

Revised: February 6, 2023

Home Possible and Home Possible Advantage serves low-to moderate-income borrowers, with expanded eligibility for financing homes in designated low-income, minority, and disaster-impacted communities.

Home Possible Conforming Loan Limits

(Purchase & Rate/Term Refinances) – Freddie Mac LPA			
Occupancy	Owner Occupied		
LTV, CLTV, FICO	TERMS ⁴	Max LTV ⁵ /TCLTV ¹ /HTLTV	Min FICO ⁵
1 Unit	Fixed	97/105/97%	620
1 Unit with non-occupying borrowers	Fixed	95/105/95%	620
2 Units	Fixed	95/95/95%	620 ²
3-4 Units ^{3,4}	Fixed	95/95/95%	620 ²

Home Possible Super Conforming Loan Limits

(Purchase & Rate/Term Refinances) – Freddie Mac LPA			
Occupancy	Owner Occupied		
LTV, CLTV, FICO	TERMS ⁴	Max LTV/TCLTV ¹ /HTLTV	Min FICO
1 Unit	FIXED	95/105/95%	620
2 units	Fixed	85/85/85%	620 ²
3-4 Units	FIXED	80/80/80%	620

¹ 105% TCLTV is only permitted when the Secondary Financing is Approved Affordable Second Program.

² Loan without FICO score for all borrowers are limited to 80% LTV/CLTV; only 1 unit allowed.

³ For LTV>80%, the loan amount maximum is at \$701,250 and minimum FICO score required is 700.

⁴ Only Fixed Terms offered

⁵ Manufactured Homes limited to 95% LTV/CLTV for Purchase and R/T. Minimum Fico 640. Conforming loan amounts only

ATR and QM	All loans must meet the Ability to Repay (ATR) and Qualified mortgage (QM) provisions of the Dodd-Frank Act.																																										
High Cost	Not Eligible																																										
HPML	<p>Eligible:</p> <ul style="list-style-type: none"> • Minimum 620 score • Full Appraisal required regardless of AUS findings • LTV/CLTV > 100% <p>NOTE:</p> <ul style="list-style-type: none"> • Non-Owner transactions are exempt from HPML guideline • If the property is considered a flip and it's been less than 180 days from Seller's Acquisition Date to Contract date, a 2nd full appraisal will be required if the appreciation is $\geq 10\%$ in the past 90 days or $\geq 20\%$ in the past 91-180 days (Seller Acquisition date to Contract date) • Borrower is not eligible to pay for the 2nd appraisal when required 																																										
Products/Terms	Fixed Rate (30-Year) NOTE: Texas Section 50(a6) is ineligible																																										
Borrower Qualification	<u>Fixed Rate</u> : Borrower is qualified at the Note rate.																																										
Maximum Loan Amount	<p>Minimum Loan Amount is \$75,000.00</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="6" style="background-color: yellow;">2023 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 2023</th> <th colspan="3">High Balance Maximum Loan Amount 2023</th> </tr> </thead> <tbody> <tr> <td>One</td> <td>\$726,200</td> <td>Not Applicable</td> <td>One</td> <td>\$1,089,300</td> <td>Not Applicable</td> </tr> <tr> <td>Two</td> <td>\$929,850</td> <td>Not Applicable</td> <td>Two</td> <td>\$1,394,775</td> <td>Not Applicable</td> </tr> <tr> <td>Three</td> <td>\$1,123,900</td> <td>Not Applicable</td> <td>Three</td> <td>\$1,685,850</td> <td>Not Applicable</td> </tr> <tr> <td>Four</td> <td>\$1,396,800</td> <td>Not Applicable</td> <td>Four</td> <td>\$2,095,200</td> <td>Not Applicable</td> </tr> </tbody> </table>	2023 Loan Limits						Units	Continental Us	Hawaii	Units	Continental Us	Hawaii	Conforming Maximum Loan Amount 2023			High Balance Maximum Loan Amount 2023			One	\$726,200	Not Applicable	One	\$1,089,300	Not Applicable	Two	\$929,850	Not Applicable	Two	\$1,394,775	Not Applicable	Three	\$1,123,900	Not Applicable	Three	\$1,685,850	Not Applicable	Four	\$1,396,800	Not Applicable	Four	\$2,095,200	Not Applicable
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Underwriting Method	Loans must receive a LPA "Accept"																																										
Cash back to borrower	The greater of 1% of the Loan Amount or \$2,000																																										
Qualifying Ratios	Maximum qualifying ratio: 50% (Subject to AUS approval and use of income)																																										

