



Last updated: 07/13/2023

Standard and Super Conforming

Agency	Freddie Mac - LPA Accept			Freddie Mac - LPA Accept		
Finance Type	Purchase and Rate/Term Refinances			Cash Out Refinances		
Occupancy	Owner Occupied			Owner Occupied		
Term	Fixed Rate and Fixed Period ARMs			Fixed Rate and Fixed Period ARMs		
LTVs 95.01% - 97% LTV/CLTV allowable under Freddie Mac HomeOne (refer to Borrower Eligibility for more details)	Property Type	LTV/CLTV	Min Credit Score	Property Type	LTV/CLTV	Min Credit Score
	1 Unit	FRM 97 ¹ ARM 95	620	1 Unit	80	620
	2 Unit	85		2-4 Unit	75	
	3-4 Unit	80				
	Second Home			Second Home		
	Fixed Rate and Fixed Period ARMs			Fixed Rate and Fixed Period ARMs		
	Property Type	LTV/CLTV	Min Credit Score	Property Type	LTV/CLTV	Min Credit Score
	1 Unit	90	620	1 Unit	75	620
	Investment Property			Investment Property		
	Fixed Rate and Fixed Period ARMs			Fixed Rate and Fixed Period ARMs		
	Property Type	LTV/CLTV	Min Credit Score	Property Type	LTV/CLTV	Min Credit Score
	1 Unit	85	620	1 Unit	75	620
	2-4 Unit	75		2-4 Unit	70	
	Appraisals	<ul style="list-style-type: none"> - Determined by LPA Findings. Appraisal waivers, through Loan Product Advisor, are acceptable. Appraisal Waivers are not eligible for: <ul style="list-style-type: none"> o Subject property is a leasehold o Subject property is subject to resale restrictions o The lender is required by law or regulation to obtain an appraisal (such as Texas (a)(6) transactions) - Desktop Appraisal allowed only with an Accept recommendation and feedback message in LPA indicating the loan is eligible for delivery with a desktop appraisal. All agency required desktop requirements must also be met. Eligibility requirements include: <ul style="list-style-type: none"> o Purchase transactions of one-unit principal residence only - Hybrid appraisals are not acceptable regardless of LPA findings - Properties with evidence of commercial production of marijuana, including but not limited to grow rooms, or hydroponic equipment, are ineligible. 				

Assets/Gift Funds/Large Deposits	<p><u>Assets</u></p> <ul style="list-style-type: none"> - Follow Freddie Mac verification of deposit and asset documentation guidelines to determine asset eligibility for down payment, closing costs, and reserve requirements. <ul style="list-style-type: none"> o Asset statements must clearly identify the borrower as the account holder o Assets held solely in the name of a non-borrowing purchaser are considered a gift and must follow Freddie Mac gift fund requirements. - Follow Freddie Mac guidelines for gift fund eligibility and documentation requirements <ul style="list-style-type: none"> o Gift funds are ineligible on an investment property transaction <p><u>Large Deposits</u></p> <ul style="list-style-type: none"> - Follow Freddie Mac guidance for large deposit eligibility and verification requirements <ul style="list-style-type: none"> o Large deposits sourced back to a non-borrowing purchaser are considered a gift and must follow Freddie Mac gift fund requirements. - On refinance transactions, the documentation or explanation for large deposits is not required; however, any borrowed funds, including any related liability, must be considered. <p><u>Virtual Currency</u></p> <ul style="list-style-type: none"> - Cryptocurrency/Virtual Currency may only be used as funds for closing and reserves if it has been exchanged into U.S. dollars and is held in a U.S. or state regulated financial institution. There must be sufficient documentation to verify that the funds originated from the borrower's cryptocurrency/virtual currency account. Acceptable documentation to use those funds includes the following: <ul style="list-style-type: none"> o Documentation from Cryptocurrency exchange account verifying the borrower as the Legal Owner and not the nickname of the account, AND o Previous borrower bank statement showing funds going into the same Cryptocurrency exchange account that the large deposit came from, OR o 1099-B/MISC from the same Cryptocurrency exchange account that the large deposit came from, plus the borrower's Tax Returns reflecting the 1099 gain/loss <p><u>Minimum Borrower Contribution</u></p> <ul style="list-style-type: none"> - A minimum borrower contribution of 5% of their own funds into the transaction is required when one of the following apply: <ul style="list-style-type: none"> o Second home with LTV >80% o Transactions with a shared equity plan (regardless of LTV)
AUS	<ul style="list-style-type: none"> - Loan Product Advisor with "Accept" Recommendation is required. LPA A Minus Offering is not allowed. - Manual UW is not allowed.
Borrower Eligibility	<ul style="list-style-type: none"> - U.S. Citizens - Permanent resident aliens, with proof of lawful residence - Nonpermanent resident alien immigrants, with proof of lawful residence - Properties vested in trusts are permitted for all occupancy types in accordance with Freddie Mac Trust guidelines
Condominiums	<ul style="list-style-type: none"> - Must follow Freddie Mac published Condominium Eligibility Guidelines. - Streamlined Condo review allowed in accordance with Freddie Mac Guidelines, including N/O/O up to 75% - Ineligible projects include: (i) the HOA is named as a party to pending litigation/mediation/arbitration, or (ii) the project sponsor or developer is named as a party to pending litigation/mediation/arbitration that relates to the safety, structural soundness, functional use or habitability of the project. - Florida Condos are allowed in accordance with Freddie Mac requirements with the exception of newly converted condo projects

