

Transaction	FICO	Number of Units	Maximum LTV/CLTV
Primary Residence – Owner Occupied			
Purchase / Rate Term	620	1 - Unit	95%
		2 - Units	85
		3-4 Units	75
Cash-Out Refinance	620	1 - Unit	80
		2-4 Units	75
Second Home			
Purchase / Rate Term	620	1 – Unit	90
Cash-Out Refinance	620	1 – Unit	75
Investment Property – Non-Owner Occupied			
Purchase	620	1 – Unit	80
		2-4 Units	75
Rate / Term	620	1-4 Units	75
Cash-Out Refinance	620	1 – Unit	75
		2-4 Units	70

Platinum Conforming ARM LPA Product Codes:			
5/1 ARM	1701-77	5/1 ARM LPMI	1720-77
7/1 ARM	1801-77	7/1 ARM LPMI	1820-77
10/1 ARM	1901-77	10/1 ARM LPMI	1920-77
Platinum Conforming ARM LPA Super Conforming Product Codes:			
5/1 ARM High Balance	1753-77		
7/1 ARM High Balance	1853-77		

Highlights

Topic	Description
1031 Exchange	Not Allowed
4506 Transcripts	Transcripts are required per documentation type documented in the loan file.
Appraisal Requirements	<ul style="list-style-type: none"> • Transferred appraisals are not allowed. • Appraisers listed on Freddie Mac's exclusionary list are not eligible. • Automated Collateral Evaluation (ACE) eligible transactions: <ul style="list-style-type: none"> ▪ One-unit single family primary residence or second home; ▪ Purchase or no cash-out refinance transactions; ▪ LTV/TLTV ≤80%; and ▪ LP findings must be "Appraisal/Type MAF – NO APPRAISAL MAF". • When an appraisal has been obtained for the transaction the ACE option may not be exercised. • Full appraisals are required for the following regardless of LP findings: <ul style="list-style-type: none"> ▪ Purchase of REO properties; ▪ Purchase of properties bought at auction; ▪ Identity of Interest/Non-arm's length transactions; ▪ Condominiums; ▪ Two-to-Four unit properties; ▪ Cash-out refinance transactions; ▪ Mortgages with an estimated value of \$1 million; ▪ Properties located in a disaster area; ▪ Properties with any adverse property conditions that are apparent based on the review of the sales contract, property inspection, disclosures of property related issues by any party to the transaction, etc.; ▪ When required by law or regulation; and ▪ Properties subject to resale deed restrictions including age related deed