<p>Mortgage Insurance</p>	<p>The following coverage is required for all fully amortizing products, regardless of LPA Findings:</p> <table border="1" data-bbox="726 300 1686 483"> <thead> <tr> <th colspan="3">Mortgage Insurance Coverage Requirements</th> </tr> <tr> <th>LTV</th> <th>Fixed Rate > 20 years</th> <th>Fixed Rate < 20 years</th> </tr> </thead> <tbody> <tr> <td>97%¹ - 90.01%</td> <td>25%</td> <td>25%</td> </tr> <tr> <td>90% - 85.01%</td> <td>25%</td> <td>12%</td> </tr> <tr> <td>85% - 80.01%</td> <td>12%</td> <td>6%</td> </tr> </tbody> </table> <p>¹Note: Max LTV on the standard Home Possible option is 95% Financed MI and the Custom MI Flexible Mortgage Insurance Option (where a fee is required) is not permitted.</p> <ul style="list-style-type: none"> • Required for LTV > 80% • BPMI premium allowed on all programs subject to AUS findings. • LPMI premium allowed on all programs subject to AUS findings. • For 3-4 Units, National Mortgage, Radian or MGC can be utilized. 	Mortgage Insurance Coverage Requirements			LTV	Fixed Rate > 20 years	Fixed Rate < 20 years	97% ¹ - 90.01%	25%	25%	90% - 85.01%	25%	12%	85% - 80.01%	12%	6%
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<p>Occupancy</p>	<p>Primary Residence Only Non-Occupant Co-Borrowers are allowed with the following restriction:</p> <ul style="list-style-type: none"> • SFR, PUD, and Condominiums only • LTV/CLTV/HTLTV is capped at 95% • TLTV ratio can be up to 105% if the second is an Affordable Second lien 															
<p>Minimum Borrower Contributions</p>	<p>1 unit: 0% 2-4 unit: 3% required if LTV > 80% Note: Gifts cannot be used for the borrower's minimum borrowers' contributions</p>															
<p>Reserves</p>	<ul style="list-style-type: none"> • Must come from borrower own funds if required. • 2-4 Unit Properties: require 2 months PITIA <p>Note: Subject to LPA Findings</p>															
<p>Eligible Borrowers</p>	<p>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</p>															

<p>Acceptable Visa Types</p>	<p>Eligible VISA types:</p> <ul style="list-style-type: none"> • A-1 thru A-3 Visas- Note: Borrowers with these Visa types who have diplomatic immunity are not acceptable • E-1 thru E-3 Visas • G-1 thru G-5 Visas- Note: Borrowers with these Visa types who have diplomatic immunity are not acceptable • H-1, H-1B and H-1C Visa’s • 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. • L-1 Visa • 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. • O-1A Visa- Note: Borrowers with this Visa type cannot work in the Arts, Motion Picture or Television industry • O-1B Visa- Note: This Visa type is for those excluded from eligibility on a O-1A visa as listed above • O-2 Individuals who will accompany an O-1, artist or athlete, to assist in a specific event or performance • TN, NAFTA Visa -Used by Canadian or Mexican citizens for professional or business purposes • TC, NAFTA Visa- Used by Canadian citizens for professional or business purposes • Note: An unexpired Employment Authorization Document(EAD) may be used in lieu of a Visa <ul style="list-style-type: none"> ○ If EAD will expire within one year, the following must be provided <ul style="list-style-type: none"> ▪ 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 • 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"> ○ 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"> ▪ USCIS Form I-797- issued when application or petition is approved ▪ USCIC Form I-797C or I-797E- Cannot state application has been declined ▪ USCIS Form I-539 or equivalent or copy of USCIS Form I-485 or equivalent plus electronic verification of receipt from the USCIS website ▪ If sponsored by employer, the employer may verify that they are sponsoring the visa renewal
<p>Credit</p>	<ul style="list-style-type: none"> • LPA Accept/Eligible • 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 (based on Credit Report Date) is required. 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 recoding date to the Note date. • Borrower with multiple BK filings within the last seven (7) years: five (5) years waiting period since the most recent discharged / dismissal date.

