b></p>	<p>Allowed with the following requirements:</p> <ul style="list-style-type: none"> <li>• Property cannot be a pre-foreclosure or short sale</li> </ul>
<p><b>HERO/PACE Loans</b></p>	<p>If the borrower is applying to purchase a home or to refinance an existing loan where the property is subject to a <b>HERO/PACE</b> loan, the following options are available:</p> <ul style="list-style-type: none"> <li>• The PACE loan must be paid in full prior to or at closing. If paid by the borrower, funds used for payoff must be verified.</li> <li>• The PACE loan may be paid in full as part of a cash-out refinance transaction if there is sufficient equity.</li> </ul> <p><b>Note:</b> PACE loans are not permitted to remain in place, regardless of whether they take priority over a mortgage, or to be paid in full as part of a rate/term refinance transaction</p>
<p><b>Mortgage Insurance</b></p>	<ul style="list-style-type: none"> <li>• Required for LTV &gt; 80%</li> <li>• BPMI premium allowed on all programs subject to AUS findings.</li> <li>• LPMI premium allowed on programs subject to AUS Findings.</li> </ul> <p>Maximum DTI and Fico Score is subject to current mortgage insurance guidelines and AUS findings.</p>



## Conforming and High Balance Freddie Mac

<p><b>Power of Attorney</b></p>	<p>Allowed but <u>excludes</u> the following type of transactions:</p> <ul style="list-style-type: none"> <li>• Cash-Out transactions</li> <li>• Transactions with non-occupant co-borrowers for qualification purpose.</li> <li>• Provide satisfactory explanation for use of POA</li> </ul> <p><b>Ineligible Agents:</b></p> <ul style="list-style-type: none"> <li>• Affiliated of lender</li> <li>• Loan originator</li> <li>• Affiliated of the loan originator</li> <li>• Employee of the title insurance company</li> <li>• Affiliate of the title insurance company or its employee (including, but not limited to, the title agency closing the loan)</li> <li>• Lender (or employee of lender)</li> <li>• Property seller, or any person related to the property seller, including a relative or affiliate</li> <li>• Any real estate agent with a financial interest in the transaction (or any person affiliated with such real estate agent)</li> </ul>
<p><b>Escrow Holdbacks</b></p>	<p>Not Allowed</p>
<p><b>Land Trust and Community Land Trust</b></p>	<p>Not allowed</p>
<p><b>Subordinating Financing</b></p>	<ul style="list-style-type: none"> <li>• Excludes Community and Affordable 2nds- Please refer to guidelines for specifics on these secondary financing programs</li> <li>• Subordinate financing is not allowed on a Texas(a)(6) loan</li> </ul>
<p><b>Texas Refinance</b></p>	<p><b>Texas 50(a)(6)</b></p> <ul style="list-style-type: none"> <li>• <b>Primary transaction and 1 Unit only</b></li> <li>• 12 months Seasoning required on existing mortgage</li> <li>• Not allowed on student loan cash-out refinance feature code (SFC) 841.</li> <li>• Subordinate financing is not allowed on a Texas(a)6) loan</li> <li>• Maximum LTV is 80%</li> <li>• Full Appraisal is required</li> <li>• Maximum acreage capped at 10.</li> <li>• Initial Disclosure: Notice Concerning Extensions of Credit Defined by Section 50(a)(6), Article XVI, Texas Constitution Disclosure (12-Day Letter) has been provided within 3 business days* of the application date</li> <li>• Notice Concerning Extensions of Credit Defined by Section 50(a)(6), Article XVI, Texas Constitution Disclosure (12-Day Letter) is executed 12 business days* prior to note date (Spouse must sign)</li> </ul>



## Conforming and High Balance Freddie Mac

**Texas 50(f)(2)**

- **Primary transaction and 1 Unit only**
- 12 months Seasoning required on existing mortgage
- No Cash in Hand
- Maximum LTV is 80%
- Full Appraisal is required
- Maximum acreage capped at 10
- Initial Disclosure: Notice Concerning Refinance of Existing Home Equity Loan to Non-Home Equity Loan Under Section 50(f)(2), Article XVI, Texas Constitution Disclosure has been provided within 3 business days\* of application date
- Affidavit executed by owner and/or spouse, when applicable

**NOTE:**

- Texas law counts all days as business days, excluding Saturdays and Holidays