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	<p>restrictions.</p> <ul style="list-style-type: none"> • Properties with unpermitted structural additions must meet the following requirements: <ul style="list-style-type: none"> ▪ The quality of the work is described in the appraisal and deemed acceptable (“workmanlike quality”) by the appraiser. ▪ The addition does not result in a change in the number of units comprising the subject property. ▪ If the appraiser gives the unpermitted addition value, the appraiser must be able to demonstrate market acceptance using comparable sales with similar additions and state the following in the appraisal report: <ul style="list-style-type: none"> ○ “Non-permitted additions are typical for the market area and a typical buyer would consider the ‘unpermitted’ additional square footage to be part of the overall square footage of the property”; and ○ “The appraiser has no reason to believe the addition would not pass inspection for a permit”. • Appraisal updates must be reported only on <i>Form 442, Appraisal Update and/or Completion Report</i>. • Super Conforming Appraisal Requirements: <ul style="list-style-type: none"> ▪ Condominiums: The appraiser must provide two comparable sales from outside the subject project. ▪ A field review is required if the subject property is valued at \$1 million and the LTV/TLTV/HTLTV is greater than 75%. <ul style="list-style-type: none"> ○ If the field review results in a different opinion of value than the appraisal, the lowest of the original appraised value, the field review value, or the sales price (purchase transactions) must be used to calculate the LTV/TLTV/HTLTV ratios. ▪ Note: Loan amounts > \$1 million are not eligible
<p>ARM Parameters</p>	<p>5/1 ARMs</p> <ul style="list-style-type: none"> • Caps: 2/2/5 • Margin: 2.25% • Index: One Year LIBOR • The qualifying rate is the greater of: <ul style="list-style-type: none"> ▪ The Note rate plus 2%; or ▪ The fully indexed rate. • The initial Note rate cannot be more than 3% below the fully indexed rate. • The 5/1 ARM program is not eligible if the subject property is an investment property and the borrower owns any other financed one-to-four unit investment properties. <p>7/1 and 10/1 ARMs</p> <ul style="list-style-type: none"> • Caps: 5/2/5 • Margin: 2.25% • Qualify at the Note rate.
<p>AUS</p>	<ul style="list-style-type: none"> • Loan Product Advisor (LP or LPA) “Accept” decision is required. • The requirements of the <i>Loan Prospector Documentation Matrix</i> must be met in addition to the LP findings requirements.
<p>Borrower Eligibility</p>	<p>The following borrowers are eligible:</p> <ul style="list-style-type: none"> • Maximum four borrowers per loan transaction. • All borrowers must be natural persons or an eligible <i>inter-vivos</i> living trust. <ul style="list-style-type: none"> ▪ Non-owner occupied transactions may not close in the name of a trust. • All borrowers must have a valid social security number. <ul style="list-style-type: none"> ▪ For non-U.S. citizens a social security card may not be used as evidence of employment eligibility. ▪ ITINs are not allowed. • U.S. citizens. • Permanent Resident Aliens must provide the following documentation: <ul style="list-style-type: none"> ▪ Permanent Resident Alien card (“green card”); or ▪ A passport with a USCIS I-551 stamp.

	<ul style="list-style-type: none"> • Non-Permanent Resident Aliens must provide the following: <ul style="list-style-type: none"> ▪ Employment Authorization Document (EAD card); or ▪ An acceptable Visa: <ul style="list-style-type: none"> ○ E-1 Visa; ○ G Series Visa: G-1, G-2, G-3, G-4, G-5; ○ H-1 Visa; ○ L-1 Visa; and ○ TN Visa (NAFTA) • If authorization for non-permanent residency status will expire within three months, obtain confirmation from USCIS that the employer has re-filed a petition of extension. If there are no prior renewals the likelihood of renewal must be determined based on information from USCIS such as: <ul style="list-style-type: none"> ▪ A valid passport; ▪ A letter from the employer/sponsor; and ▪ Form I-94 proving work authorization. • Non-permanent residents must be employed in the United States if their income is used to qualify for the loan. • If a non-permanent resident alien is borrowing with a U.S. citizen the documentation requirements still apply and are not eliminated or reduced. <p>The following borrowers are ineligible:</p> <ul style="list-style-type: none"> • Borrowers with diplomatic immunity; • Foreign Politically Exposed persons; • Borrowers with Temporary Protected Status; • Borrowers with Deferred Enforced Departure; or • Borrowers with Humanitarian Parole.
Buy Downs	Temporary and Permanent Not Allowed
CEMA	Not Allowed
Condominiums	<ul style="list-style-type: none"> • Condominium projects must meet Freddie Mac condominium guidelines. • The following condo projects and condo types are ineligible: <ul style="list-style-type: none"> ▪ Hawaiian projects that are subject to ground leases; ▪ Freddie Mac ineligible projects; ▪ Condo projects with any units less than 400 square feet; ▪ Subject property unit with less than 650 square feet; ▪ Continuing care retirement communities; ▪ Manufactured home projects; ▪ Multi-dwelling unit condos; ▪ New condo projects where seller concessions are not disclosed on the Settlement Statement; ▪ Condotels, including projects with the following characteristics regardless of what is reflected in the CCRs: <ul style="list-style-type: none"> ○ Projects that are operated and managed as a hotel or similar type of transient property even when the units are individually owned; ○ Projects that include hotel type services and characteristics such as registration services, rentals of units on a daily basis, daily cleaning services, central telephone service, central key systems, and restrictions on decorating. ○ Projects with mandatory or voluntary rental pooling; revenue sharing agreements or similar agreements that restrict the unit owner's ability to occupy the unit; and ○ Projects with names that include the words "hotel", "motel", "inn", "lodge", or a branded hotel chain or name unless the project does not have the characteristics of a hotel or similar type of transient housing.
Construction to Perm	Not Allowed
Credit	<ul style="list-style-type: none"> • 620 credit score • Each borrower must generate a traditional credit score from at least one repository • A Residential Mortgage Credit Report (RMCR) or traditional tri-merge credit report is required for all borrowers.