<p>Property Types</p>	<ul style="list-style-type: none"> • Condo, PUD, SFR, 2-4 Units, Age restrictions <ul style="list-style-type: none"> ○ <u>Ineligible properties</u> - all other deed restrictions(resale-restrictions), co-ops, condo hotels, mixed-used live/work, no gut rehab. • Note: 2-4 Units are not eligible for Home Possible Advantage • Condo complex with 4 or less units require that at least 3 out of 4 are owner occupied properties. • Condo conversion within the past 3 years not allowed. • New Condo Projects in Florida are eligible only if currently approved via FNMA PERS approved process. • Owner occupancy requirement for condos is no longer applicable for owner occupied. • <u>Manufactured Homes:</u> <ul style="list-style-type: none"> ○ It must permanently be affixed to the lot and considered real estate under state law. ○ Constructed on or after 6/15/1976; must have one or more labels attached to the home. (IBTS website) ○ 1 Unit Classified as Real Property, No Accessory Unit ○ Doublewide or Multi-Wide ○ Minimum 600 SQFT and minimum 12 ft wide ○ Cannot have been previously installed or occupied at another site ○ Towing hitch, wheels & axles removed ○ Fee Simple ○ Max 10 acres ○ Cannot be a manufactured Condo or PUD ○ No new construction ○ No refinance of interim construction financing ○ Engineer Cert – Foundation Cert is required only if there is addition ○ No manufactured Advantage Properties ○ No Conforming High Balance loan amounts ○ Minimum Fico 640 ○ Purchase and R/T max LTV/CLTV at 95% ○ Mortgage insurance requires prior approval ○ Second signature is required
<p>Borrower Income Eligibility Limit</p>	<p>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 Mortgage Premises.</p> <ul style="list-style-type: none"> • Link to Home Possible Income and Property Eligibility Tool: https://sf.freddiemac.com/working-with-us/affordable-lending/home-possible-eligibility-map

<p>Income Documentation</p>	<p>Requirements subject to AUS findings</p> <p>Future Employment Requirements:</p> <ul style="list-style-type: none"> • Purchase & Rate & Term Transactions Only • Primary Residence Only • Max LTV/CLTV 90% • Salary income only (hourly earnings are not permitted) • Employment start date must be within 90 days of the note date • Income must be for a new primary employment or future salary increase from current employer • 1 Unit SFR, Condo and PUD only • Employer cannot be a family member or interested party to the real estate transaction <p>Required Documentation:</p> <ul style="list-style-type: none"> • Copy of Employment offer letter or employment contract <ul style="list-style-type: none"> ○ Contract must be fully executed and accepted by the borrower and employer ○ Clearly state the employer and borrower ○ Is non-contingent or verification from employer that all contingencies have been cleared ○ Include the terms of employment, including employment start date and annual income based on salaried income only ○ For future salary increases from current employer, employment letter or contract must indicate that the increase is fully approved and explicitly granted to borrower • An additional four months PITIA above the requirements stated by the AUS findings is required • 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
<p>Boarder Income</p>	<p>Boarder income (relatives or non-relatives) for Home Possible products is permitted as qualifying income if the eligibility guidelines are met as outline below:</p> <ul style="list-style-type: none"> • SFR, SFR w/Accessory Unit (ADU), including Condo, and PUD's. • Boarder and Borrower(s) will continue to reside in the new residence. • Must have resided with the borrower for the most recent 12 months. • Does not exceed 30% of the total gross income used to qualify for the Mortgage. • Rent must be averaged over 12 full months. • Boarders may not be obligated to the Note. <p>Documentation Requirements:</p> <ul style="list-style-type: none"> • Documentation for 9 of the most recent 12 months' rents received by the borrower is required. (i.e. copies of cancelled checks or bank statements). • Documentation of shared residency for the past 12 months is required (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). • The income must be averaged over 12 months when few than 12 months of payments are documented. • The amount used to qualify must be entered as "Boarder Income". If the field is not available on the AUS enter as "other" income. LPA will drop the standard conditions and findings for the type of income selected. <p>NOTE: If any of the required documentation cannot be provided, the income may not be used as qualifying income and may only be considered as a compensating factor.</p>

