FHLMC PROGRAM LINEUP

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MEGA CAPITAL FUNDING, INC.

CONVENTIONAL CONFORMING FIXED RATE & ARM

COVID-19 Resources: https://sf.freddiemac.com/faqs/covid-19-selling-faqs

LP Conventional Conforming and Super Conforming Fixed and ARM Matrix:			
PURCHASE AND RATE TERM REFINANCE			
Occupancy	**Units**	**FICO***	**LP LTV/CLTV/HCLTV[1, 2]**
Primary Residence	1	640	95/95/95
	2-4	640	80/80/80
Second Home	1	640	85/85/85
Investment Property	1	640	85/85/85
	2-4	640	75/75/75
CASH-OUT REFINANCE			
Occupancy	**Units**	**FICO**	**LP LTV/CLTV/HCLTV[1]**
Primary Residence	1	640	80/80/80
	2-4	640	75/75/75
Second Home	1	640	75/75/75
Investment Property	1	640	75/75/75
	2-4	640	70/70/70

Update as of August 5th, 2020.

Effective Immediately on existing pipeline and new submissions.

We still do not accept borrower with current forbearance on any mortgages.

To be able to accept the loan:

1. ***The borrower must be out of forbearance***
2. ***And must resolve the missed payments outside escrow before funding the loan.***
3. ***LTV maximum 70% and Minimum Fico 720***

We will need the following:

- ***Credit supplement showing account has been reinstated and no longer in forbearan***
- ***Proof of payments confirming account is now current.***
- ***Source of funds used to pay off the missed payments.***

Note: Loan proceeds from refinance may not be used to pay off missed payments.

Program Matrix Notes:

- 1 unit includes attached/detached single family and PUD, low and high condo, and modular home
- Maximum loan amount equals conforming loan limit
- Please see underwriting guidelines for additional program details
  - When subordinate financing exists, the LTV must be reduced 5% of the maximum CLTV/HCLTV. For example, if the CLTV/HCLTV is 95%, the maximum LTV cannot exceed 90%.
  - Minimum FICO for loans requiring mortgage insurance. Some states may be subject to limited MI availability, or require higher FICOs, or LTV reductions.

If subject is an investment property and borrower owns more than one financed investment property other than subject property, the subject mortgage loan must be:

An eligible Fixed-rate; or level-payment Mortgage, or

A 7/1 or 10/1 ARM

***Note*: 5/1 ARMs are not eligible for investment transactions when borrower owns more than one (1) financed investment property.**

- Texas Cash-Out refinance is not allowed.

Paycheck Protection Program (PPP) Business Loans:

- No payment, estimated or otherwise, need be included in DTI at this time.
- Loan proceeds from the Small Business Administration (SBA) PPP or any other similar COVID-19 related loans or grants are not considered business assets.
- Copy of Note/PPP loan document is required for DU files. Not required on LP.

Product Detail	Product Guidelines	
AUS	• Loan Prospector (LP) with "Accept" Recommendation Manual underwriting is not allowed.	
Borrower Eligibility	• Maximum four (4) borrowers per loan	
Credit	• Any debt not reported on the credit report must be documented as being repaid in a satisfactory manner. • Credit report inquiries: follow LP Findings. • Must pay off any existing judgments or tax liens.	
Derogatory Credit	Derogatory Event	All derogatory events must be accurately reported on credit.
FICO	• 640 is the required minimum credit score. • All borrowers must have a minimum of one credit score to be eligible.	

Financing Concessions	• Financing concessions for primary residences and second homes must be within the following allowable percentages: ◦ 9% of value with LTV/CLTV ratios less than or equal to 75% ◦ 6% of value with LTV/CLTV ratios greater than 75% up to and including 90% ◦ 3% of value with LTV/CLTV ratios greater than 90% -The maximum financing concession for investment properties is 2% of value regardless of the LTV ratio For Mortgages secured by Investment Properties, the maximum financing concession allowed is 2% of value regardless of the LTV ratio. • Value is the lesser of the sales price or appraised value
High Cost / High Priced	Not allowed
Maximum Loan Amount	Conforming limit
Minimum Loan Amount	$50,000
Occupancy	• Primary residence – 1-4 units • Second home – 1 unit only • Investment Property – 1-4 units
Property Types	Eligible: • Single Family (Detached, Attached) • PUD (Detached, Attached) • Condominium - Warrantable (Detached, Attached) • 2-4 Units Ineligible: • Manufactured homes (built on a permanent chassis and attached to permanent foundations • Mobile Homes • Condominium Conversions that were converted within the last three years • Condotels/Hotel Condominiums or PUDs • Cooperatives • Timeshares • Geodesic Domes • Working Farms and Ranches • Unimproved Land • Property currently in litigation • Land Trust • Condition Rating of C5/C6 or a Quality Rating of Q6.
Multiple Financed Properties	• For all occupancy types: 6 financed, 8 total properties For second home and investment property transactions: ◦ Each borrower individually and all Borrowers collectively must not own and/or be obligated on more than six (6) financed 1-4 unit