Deed Restrictions	<ul style="list-style-type: none"> • Properties subject to resale deed restrictions other than age related deed restrictions are ineligible. • Age related deed restrictions are eligible for a one-unit property that will be/is the borrower's principal residence.
Derogatory Credit	For LP "Accept" approvals Loan Product Advisor has evaluated the borrower's credit reputation and determined that the credit reputation is acceptable.
Down Payment Assistance (DPA)	Not Allowed
Escrow Withholds	Loans with pending escrow holdbacks and/or postponed improvements are NOT eligible.
Escrow/Impound Accounts	<ul style="list-style-type: none"> • Escrow accounts are required if the LTV is > 80% except where prohibited by state law. • Flood insurance must be escrowed if the loan is secured by a property in a mandatory flood zone regardless of whether any other funds are escrowed. This does not apply to premiums that are paid by a condo association or HOA as a common expense.
Future Employment/Income	<p>The calculation of the borrower's stable monthly income may come from a future salary increase or income from future primary employment provided that:</p> <ul style="list-style-type: none"> • Income from a salary increase: <ul style="list-style-type: none"> ▪ The transaction must be a purchase transaction of a one-unit primary residence only. ▪ The borrower's employer must verify in writing that the increase is fully approved and verify the amount and effective date of the salary increase. ▪ The effective date of the salary increase must be no more than 60 days after the Note date. ▪ A Verbal Verification of Employment is required. • Income from future primary employment: <ul style="list-style-type: none"> ▪ The transaction must be a purchase transaction of a one-unit primary residence only. ▪ The borrower's employment offer must be non-contingent. ▪ The borrower's written acceptance of the employment offer must be in the file. ▪ The time frame between the Note date and the beginning date of employment must not exceed 60 days. ▪ The borrower must have adequate cash reserves after the Note date to pay the monthly PITIA during the employment gap plus one additional month's PITIA. ▪ A Verbal Verification of Employment is not required. <p>Future employment from any source that is not primary employment may not be considered.</p>
HPML	Not Allowed
Identity of Interest/Non-Arm's Length Transactions	<ul style="list-style-type: none"> • Non-arm's length transactions are purchase transactions where there is a relationship or a business affiliation between the parties to the transaction such as family members, employer/employee, or principal/agent relationships. These transaction include: <ul style="list-style-type: none"> ▪ Family sales or transfers. ▪ Corporate sales or transfers. ▪ Borrowers employed in the real estate or construction trades who are involved in the construction, financing or sale of the subject property. ▪ Certain transactions involving principals such as a lender, an appraiser, settlement agent, or title company who are involved in the lending process of the subject property. • If the property is a newly constructed property and the borrower has a relationship or business affiliation such as any ownership interest or employment with the builder, developer, or seller of the property, the loan must be secured by a primary residence. • The purchase contract must fully disclose the non-arm's length transaction. • A non-arm's length transaction is not permitted if the subject property is in foreclosure or if a Notice of Default has been filed. • Non-arm's length transactions require full documentation of income and assets regardless of the LP findings (two years income verification and two