<p>Rental Income</p>	<ul style="list-style-type: none"> • If utilizing a lease for rental income calculations, the lease must have an original term of one year or rents cannot be used. <ul style="list-style-type: none"> ○ If current lease had an original term of one year and had a clause that allows the lease to be automatically converted to a month to month, that also is acceptable ○ Exception- If purchasing a home and there is an existing lease, if the original lease had a term of one year and automatically converted to month to month, that's fine, if the lease is transferred to our borrowers. • If using rents on a departing residence or on a purchase of a new Investment home, a minimum of one-year landlord history is required. <ul style="list-style-type: none"> ○ If the borrowers do not have at least one-year history, the below must be followed <ul style="list-style-type: none"> ▪ The rental income can only be used to offset the PITIA for the property in question ▪ No positive rental income can be utilized for qualifying purposes • One Year tax returns are allowed for rental income calculations (LPA must state this) <ul style="list-style-type: none"> ○ Income must be annualized regardless of how long property has been owned however • Whenever a lease is available on a new purchase, the existing lease must be used for qualifying purposes <ul style="list-style-type: none"> ○ If no lease, then we will use 75% of the market rents from the appraisal • When purchasing a new Investment home, the borrower(s) must own a primary residence
<p>Assets/Reserves</p>	<p>Allowable Assets for down payment, closing costs and reserves: Subject to LPA Findings</p> <ul style="list-style-type: none"> • Checking • Saving • 401K, Stock, Bonds and Mutual Funds- 100% of vested balance minus any outstanding loans, may be used. • Business Funds - must own the company 100% • Life Insurance – 100% of cash value
<p>Student Loan</p>	<ul style="list-style-type: none"> • If the monthly payment amount is greater than zero, use the monthly amount reported on credit or other file documentation, or • If the monthly payment amount reported on the credit report is zero, use 0.5% of the outstanding balance, as reported on the credit report
<p>Maximum Number of Financed Properties</p>	<ul style="list-style-type: none"> • Borrower(s) may own up to two financed properties including the subject property • Reserves subject to LPA Findings
<p>Recently Listed Properties</p>	<p>Properties that were listed for sale must have been taken off the market at least one day before the Note date</p>