	properties and eight total properties, including the subject property. • Ownership of commercial or multifamily (five or more units) real estate is excluded from the financed property limitation and is included in the total property limitation.
Ratios	• Max 50% DTI *Maximum DTI is determined by Loan Product Advisor and is based on the overall risk assessment of the loan file.*
Term	10, 15, 20, 25, 30 years

ARM Specific Product Detail	Product Guidelines
Caps	• For 5/1 ARMs: 2/2/5 • For 7/1 ARMs: 5/2/5
Index	1 Year LIBOR
Margin	2.25
For more information please refer to *LP Conventional Conforming fixed product detail.*	

Rental Income Matrix	

Documentation, history and analysis- Streamlined and Standard Documentation levels	If the Borrower's monthly debt payment-to-income ratio includes the full monthly payment amount for the subject Investment Property and/or non-subject investment property, no further evaluation is required.
	
	If rental income from the subject investment property and/or non-subject investment property is to be considered in qualifying the borrower, the following requirements apply:
	• The Seller must obtain the borrower's federal income tax returns (Internal Revenue Service (IRS) Form 1040) including the Schedule E for the most recent year. Except as set forth below when use of a signed lease may be permitted, if the subject property has been owned for at least one year and income from the subject property is reported on the borrower's federal income tax returns, the Seller must use the Schedule E to determine the net rental income or loss.
	• If the subject property has been owned for at least one year and is reported on the Schedule E of the borrower's prior year federal income tax return, use the income or loss as reported.
	• A signed lease may be used:
	  ○ If the property was out of service for any time period in the prior year and the Mortgage file contains a documented event such as a renovation or evidence the property was purchased later in the calendar year
	  ○ Schedule E supports this by a reduced number of days in use and reflects repair costs and,
	  ○ Form 72 or 1000 support the income reflected on the lease.
	Unless the above requirements are met, a signed lease may not be used and the rental income or loss from the Schedule E must be used and annualized for qualifying purposes.

Documentation, history and analysis – **purchased or placed in service for use as a rental in the current calendar year**	Subject property purchase transaction: • Lease, if available, must be used to determine the net rental income or • Forms 72 or 1000, as applicable, may be used to determine net rental income when a lease is not available Subject property refinance transaction or non-subject investment property • Lease must be used to determine the net rental income • Purchase date or conversion date, as applicable, must be documented
Lease Requirements	Leases must be current and fully executed, with a minimum original term of one year. If the lease is documented as assigned from the property seller to the borrower and is in the automatically renewable month-to-month phase of an original one-year (or longer) term lease, then a month-to-month term is acceptable.

Maximum eligible amount of net rental income	• The borrower must currently own a primary residence to use rental income to qualify when purchasing a new rental property in the current calendar year. In such instances, rental income can only offset the principal, interest, taxes and insurance (PITI) and when applicable, mortgage insurance premiums, leasehold payments, homeowners association dues (excluding unity utility charges) and payments on secondary financing (full monthly payment) of the new rental property. • If the borrower's current primary residence is being converted to a rental property, rental income can only offset the full monthly payment of that primary residence. • If the rental income exceeds the full monthly payment of the new rental property or the converted primary residence, as applicable, the excess rental income cannot be added to the borrower's gross monthly income to qualify unless the file documentation demonstrates the borrower has a minimum of one-year investment property management experience.
Net Rental Income Calculation Requirements	• Lease: 75% of the gross monthly rent or gross monthly market rent. • Form 72 or Form 1000: 75% of the gross monthly rent or gross monthly market rent Schedule E: Calculate the net rental income from Schedule E using Form 92, Net Rental Income Calculations – Schedule E, or a similar alternative form, as follows: Rents received (-) less total expenses (+) plus insurance, mortgage interest paid to banks, real estate taxes, depreciation and/or depletion, homeowners association dues (if specifically reported as an expense), and one time losses (e.g. casualty loss due to documented catastrophic event). When calculating the net rental income for each individual property, the following expenses reported on Schedule E (and noted above) can only be added back if they are included in the payment amount being used to establish the debt payment-to-income ratio for that property: insurance, mortgage interest paid to banks, real estate taxes, homeowners association dues.