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	<p>months' bank/asset statements).</p> <ul style="list-style-type: none"> • ACE appraisal waivers are NOT allowed. • The file must include all of the following: <ul style="list-style-type: none"> ▪ Copy of the cancelled earnest money check to verify payment to the seller. ▪ Verification that the borrower is not now on title and has not been on title within the past 24 months. ▪ A payment history for the existing mortgage (verification of the seller's mortgage) on the subject property must be obtained. It must reflect that the loan is paid current and has no pattern of delinquency within the past 12 months. ▪ The borrower must provide a written explanation stating the relationship to the seller and the reason for the purchase. ▪ The transaction must make sense and it must be apparent that the borrower will occupy the subject property as his/her primary residence.
<p>Ineligible Programs</p>	<ul style="list-style-type: none"> • A-Minus Mortgages • Affordable Housing Products and Programs: <ul style="list-style-type: none"> ▪ Affordable Merit Rate ▪ Home Possible Advantage ▪ Home Possible • Converted or Modified Mortgages • Freddie Mac Owned No Cash-Out Refinances • Incomplete Improvement Loans • New Energy Conservation Improvement Loans • Permanent or Temporary Buy Downs • Properties with PACE or PACE –Like Obligations or Assessments • Renovation Mortgages
<p>Ineligible Property Types</p>	<p>The following property types are ineligible:</p> <ul style="list-style-type: none"> • Assisted Living Facilities • Bed and Breakfast Establishments • Board and Care Facilities • Boarding Houses • Condotels or projects with Condotel characteristics • Co-ops • Dome or Log Homes • Exotic or Non-Traditional Structures • Hawaii Properties in Lava Zones 1 and 2 • Houseboats • Illinois Land Trusts • Manufactured Homes • Mobile Homes • On-Frame Modular Homes • Timeshares • Vacant Land • Working Farms or Ranches <p>The following properties are also ineligible:</p> <ul style="list-style-type: none"> • Properties where the appraisal indicates that the current improvements do not represent the "highest and best use". • Properties with legal/non-conforming zoning if zoning regulations prohibit rebuilding the property to its current density in the event of partial or full loss. • Properties that are subject to coastal tideland, wetlands or setback laws and/or regulations that prevents the rebuilding of the property improvements if they are damaged or destroyed.
<p>Leasehold / Land Trusts</p>	<p>Not Allowed</p>
<p>Listed for Sale</p>	<ul style="list-style-type: none"> • No Cash-Out Transactions: Properties currently listed for sale must be taken of the market on or before the disbursement date of the new loan. • Cash-Out Transactions: Properties listed for sale in the six months prior to the disbursement date of the new loan must be taken off the market on or before the