<p>Continuity of Obligation:</p>	<p>When an existing Mortgage will be satisfied as a result of a refinance transaction, one of the following requirements must be met:</p> <ul style="list-style-type: none"> - At least one Borrower on the refinance Mortgage was a Borrower on the Mortgage being refinanced; or - At least one Borrower on the refinance Mortgage held title to and resided in the Mortgaged Premises as a Primary Residence for the most recent 12 month period and the Mortgage file contains documentation evidencing that the Borrower has been making timely Mortgage payments, including the payments for any secondary financing, for the most recent 12-month period; or - At least one Borrower on the refinance Mortgage inherited or was legally awarded the Mortgaged Premises by a court in the case of divorce, separation or dissolution of a domestic partnership
<p>Credit</p>	<ul style="list-style-type: none"> - All borrowers may have no credit score. Freddie Mac and LPA requirements must be met. <ul style="list-style-type: none"> o For LTV/CLTV above 95%: at least one borrower must have a usable credit score as determined by LPA. - Must pay off any existing judgments or tax liens. - Mortgage Payment History <ul style="list-style-type: none"> o The mortgage payment history reflected on the credit report can be used to meet mortgage payment history requirements - For borrowers with frozen credit, no more than one credit bureau can have frozen credit information. - When the payment for the primary residence for any borrower is not reported on the credit report (ex: renting primary and the subject is 2nd/NOO): <ul style="list-style-type: none"> o Provide third party verification of payment amount. - IRS Installment Agreements – must meet the following requirements: <ul style="list-style-type: none"> o The payment associated with the installment agreement must be included in the calculation of the borrower’s debt payment-to-income ratio if there are more than 10 months of payments remaining under the agreement. o The loan file must include a copy of the installment agreement approved by the IRS verifying the payment terms, including the monthly payment amount and balance. o The loan file must contain documentation verifying that the borrower is not past due under the terms of the installment agreement. o There must be no indication that the IRS has filed a Notice of Federal Tax Lien for the taxes owed under the installment agreement.
<p>Derogatory Credit</p>	<ul style="list-style-type: none"> - No specific waiting times with an LPA Accept. All derogatory events must be reflected on the credit report in order for the LPA accept to be valid. To further clarify, an LPA Accept will remain valid unless a significant derogatory event “e.g. more than a 1 X30 mortgage late in last 12 months” occurs. <u>NOTE</u>: Manual underwrites are not allowable.
<p>Disaster Policy</p>	<ul style="list-style-type: none"> - A post-disaster inspection may be required when the appraisal occurred before the incident end date of the disaster.