	Rental Income is from…		
	2- to 4-unit Primary Residence	**1-4 Unit Investment Property**	**Non-subject Investment Property Owned by the Borrower**
Establishing the debt payment-to-income (DTI) ratio	• The monthly housing expense must be added as a liability • The net rental income may be added to the stable monthly income	Subtract the monthly payment amount from the net rental income: • If the result is positive, add it to the stable monthly income • If the result is negative, add it to the monthly liabilities	Subtract the monthly payment amount from the net rental income: • If the result is positive, add it to the stable monthly income • If the result is negative, add it to the monthly liabilities For multiple non-subject investment properties, apply the calculation above to each property, and: • If the combined result is positive, add it to the stable monthly income • If the combined result is negative, add it to the monthly liabilities
Appraisal Forms 72 or 1000	Form 72	Form 1000 or Form 72 as applicable	Not applicable
Appraisal forms-Comparable rent data analysis	• Analyze the rental market viability and income producing potential for the subject property • Determine whether the current market rents reasonably support the gross rents reported on Schedule E or the gross monthly lease income, if applicable • If the current market rents do not reasonably support the gross rents reported on Schedule E or the gross monthly lease income, you must determine if additional documentation is necessary to support income stability, and provide a written analysis explaining the discrepancy and justifying the determination that the rental income used to qualify the borrower is stable and reasonably expected to continue		
Investment Property Management Experience	Not required. However, see requirement for counting net rental income in excess of PITI referenced above in "maximum eligible amount of net rental income" when a minimum of one-year investment property management experience is required.		

<table>
<tr><td rowspan="1">IRS Form 8825, Rental Real Estate Income and Expenses from a Partnership or an S Corporation</td><td colspan="3">Refer to FHLMC Chapter 5304 for treatment of all rental real estate income or loss reported on the IRS Form 8825, which reflects all income and expenses for the rental property and the IRS Schedule K-1, which reflects the borrower's proportionate share of the net rental income or loss.

The requirements of Chapter 5304 are applicable regardless of the borrower's percentage of ownership interest in the partnership or S corporation and regardless of whether the borrower is personally obligated on the Note.</td></tr>
<tr><td rowspan="3">Reserves</td><td colspan="3">Rental Income is from…</td></tr>
<tr><td>2- to 4-unit Primary Residence</td><td>1-4 Unit Investment Property</td><td>Non-subject Investment Property Owned by the Borrower</td></tr>
<tr><td>Six months reserves* required, regardless of whether rental income is used in qualifying the borrower.
Reserves are measured by the number of months of the monthly payment amount</td><td>Borrower is obligated on:
• 1-6 financed properties: Six months reserves for the subject and two months reserves for each additional second home and/or 1- to 4-unit investment property that is financed on which the borrower is obligated, regardless of whether rental income is used in qualifying the borrower.
• 7-10 financed properties: Six months reserves for the subject and eight months reserves for each additional second home and/or 1- to 4-unit investment property that is financed on which the borrower is obligated, regardless of whether rental income is used in qualifying the borrower.

Each borrower individually, and all borrowers collectively</td><td>Borrower is obligated on:
• 1-6 financed properties: Two months reserves for each additional second home and/or 1- to 4-unit investment property that is financed on which the borrower is obligated, regardless of whether rental income is used in qualifying the borrower.
• 7-10 financed properties: Eight months reserves for each additional second home and/or 1-to 4-unit investment property that is financed on which the borrower is obligated, regardless of whether rental income is used in qualifying the borrower.*Each borrower individually, and all borrowers collectively