	loan application date.
Manual Underwriting	Not Allowed
Marijuana Based Business or Marijuana Based Business/Income	Not Allowed
Mortgage Credit Certificate (MCC)	Not Allowed
Mortgage Insurance	<p>Loans with a DTI greater than 45% with a credit score < 700 are not eligible.</p> <ul style="list-style-type: none"> • Delegated underwriting is not allowed. • Standard MI is required. • Reduced MI is not allowed. • LPMI single paid is allowed. <p>The following MI types are ineligible:</p> <ul style="list-style-type: none"> • LPMI annual and monthly. • Any MI where the premium is paid out of the mortgage interest received. • MI that does not meet Freddie Mac requirements. <p>For financed premiums:</p> <ul style="list-style-type: none"> • The subject property must be a one-to-four unit primary residence or second home. • Base LTV: Calculated using the loan amount without the financed premium. The base LTV is used to calculate the required MI coverage. • Gross LTV: Calculated using the loan amount including the financed premium. • The gross LTV must not exceed the maximum LTV/TLTV/HTLTV limits for the loan program.
Non-Traditional Credit	Not Allowed
Number of Financed Properties	<ul style="list-style-type: none"> • Minimum of four properties per borrower financed through Lenox/WesLend. • When the subject property is a primary residence there is no limit to the number of financed properties the borrower may own. • For second home and investment property transactions: <ul style="list-style-type: none"> ▪ Each borrower individually and all borrowers collectively must not be obligated on more than six one-to-four unit financed properties including the subject property. ▪ Ownership of commercial or multi-family (five or more units) real estate is not included in this limitation. ▪ Additional Reserve Requirement: LP will calculate the additional required reserves when the subject property is a second home or investment property. • Note: For loans submitted to LP prior to November 12, 2017: <ul style="list-style-type: none"> ▪ Two months' reserves are required for each additional second home and/or one-to-four unit investment property owned by the borrower that is financed. ▪ Reserves are based on the monthly payment (PITIA) amount for each additional property used in the DTI calculation.
PACE/HERO	Not Allowed
Property Flipping	<p>Prior sales within 90 days are eligible if:</p> <ul style="list-style-type: none"> • The seller is a relocation agency; • The property is a foreclosure of deed-in-lieu of foreclosure sale; • The property was obtained through inheritance or divorce; and • The transaction meets all of the below requirements. <p>Prior sales within 180 days:</p> <ul style="list-style-type: none"> • Identify of Interest/Non-Arm's Length transactions are not allowed. • If the value has increased by 20% or more the appraiser must: <ul style="list-style-type: none"> ▪ Report the previous sale transaction's price and the date of the sale; ▪ Describe in detail any improvements made since the prior sale; and ▪ Provide an explanation for the increase in the property value as well as any recent price trends or changes in local market conditions.
Purchase Contract Assignment	Not Allowed

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Reserves	<ul style="list-style-type: none"> • Per LP findings. <ul style="list-style-type: none"> ▪ If multiple second home or investment property applications are being processed simultaneously, the same reserves may be used to satisfy the reserve requirements for both loan applications. ▪ Example: Two refinance applications for two investment properties are being processed simultaneously. The application for property A requires reserves of \$5,000. The application for property B requires reserves of \$10,000. Since the reserves are covering the same properties, \$15,000 does not have to be verified. A total of \$10,000 in reserves is required.
Restructured Loans/Short Payoff Refinances	<ul style="list-style-type: none"> • The transaction may not result in a modified loan, restructured loan or short payoff. • The subsequent refinance of a previously restructured loan is not allowed. • The subsequent refinance of a previously modified loan is allowed.
Section 8 Housing Vouchers	Not Allowed
State Restrictions	<p>The following are not eligible:</p> <ul style="list-style-type: none"> • Hawaii properties located in Lava Zones 1 and 2 • Illinois Land Trusts • Two-to-Four unit properties in New Jersey • Texas 50(a)(6) transactions. • Properties located in any U.S. Territories or Possessions
Texas 50(f)(2)	<p>Texas (f)(2) loans are eligible subject to meeting all requirements of the Texas constitution including:</p> <ul style="list-style-type: none"> • The refinance loan is closed at least one year after the (a)(6) home equity loan was closed; • No additional funds are advanced other than funds to refinance the existing loan balance and actual closing costs. • The borrower receives zero cash back. • The transaction cannot exceed 80% LTV/TLTV/HTLTV of the fair market value of the subject property; and • A 12-Day Notice (f)(2) Disclosure providing the borrower with his/her rights associated with an equity or non-home equity loan is required. <ul style="list-style-type: none"> ▪ The (f)(2) Disclosure must be provided within three business days of the loan application date; and ▪ Must be provided to the property owner at least 12 days prior to close. • Borrower Affidavit: The loan file must contain a separate affidavit signed by the borrower acknowledging that the requirements of Texas Section 50(f)(2) have been met.
Trusts	<ul style="list-style-type: none"> • <i>Inter-Vivos</i> living trusts must meet Freddie Mac requirements. • Powers of Attorney are not allowed.