<p>Streamlined Review for Condos</p>	<ul style="list-style-type: none"> Regardless of LTV; Condo review type is determined by AUS. If a condo is in litigation and litigation is approved, it's always subject to full review regardless of AUS findings. <p>LIMITED REVIEW PARAMETERS</p> <p>Maximum LTV/CLTV/HCLTV: 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 Accept/Eligible Loans</p> <ul style="list-style-type: none"> Primary Residence: 90%/90%/90% (75% / 90% / 90% for Florida properties) 								
<p>Interested Party Contributions</p>	<p>The amount of the contribution made by an interested party is based on the LTV/CLTV of the mortgage.</p> <table border="1" data-bbox="550 581 1858 829"> <thead> <tr> <th colspan="2">Maximum Contribution Limits</th> </tr> </thead> <tbody> <tr> <td>LTV/CLTV 90.01% - 100%</td> <td>3%</td> </tr> <tr> <td>LTV/CLTV 75.01 – 90%</td> <td>6%</td> </tr> <tr> <td>LTV/CLTV <= 75%</td> <td>9%</td> </tr> </tbody> </table>	Maximum Contribution Limits		LTV/CLTV 90.01% - 100%	3%	LTV/CLTV 75.01 – 90%	6%	LTV/CLTV <= 75%	9%
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<p>Home Buyer Education</p>	<p>Freddie Mac believes that high-quality homeownership education and housing counseling can provide the borrower with the additional information and resources to make informed decisions that support long-term homeownership.</p> <p>When all Occupying borrowers are First Time Homebuyers, at least one qualifying Borrower must participate in a homeownership education program before the note date.</p> <ul style="list-style-type: none"> Option 1: Programs developed by HUD approved counseling agencies, Housing Finance Agencies(HFAs) or Community Financial Institutions (CDFIs) Option 2: Homeownership education programs developed by Mortgage Insurance Companies or other providers' programs that meet the standards of the National Industry for Homeownership Education and Counseling <ul style="list-style-type: none"> www.homeownershipstandards.com As an alternative to the programs listed above, Freddie Mac's free financial literacy curriculum, Credit Smart, meets the homeownership education requirements, provided: <ul style="list-style-type: none"> The borrower completes the on line Credit Smart- Steps to Homeownership Tutorial which includes Modules 1; Module 2; Module 7; Module 11 and Module 12 at a minimum. www.freddiemac.com/creditsmart/tutorial.html A copy of Exhibit 20, Homeownership Education Certification or another Companies completion certification must be provided prior to the note date. 								

<p>Landlord Education (2-4 Unit Primary Residences)</p>	<ul style="list-style-type: none"> • On Purchase transactions, at least one qualifying borrower must participate in a landlord education program before the note, regardless of whether rental income is being utilized or not. • Landlord Education cannot be provided by an interested party to the transaction, originating Lender or the seller.
<p>Non-Traditional Credit</p>	<ul style="list-style-type: none"> • Restrictions when no borrower has a credit score: <ul style="list-style-type: none"> ○ Must have LPA approval ○ The transaction must be a purchase or limited cash-out refinance ○ Primary one (1) unit with all borrowers occupying subject ○ The loan amount must meet the general loan limits not high balance limits ○ The loan must be a fixed-rate mortgage ○ The Maximum LTV/CLTV, and HCLTV ratio cannot exceed 80%. ○ Maximum DTI subject to LPA. ○ Reserve may be required as determined by LPA. • Restrictions when at least one borrower has no credit score: <ul style="list-style-type: none"> ○ Must have LPA approval ○ Primary 1 unit with all borrowers occupying subject ○ At least one borrower must have at least one credit score ○ The transaction must be a purchase or limited cash-out refinance ○ The loan amount must meet the general loan limits not high balance limits ○ The Maximum LTV/CLTV, and HCLTV ratio does not exceed 95% ○ 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. ○ 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. ○ Maximum DTI subject to LPA. ○ Reserve may be required as determined by LPA. <p>Nontraditional Documentation Requirements</p> <ul style="list-style-type: none"> • 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"> ○ Each payment reference must have existed for at least the most recent 12 months ○ At least one Borrower must have a housing payment history as one of the payment references; and: <ul style="list-style-type: none"> ▪ If more than one Borrower has a housing payment history, then al such housing payment histories for the most recent 12 months (or length of housing payment history if less than 12 months) must be verified ▪ All housing payment histories must have no 30-day or greater Delinquencies in the most 12 months ○ For all payment references other than housing: <ul style="list-style-type: none"> ▪ Only one payment reference may have no 30-day or greater Delinquencies in the most recent 12 months ▪ All payment references must have no 60-day or greater Delinquencies in the most recent 12 months ○ Each payment reference must: <ul style="list-style-type: none"> ▪ Meet the requirements for written verifications, refer to FHLMC Guide Section 5102.3 ▪ Meet the age of documentation requirements, refer to FHLMC Guide Section 5102.4 ▪ Be documented in accordance, refer to FHLMC Guide Section 5202.2(b) <p><i>Continue next page</i></p>