<p>Documentation</p>	<ul style="list-style-type: none"> - Documentation requirements determined by LPA - One year of tax returns is acceptable if allowed by LPA and Freddie Mac guidelines - Income or assets derived from the following sources are ineligible for qualifying: <ul style="list-style-type: none"> o The production or sale of marijuana o Bitcoin or other cryptocurrencies - Current housing payment for non-occupying borrowers. The borrower must document their current housing payment with one of the following when they do not own a primary residence. <ul style="list-style-type: none"> o Direct verification of rent from a management company, or o Direct verification of rent from an individual landlord (supported by two months of cancelled checks or other evidence of two months payments), or o Copy of the current fully executed lease agreement (supported by two months of cancelled checks or other evidence of two months payments), or o Six months of canceled checks or bank statements supporting consistent payment in the amount used in qualifying <p><i>Note: Regardless of AUS documentation requirements, all documentation submitted with the loan file is subject to review and may be used for qualification purposes.</i></p>
<p>Financing Concessions</p>	<ul style="list-style-type: none"> - Financing concessions for primary residences and second homes must be within the following allowable percentages: <ul style="list-style-type: none"> o 9% of value with LTV/TLTV ratios less than or equal to 75% o 6% of value with LTV/TLTV ratios greater than 75% up to and including 90% o 3% of value with LTV/TLTV ratios greater than 90% o The maximum financing concession for investment properties is 2% of value regardless of the LTV ratio <p><i>Note: Financing concessions paid by Freddie Mac, as the property seller for transactions involving the sale of Freddie Mac REO properties are not subject to the above maximum financing concession limits. In all cases, the requirements for use of financing concessions continue to apply i.e. the concessions must not exceed the borrower's actual closing costs. Selling Guide section 5501.5</i></p> <ul style="list-style-type: none"> - Property Seller can pay up to 12 months future HOA dues per Freddie Mac's guidelines. Amount of HOA dues must meet IPC limits. See Freddie Mac 4204.3 for additional information.
<p>High Cost / High Priced</p>	<ul style="list-style-type: none"> - High Cost Loans are not eligible - Higher Priced Mortgage Loans (HPML) transactions are eligible. HPML guidelines require: <ul style="list-style-type: none"> o Establishment of an escrow account for taxes and insurance premiums on any transaction secured by a principal residence. o Must meet all applicable state and/or federal compliance requirements.

Loan Purpose: Purchase and Rate Term

- Purchase
 - o For LTV/CLTV above 95%: When all borrowers are first time home buyers, at least one borrower must participate in a homeownership education program acceptable to Freddie Mac. See 5103.6 for complete details.
- No Cash-Out/Rate & Term Refinance
 - o When the LTV/CLTV is greater than 95%: the loan being refinanced must be owned in whole or in part or securitized by Freddie Mac
 - o The refinance mortgage being paid off must have a note date no less than 30 days prior to the note date of the no cash- out refinance, and evidence must be documented in the loan file.
 - o Proceeds can be used to pay off a first mortgage.
 - o Proceeds can be used to pay off or pay down any junior liens related to the purchase of the subject property
 - o Proceeds can be used to pay off an existing first lien mortgage that includes a deferred balance
 - * A deferred balance that is a second lien is not eligible for a no cash-out refinance (refer to cash-out section below)
 - o Pay related Closing Costs and Prepaid items
 - o Disburse cash out to the Borrower (or any other payee) up to the greater of 1% of the new refinance Mortgage or \$2,000