*Each borrower individually and all borrowers collectively</td></tr>
</table>

Additional Notes	1. Rental income generated from the Borrower's second home may not be used as stable monthly income. 2. Rental income from the borrower's 1-unit primary residence may not be used to qualify the borrower unless it meets the requirements in Guide Section 5306.1 (b) or Guide Section 4501.9 for Home Possible Mortgages. 3. Rental Income from an accessory unit may be considered for a subject 1-unit investment property and non-subject investment property. Refer to sections 5306.1(b) and 4501.9(a) for information on a 1-unit primary residence with an accessory unit. Refer to Chapter 5601 for property eligibility and appraisal requirements. 4. When rental income from other investment properties owned by the borrower in the previous tax year is reported on the borrower's individual federal tax returns, the Seller must use Schedule E of the borrower's tax returns to determine the net rental income. Signed leases may be used to determine the net rental income for an investment property not owned during the previous tax year.
FAQs	**1. What constitutes "owning" a primary residence?** a. The borrower must be an individual who is on title to their primary residence but does not need to be the party obligated to repay the indebtedness secured by the mortgaged premises. 2. **Is there a time limit associated with documenting when the borrower's one-year investment property management experience occurred**? a. No, there is no historical time limit, as long as, there is documentation that the borrower has had prior experience managing an investment property for one year at a minimum. **3. Can you use short term rental income to qualify the borrower?** a. Yes; however, the rental income or loss from the Schedule E must be annualized for qualification purposes. **4. Are 2- to 4-unit primary residences exempt from the minimum one-year investment property management experience.** a. There is no minimum one-year investment property management experience required. However, excess rental income above the PITI may be used only when the file documents a minimum of one-year investment property management experience. **5. A borrower has owned investment property for several years with no documented event supporting a renovation or evidence that the property had been generating rental income. Can the borrower provide a lease to be used for qualification purposes?** a. No. This scenario does not indicate that the property was purchased or converted for use as an investment in the current calendar year. The most recent tax returns including Schedule E must be annualized for qualification purposes. Refer to the maximum amount of eligible net rental income calculation requirements since the borrower does not have a one-year history of managing rental property.

SUPER CONFORMING FIXED RATE PROGRAM (SC)

LP Super Conforming Fixed Matrix:			
PURCHASE AND NO CASH-OUT REFINANCE			
Occupancy	**Units**	**FICO**	**LP LTV/CLTV/HCLTV[1]**
Primary Residence	1	640*	95/95/95
	2	640*	85/85/85
	3-4	640*	80/80/80
Second Home	1	640*	90/90/90
Investment Property	1	640*	85/85/85
	2-4	640*	75/75/75
CASH-OUT REFINANCE			
Occupancy	**Units**	**FICO**	**LP LTV/CLTV/HCLTV[1]**
Primary Residence	1	640*	80/80/80
	2-4	640*	75/75/75
Second Home	1	640*	75/75/75
Investment Property	1	640*	75/75/75
	2-4	640*	70/70/70
NO CASH-OUT REFINANCE MORTGAGES currently owned or securitized by Freddie Mac			
Occupancy	**Units**	**FICO**	**LP LTV/CLTV/HCLTV[1]**
Primary Residence	1-2	640*	95/95/95
	3-4	640*	80/80/80
Second Home	1	640*	95/95/95
Investment Property	1	640*	85/85/85
	2-4	640*	75/75/75

Program Matrix Notes:
• No minimum credit score requirement, unless specified by Freddie Mac due to specific loan characteristics. • 1 unit includes attached/detached single family and PUD, low and high condo, and modular home • Maximum loan amount is equal to the lesser of Contiguous States as defined by the Federal Housing Finance Agency (FHFA) • Combined loan amount cannot exceed $1,000,000

Product Detail	Product Guidelines
AUS	• Loan Prospector (LP) with "Accept" Recommendation
Underwriting	Manual underwriting not permitted
Minimum Loan Amount	$510,400
Borrower Eligibility	Maximum four (4) borrowers per loan
Credit Report	No minimum credit score requirement, unless specified by Freddie Mac due to specific loan characteristics.
Program Codes	SC30, SC20, SC15, SC5/1, SC7/1
Property Flipping Policy	Not allowed
Power of Attorney	No Power of Attorney’s allowed on Trusts or cash-out refinances
Ratios	Max 45% DTI

MEGA CAPITAL FUNDING, INC.