	<ul style="list-style-type: none"> • Each Borrower must have no collections (other than medical), judgments or tax liens filed in the most recent 24 months • When the credit reputation for all Borrowers is established using only Noncredit Payment References, than 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. <p>Only borrower paid mortgage insurance (BPMI) mortgage insurance are allowed when using non-traditional credit.</p>
<p>Leasehold Requirements</p> <p><i>(Please refer to Chapter 5704.1 of FHLMC guidelines for a complete list of guidelines)</i></p>	<ul style="list-style-type: none"> • Must not be impaired by any merger of title between the lessor and lessee • If a sublease is included within the leasehold estate, the documents must provide that a default under the leasehold estate will not by such default result in the termination of the sublease. • 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. IE Leasehold expires and automatically converts to Fee Simple. • Lease must provide that the leasehold can be assigned, transferred, mortgaged and sublet unlimited without restrictions or on payment of a reasonable fee and delivery of reasonable documentation to the lessor. The lessor cannot require a credit review or require any qualifying criteria to any assignee, transferee, mortgagee or sub-lessee. The lease must provide that in addition to the obligation to pay lease rents, the borrower will pay taxes, insurance, utilities and homeowners' association dues (if applicable), related to the land in addition to those he or she is paying on the improvements • The lease must be valid, in good standing, and in full force and effect in all respects. • The lease must not include any default provisions that could give rise to forfeiture or termination of the lease, except for nonpayment of the lease rents. • The lease must include provisions to protect the mortgagee's interests in the event of a property condemnation. • The lease must provide lenders with the right to receive a minimum of 30 days' notice of any default by the borrower, and the option to either cure the default or take over the borrower's rights under the lease. • The lease must be current on all payments and assessments nor can the borrower be in default or have any claims of default under any provision of the lease. • Leasehold may not contain any deed or resell restrictions. (Age Restrictions are acceptable) • Cannot be held in a Community Land Trust • Indian Leased Land is not eligible • Leaseholds are not eligible on Texas(a)6 loans • A full appraisal is required regardless of AUS findings • Loan must meet all FHMLC guidelines. <p>Documentation Requirements:</p> <ul style="list-style-type: none"> • Copy of the full lease agreement including any sub lease agreement(s) • Evidence of the monthly Ground Rent payment (must be included in the Housing DTI Calculations if subject and total DTI if a property other than subject); Ground rent payment should be included in any calculations toward reserve requirements as well. • Appraiser must provide 3 closed Leasehold interest comparable; Fee Simple Comparable are not acceptable. • Title must include an ALTA Endorsement 13.1-06 plus include the value of the lessee's leasehold improvements if any. Full Title Policy is required. • Leasehold Rider will be included as an attachment to the Deed of Trust/Mortgage and will require the borrower's signature.



Affordable Seconds

(Please refer to Chapter 4204.2 of FHLMC guidelines for a complete list of guidelines)