Loan Purpose: Cash Out

- Cash-Out Refinance Mortgage Used to Pay off a First Lien Mortgage
 - o When proceeds of a cash-out refinance mortgage are used to pay off a first lien mortgage, the first lien being refinanced must be seasoned for at least 12 months (i.e., at least 12 months must have passed between the Note Date of the mortgage being refinanced and the Note Date of the cash-out refinance mortgage), as documented in the mortgage loan file (e.g., on the credit report or title commitment).
 - o The requirement that the mortgage being refinanced must be seasoned for at least 12 month does not apply when:
 - * The cash-out refinance is a special purpose loan cash-out refinance that meets the requirements per section 4301.6 or
 - * The first lien mortgage being refinanced is a Home Equity Line of Credit (HELOC)
 - o A refinance transaction that is paying off an existing first mortgage lien and a second lien created due to a payment deferral is eligible subject to the above seasoning requirements
 - o Refinance to buy out owner's interest: Written agreement must be legible and signed/*dated prior to or at application*. All other Freddie Mac requirements must be met.
 - o The cash-out refinance Mortgage must comply with the applicable LTV/TLTV/HTLTV ratio limits and all other Freddie Mac requirements
 - o All refinance transactions must meet Continuity of Obligation requirements
- Cash-Out Refinance Mortgage on a Property Owned Free and Clear
 - o A mortgage placed on a property previously owned free and clear by the borrower is considered a cash-out refinance
 - o At least one borrower must have been on the title to the subject property for at least six months prior to the Note Date, except as specified below
 - * For cases in which the property is a leasehold estate, at least one borrower must have been lessee on the ground lease or lease agreement of the subject leasehold estate for at least six months
 - * For cases in which title to the property is held by a limited liability company (LLC) or limited partnership (LP), the time the property was titled in the name of the LLC or LP may be included in the six-month requirement provided:
 - At least one borrower must have been the majority owner or had control of the LLC or LP since the date the property was acquired by the LLC or LP, and
 - Title must be transferred from the LLC or LP into the borrower's name prior to the note date.
 - o If none of the borrowers have been on the title to the subject property for at least six months prior to the Note Date of the cash-out refinance, the following requirements must be met:
 - * At least one borrower on the refinance inherited or was legally awarded the subject property (for example, in the case of divorce, separation or dissolution of a domestic partnership)
 - * OR, all of the following requirements are met for borrowers seeking delayed financing:
 - * The executed HUD-1 Settlement/Closing Disclosure Statement from the purchase transaction must reflect that no financing secured by the subject property was used to purchase the subject property
 - * The preliminary title report for the refinance transaction must reflect the Borrower as the owner of the subject property and must reflect that there are no liens on the property
 - * The source of funds used to purchase the subject property must be fully documented
 - * If funds were borrowed to purchase the subject property:
 - Cash-out proceeds must be used to pay off or pay down the borrowed funds, as reflected on the Settlement/Closing Disclosure Statement for the refinance transaction
 - Additional cash-out is permitted *only* when all borrowed funds are paid in full, and
 - o The payment on any remaining outstanding balance of the borrowed funds must be included in the DTI ratio per Section 5401.2

<p>Loan Purpose: Ineligible Transactions</p>	<p>Intra-family purchases as a means to obtain cash-out for the seller while avoiding cash-out qualifications and pricing are not eligible transactions. These types of transactions may seem to meet Agency guidelines, they are not bonafide purchase transactions and therefore not eligible for purchase. Unacceptable transactions of this type may have some or all of the following characteristics:</p> <ul style="list-style-type: none"> - Gift of equity from the seller - Large amount of seller credits - Family member remaining in the home and on title after the “purchase” - Seller unable to qualify for a cash-out transaction of their own
<p>Mortgage Insurance</p>	<p>Acceptable MI Types</p> <ul style="list-style-type: none"> - Borrower Paid Monthly - Borrower Paid Single Premium - Financed: Gross LTV cannot exceed program maximum <ul style="list-style-type: none"> o Not allowed for Super Conforming Loans
<p>Occupancy</p>	<ul style="list-style-type: none"> - Primary Residence - 1-4 units - Second Homes - 1-unit only - Investment Properties 1-4 units
<p>Power of Attorney (POA)</p>	<p>An individual employed by or affiliated with any party to the loan transaction e.g. title insurer, settlement agent etc. is not eligible as a POA</p>
<p>Property: Eligible Types</p>	<ul style="list-style-type: none"> - Single Family Detached Single Unit - Single Family Attached Single Unit - 2–4 Unit Attached/Detached <ul style="list-style-type: none"> o LTV/CLTV above 95%: Not eligible - PUDs - Low-rise and High-rise condominiums (must be Freddie Mac eligible) - Rural Properties (in accordance with agency Guidelines, loans must be residential in nature)
<p>Property; Ineligible Types</p>	<ul style="list-style-type: none"> - Mobile homes - Cooperatives - Condotels - Hotel Condominiums - Timeshares - Working Farms and Ranches - Unimproved Land - Property currently in litigation - Land Trust, including Community Land Trust Mortgages - Condition Rating of C5/C6 or a Quality Rating of Q6 - Turn-key investment properties. See Property Turn-key Investments section for additional details.