LP SUPER CONFORMING ARM (SC)

LP Super Conforming ARM Matrix:

PURCHASE AND RATE TERM REFINANCE

Occupancy	Units	FICO	LP LTV/CLTV/HCLTV[1, 2]
Primary Residence	1	640	90/90/90[4]
	2-4	640	75/75/75
Second Home	1	640	80/80/80[2]
Investment Property	1	640	**Purchase** 80/80/80[2] **Rate/term** 75/75/75[2]
	2-4	640	70/70/70

CASH-OUT REFINANCE

Occupancy	Units	FICO	LP LTV/CLTV/HCLTV[1]
Primary Residence	1	640	75/75/75[3]
	2-4	640	65/65/65
Second Home	1	640	65/65/65
Investment Property	1	640	65/65/65
	2-4	640	65/65/65

Program Matrix Notes:

- 1 unit includes attached/detached single family and PUD, low and high condo, and modular home
- Field review required for loan scenarios with a loan amount greater than $625,500 and the LTV, CLTV, or HCLTV is greater than 80% or the property is valued at $1,000,000 or more and the LTV, CLTV, or HCLTV is greater than 75%
- Maximum loan amount equals loan limits as defined by the FHFA
- Combined loan amount cannot exceed $1,000,000
    1. When subordinate financing exists, the LTV must be reduced 5% of the maximum CLTV/HCLTV. For example, if the CLTV/HCLTV is 90%, the maximum LTV cannot exceed 85%.
    2. Loan amounts > $625,500 are limited to 70% LTV.
    3. Loan amounts > $625,500 are limited to 65% LTV.
    4. Loan amounts > $625,500 are limited to 80% LTV.

Product Detail	Product Guidelines
AUS	• Loan Prospector (LP) with "Accept" Recommendation

Appraisals	• A full interior and exterior appraisal is required.
	• For properties in attached condo projects, the appraisal must include 2 comps from outside the project.
	• A field review is required if any of the following applies.
	  ○ Loan amount is greater than $625,500 and LTV/CLTV/HCLTV is greater than 80%.
	  ○ If property is valued at $1 million or more and the LTV/CLTV/HCLTV is greater than 75%.
	
	Loans secured by properties with “unpermitted” structural additions under the
	following conditions:
	• The subject addition complies with all investor guidelines;
	• 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 (e.g. a 1 unit converted into a 2 unit).
	• If the appraiser gives the unpermitted addition value, the appraiser must be able to demonstrate market acceptance by the use of comparable sales with similar additions and state the following in the appraisal:
	  ○ 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.
	  ○ The appraiser has no reason to believe the addition would not pass inspection for a permit.
	• Recert of values in accordance with Agency guidelines are acceptable.

ARM Qualification	• Fully amortizing 5/1 ARMs: Qualify at the greater of the note rate + 2%, or the fully indexed rate • Fully amortizing 7/1 ARMs & 10/1 ARMs: Qualify at the note rate
Borrower Eligibility	• Maximum four (4) borrowers per loan
Credit	• Any debt not reported on the credit report must be documented as being repaid in a satisfactory manner. • Credit report inquiries: follow AUS. • Must pay-off any existing judgments or tax liens.

Derogatory Credit	Derogatory Event	LP Waiting Period
	Bankruptcy Ch. 7-11	4 years
	Bankruptcy Ch.13	2 years from discharge date 4 years from dismissal date
	Multiple Bankruptcy	5 years
	Foreclosure	7 years
	Deed-in-Lieu of Foreclosure, Pre-foreclosure Sale, and Short Sale	4 years Additional requirements up to 7 years: • 90% maximum LTV ratios • Purchase, principal residence • Limited cash-out refinance, all
FICO	• All borrowers must have a minimum of one credit score to be eligible. • 640 minimum regardless of AUS findings	
Financing Concessions	• Financing concessions for primary residences and second homes must be within the following allowable percentages: ○ 9% of value with LTV/CLTV ratios less than or equal to 75% ○ 6% of value with LTV/CLTV ratios greater than 75% up to and including 90% ○ 3% of value with LTV/CLTV ratios greater than 90% -The maximum financing concession for investment properties is 2% of value regardless of the LTV ratio • Value is the lesser of the sales price or appraised value	
High Cost / High Priced	Not allowed	
Maximum Loan Amount	FHFA limit	
Minimum Loan Amount	$510,400	
Mortgage Insurance	• Standard Coverage Required. • Lender paid single premium and borrower paid single premium MI is acceptable. • Split Premium MI is acceptable. Split MI allows a portion to be collected upfront at closing, and a lesser monthly premium be added to the borrower's monthly mortgage payment. The upfront premium may be paid by the borrower, seller, or a combination of both. Any amount paid by the seller must be included in the maximum seller contribution calculation. A portion of the premium may not be financed. Split Premium MI is allowed up to the max LTV for the product. • Financed MI is not eligible.	
Occupancy	• Primary residence – 1-4 units • Second home – 1 unit only • Investment Property – 1-4 units	