- Purchase and Rate and Term Refinance only
- Maximum CLTV is 105% or maximum per loan program chosen, whichever is less.
 - Note: TCLTV's over 97% are only allowed under the Home Possible Advantage option
- No Deed/Resale restrictions allowed unless Age related
- Affordable 2nd must be a Fixed Rate Mortgage
- **No Government subsidies allowed in conjunction with the agency who is providing the Affordable Second to our borrower- IE No Gov't assistance to the Agency providing the Affordable 2nd**
- Affordable Second must be funded by a federal agency, municipality, state, county, state or local housing finance agency, non-profit organization, employer or a regional Federal Home Loan Bank under one of their affordable housing programs.
 - Loans from Employers may not include a provision requiring repayment upon termination.
 - Affordable Seconds may not be provided by the property seller or any interested party to the transaction.
 - Affordable Seconds through the borrowers Employer must permit the borrower to continue making payments on the loan in the even the borrower is no longer works for the employer and may not require repayment in full unless:
 - Borrower terminates said employment
 - Employer terminates employment for any reason other than long term disability, reduction in force.
- The following are Loan Repayment requirements/restrictions for an Affordable Second
 - The interest rate of the Affordable Second must not be more than 2% higher than the interest rate of the First Lien Mortgage
 - Interest accruals, which are added to the principal, may not increase the TLTV ratio beyond the maximum TLTV ratio allowed for the First Lien Mortgage at any time during the term of the First Lien Mortgage
 - **If monthly payments on the Affordable Second are required and begin before the 61st monthly payment under the First Lien Mortgage, such monthly payment must be included in the Borrowers Monthly Housing Expense to income ratio(DTI); otherwise the payment does not have to be included in the DTI.**
- **The term of the Affordable Second must not require a balloon payment due before the maturity or payment in full of the First Lien Mortgage.**
- Equity Sharing is not eligible
- Affordable Second terms must be disclosed to the Appraiser and MI Company
- Copy of the note from the Affordable Second and the Closing Disclosure Statement reflecting the fees associated from the Affordable Second is required.

<p>Subject –New Subordinating Financing (Non-Affordable Seconds)</p>	<ul style="list-style-type: none"> • No negative amortization allowed <ul style="list-style-type: none"> ○ Minimum payment due must equal the accrued monthly interest ○ Seller carried back 2nd: <ul style="list-style-type: none"> ▪ Rate cannot be lower than 2% of the rate of the 1st TD (IE- 1st TD is at 5%; lowest rate on 2nd is 3%) ▪ Payment must be fully amortized ▪ Maximum TCLTV is 97% ▪ Borrower’s must make a 5% minimum down payment • Balloon payments less than 5 years from the 1st liens note date are not eligible • With the exception of a HELOC, the payment stream must remain constant for a minimum of 12 months at a time • Employer secondary financing may be structured in any of the following ways: <ul style="list-style-type: none"> ○ Minimum payment due must equal the accrued monthly interest ○ May not include provision requiring repayment upon termination ○ Note: If monthly payments on the Employer Assisted Second is required to begin before the 61st monthly payment under the First Lien Mortgage, such monthly payment must be included in the Borrowers Monthly Housing Expense to income ratio(DTI); otherwise the payment does not have to be included in the DTI • HELOCs <ul style="list-style-type: none"> ○ When calculating the CLTV- use current balance ○ When calculating the TCLTV- use the full line amount • Subordinate financing is not allowed on a Texas(a) 6 loan • Must allow for prepayment without restriction • Equity Sharing is not eligible <p>Documentation Requirement:</p> <ul style="list-style-type: none"> • Copy of Note/HELOC Agreement- for new secondary financing <p>Existing Secondary Financing:</p> <ul style="list-style-type: none"> • Copy of Fully executed subordination agreement required • Copy of existing note/HELOC Agreement required • TCLTV cannot exceed 97% • Payment must be included in the Housing to Income Ratio (DTI)
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Temporary Interest Rate Buydown	<ul style="list-style-type: none">• 2/1 and 1/0 temporary buydown• Fixed Rate only• Qualification is on the full note rate• Purchase Transaction Only• Owner Occupied Transaction Only• 1 to 2 Unit – (Exclude manufactured homes)• Minimum Fico 680• 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.• The buydown plan must be a written agreement between the party providing the buydown funds and the borrower.• The total closing costs and buydown cannot exceed IPC Limits.
Land Trust / Community Land Trust	Not allowed