<p>Property; Maximum Number of Financed Properties</p>	<ul style="list-style-type: none"> - The loan must comply with Freddie Mac's limitations on the maximum number of financed properties: <ul style="list-style-type: none"> o owner-occupied: unlimited o second home and investment property: ten - When the borrower owns 7-10 financed properties: <ul style="list-style-type: none"> o LPA accept required o Minimum 720 credit score
<p>Property Flipping Policy (Properties resold within 180 days of purchase)</p>	<ul style="list-style-type: none"> - Properties that involve a re-sale that occurred within the last 180 days that have a non-arm's length relationship between the buyer and seller and an increase in value are prohibited. - An additional value product to support the subject appraised value in instances of greater than 20% appreciation.
<p>Property: Turn-key Investments</p>	<p>Purchase or refinance transactions involving turn-key investment, or other similar arrangements, are not eligible for purchase. Characteristics of a Turn-key property include but are not limited to:</p> <ul style="list-style-type: none"> - The property seller is an LLC (or other entity) that purchases distressed properties and re-sells to borrowers at a non-distressed valuation. - Property seller or a related entity enters into an agreement to manage the property on behalf of the buyer including marketing, tenant screening, rent collection, maintenance, etc. - Buyer frequently lives out-of-the-area from the subject property.
<p>Ratios</p>	<ul style="list-style-type: none"> - The maximum DTI is 50% with a LPA Accept - Loans with DTI exceeding 50% regardless of AUS decision are ineligible. - Non-occupant co-borrower blended ratios in accordance with Freddie Mac guidelines is allowable.
<p>Recently Listed Properties</p>	<ul style="list-style-type: none"> - The subject property must not be currently listed for sale (on refinances). It must be taken off the market on or before the disbursement date of the new mortgage loan. Borrowers must confirm their intent to occupy the subject property (for principal residence transactions).
<p>Rental Income Calculation</p>	<ul style="list-style-type: none"> - Follow Freddie Mac guidelines relative to rental income calculation. - Rent loss insurance is not required.
<p>Reserves</p>	<ul style="list-style-type: none"> - Follow LPA requirements for reserves - Reserves must be based upon the full monthly payment (PITIA) amount for the property.
<p>State Restrictions</p>	<ul style="list-style-type: none"> - Illinois Land Trust vesting's are not eligible for loan sale - Texas 50 (a)(6) refinance mortgages are eligible- <ul style="list-style-type: none"> o Owner-Occupied, 1 unit only – Non occupant co-borrowers may not be eligible on TX A6 loans. Correspondents are responsible for determining acceptability. o Maximum 80% LTV/CLTV o 2% fee restriction in accordance with Texas Constitution o Full appraisal required o No new secondary financing o Loans must comply with Freddie Mac and Texas Constitution requirements o Power of Attorney allowed in accordance with Texas requirements.



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Temporary Interest Buydowns

Allowed subject to the following:

- Max total interest rate reduction of 3%, max increase per year of 1% (1/0,1/1, 2/1, and 3/2/1 buydowns allowed)
- Maximum 3 years to reach standard note rate
- Owner Occupied and Second Homes only
- Purchase and No Cash-Out Refinances (cannot be funded with premium pricing)
- Minimum 660 FICO
- Must qualify at the standard note rate without benefit of the buydown
- Must meet all other applicable Freddie Mac requirements, including but not limited to qualification, documentation of buydown, and funding of buydown.
- Must be seller or lender paid