Property Types	Eligible: • Single Family (Detached, Attached) • PUD (Detached, Attached) • Condominium - Warrantable (Detached, Attached) • 2-4 Units Ineligible: • Manufactured homes (built on a permanent chassis and attached to permanent foundations • Mobile Homes • Condominium Conversions that were converted within the last three years • Condotels/Hotel Condominiums or PUDs • Cooperatives • Timeshares • Geodesic Domes • Working Farms and Ranches • Unimproved Land • Property currently in litigation • Land Trust • Condition Rating of C5/C6 or a Quality Rating of Q6.

Multiple Financed Properties	• For second home and investment property transactions:
	  ○ Each borrower individually and all Borrowers collectively must not own and/or be obligated on more than four 1-4 properties, including the subject property.
	  ○ Ownership of commercial or multifamily (five or more units) real estate in not included in this limitation.

Ratios	• Determined by AUS

LPA HOME POSSIBLE

Description:	• Provide Sellers with ease of use and operational efficiencies by eliminating the need to maintain two separate offerings • Continue to meet the needs of low- and moderate-income Borrowers looking for a 3% down payment option by offering the same loan-to-value (LTV) and total LTV (TLTV) ratio flexibilities currently offered for Home Possible Advantage. Certain requirements and permissible loan attributes will continue to vary depending on LTV and TLTV ratios. • Expand access to credit by providing new flexibilities that will help increase homeownership opportunities for more Borrowers
Features	• **Loan to Value (LTV) Ratios:** Low down payment with a maximum of 95% LTV, 105% TLTV, 97% HTLTV for 1-unit properties. • **Property Options:** 1-4 units, condos and planned-unit developments; manufactured homes are eligible with certain restrictions. • **Flexible Sources of Down Payments:** Down payment can come from a variety of sources, including family, employer-assistance programs, secondary financing, and sweat equity. • **Mortgage Insurance:** Mortgage insurance (MI) can be cancelled after loan balance drops below 80 percent of the home's appraised value, and MI coverage requirements are reduced for LTV ratios above 90 percent. • **Pricing:** Credit Fees in Price are capped and less than standard fees for all loans over 80 percent LTV. • **Mortgage Flexibility:** 15- to 30-year fixed-rate mortgages; 5/1, 5/5, 7/1 and 10/1 ARMs; super conforming mortgages. • **Refinance Options:** No cash-out refinancing option is available for borrowers who occupy the property. • **Income Flexibility:** No income limits in low-income census tracts, and otherwise limited to 100 percent Area Median Income (AMI). No geographic limits on loan amounts. • **No Credit Score Necessary:** Qualified borrowers without credit scores are eligible for mortgages with down payments as low as 3 percent.

The following chart compares the current requirements for Home Possible and Home Possible Advantage Mortgage offerings to the revised requirements for the consolidated Home Possible Mortgage offering:

Category	Previous requirements for Home Possible and Home Possible Advantage Mortgages offerings	New requirements for the consolidated Home Possible Mortgage offering
Non-occupant Borrower	Not Permitted	Permitting non-occupant Borrower(s) on Mortgages secured by 1-unit properties when the: • LTV/TLTV*/ Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratio is less than or equal to 95% for Loan Product Advisor® Mortgages • LTV/TLTV*/HTLTV ratio is less than or equal to 90% for Manually Underwritten Mortgages • Debt payment-to-income (DTI) ratio is less than or equal to 43% based on the occupying Borrower's income for Manually Underwritten Mortgages *A TLTV ratio of less than or equal to 105% is permitted for Mortgages with Affordable Seconds®
Ownership of other property	Permitted if the Borrower doesn't occupy the property and: • The Borrower inherited the property and shares ownership, or • The Property is owned with another party and debt for the property was assigned to another party (e.g., a divorce decree), or • The Borrower is cosigner/guarantor on the Mortgage debt and someone other than the Borrower is making payments on the debt for the most recent 12 months	Permitting ownership of other property without any restrictions

Super conforming Mortgages	Not Permitted	Permitting super conforming Mortgages, when the Mortgage: • Is submitted through Loan Product Advisor and receives an Accept Risk Class • Has an LTV/TLTV/HTLTV ratio less than or equal to 95% (A TLTV ratio of less than or equal to 105% is permitted for Mortgages with an Affordable Second)
Secondary Financing	• All secondary financing is permitted for Home Possible Mortgages with LTV/TLTV ratios less than or equal to 95%. Secondary financing for Home Possible Advantage Mortgages with LTV/TLTV ratios greater than 95% must be an Affordable Second. • Since the Affordable Second cannot be a HELOC, HELOCs are only permitted for Mortgages with HTLTV ratios less than or equal to 95%	Permitting standard secondary financing, including HELOCs, for a Mortgage with a TLTV/HTLTV ratio of less than or equal to 97% (when the TLTV ratio is greater than 97%, the secondary financing must be an Affordable Second)
Maximum Financed Properties	• The number of financed properties is limited to two (2), including subject property.	
5/5, 5/1, 7/1 and 10/1 ARMs for Mortgages secured by 3- to 4-unit properties	Not Permitted	Permitting these products for Home Possible Mortgages with LTV/TLTV/HTLTV ratios less than or equal to 75%
Verification of rental income payments from the subject 1-unit property	Evidence of receipt of regular payments of rental income for the past 12 months is required	• Evidence of receipt of regular payments of rental income for at least nine of the past 12 months, is required • The income must be averaged over 12 months when fewer than 12 months of payments are documented

For additional details, please refer to FHLMC bulletin 2018-13

http://www.freddiemac.com/singlefamily/guide/bulletins/pdf/bll1813.pdf

HOMEONE

FHLMC HOMEONE CONFORMING FIXED RATE			
PURCHASE AND RATE TERM REFINANCE			
Occupancy	**Units**	**FICO ***	**LPA LTV/CLTV/HCLTV**
Primary Residence	1	640	95/105[1]/97

Program Highlights:

HomeOne℠ mortgage is a low down payment option that serves the needs of more first-time homebuyers, along with no cash-out refinance borrowers. This mortgage solution allows you to help more first-time homebuyers achieve the milestone of homeownership, regardless of their income levels or geographic location.

FEATURES

- Purchases and no cash-out refinances
- No borrower geographic or income limits
- Homebuyer education required for purchase transactions when all borrowers are first-time homebuyers
- One-unit properties with fixed rate financing only
- Custom mortgage insurance coverage available with a credit fee in price
- Allows both Affordable Seconds® and other secondary financing per Single-Family Seller/Servicer Guide Bulletin requirements
- Accommodates various property types

BORROWER BENEFITS

- Brings more first-time homebuyers to the table by allowing 3% minimum down payment
- More flexibility for financing
- Educational requirements support informed and responsible homeownership
- Eligible for single family homes, including townhouses and condos

Product Guidelines	
AUS	• Loan Product Advisor (LPA) with "Accept" Recommendation • Manual underwriting is not allowed.

Borrower Eligibility	• At least one borrower must be a first-time homebuyer* when the mortgage is a purchase transaction mortgage and
	  ○ Is purchasing the mortgaged premises
	  ○ Will reside in the mortgaged premises as a primary residence
	  ○ Had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the mortgaged premises

Eligible Properties	1-unit properties, including condominiums and units in Planned Unit Developments (No Manufactured Homes)
Eligible Transactions	Purchase & "No Cash-Out" Refinance only
Occupancy	Primary Residence only All borrowers must occupy the mortgaged premises as a primary residence
MI Requirements	Standard levels required Reduced MI option **not offered**
Home Buyer Education & Disclosure	Required for purchase transactions when all Borrowers are First Time Homebuyers as defined in the Guide. See FHLMC Guide Section 5103.6 for homeownership education requirements.
Permitted Source of Funds	• All funds used to qualify borrowers, including, but not limited to, funds for down payment, closing costs and reserves, must come from the eligible sources described in FHLMC Guide Section 5501.3. • For Mortgages with interested party contributions, the requirements in FHLMC Section 5501.5 must be met. • When lender credit is being used for the mortgage transaction, the requirements in FHLMC Section 5501.6 must be met.
Credit Underwriting Requirements	• At least one borrower on the transaction must have a usable Credit Score. • HomeOne Mortgages must be Loan Product Advisor® Mortgages with a Risk Class of Accept. • Manually underwritten mortgages are not eligible.
Available Terms & Program codes	• 30yr Fixed – H1-30 • 15yr Fixed – H1-15