

Freddie Mac Home Possible – Product Description

<p>PRODUCT DESCRIPTION</p>	<ul style="list-style-type: none"> ■ First lien, fully amortizing fixed rate community lending mortgage that offers underwriting flexibilities to qualified borrowers who meet specific income and home ownership criteria. No borrower can have ownership interest in another property at time of closing. LP must indicate approval, notating “Home Possible” ■ 15 or 30 year Fixed rate; LPMI for 30 year term only. 																												
<p>PRODUCT CODES</p>	<ul style="list-style-type: none"> ■ <u>Home Possible</u> <p>CF30-HP CF30-HPLPMI CF15-HP</p>																												
<p>OCCUPANCY AND LOAN-TO-VALUE</p>	<p style="text-align: center;">Maximum LTV/CLTV</p> <p style="text-align: center;">Purchase and no cash-out refinance transactions only</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Property type</th> <th>LTV</th> <th>CLTV</th> </tr> </thead> <tbody> <tr> <td colspan="3" style="text-align: center;">Home Possible</td> </tr> <tr> <td>1-4 -Unit</td> <td>97%</td> <td>97%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> ■ Secondary financing must be Affordable Seconds[®] only for any Home Possible loan. ■ Primary Residence only <ul style="list-style-type: none"> • If all borrowers are first time home buyers (purchase transactions) then at least one borrower must participate in a homeownership education program before the note date. • 3 years’ tax returns will be required to prove no ownership interest 	Property type	LTV	CLTV	Home Possible			1-4 -Unit	97%	97%																			
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INCOME RESTRICTIONS	<p>For Loan Prospector® Mortgages, Loan Prospector will determine the income eligibility of the Mortgage; for Non-Loan Prospector Mortgages, the Seller should use the Affordable Income & Property Eligibility tool</p> <p>The borrowers' annual income cannot exceed 100% of the area median income limits or a higher percentage in designated high cost areas as indicated in Guide Section A34.7. No income limits apply if the Mortgaged Premises is located in an Underserved Area. Seller must attempt to verify all income reported on the Uniform Residential Loan Application. All reported income that is verified and meets the criteria for stable monthly income must be used to qualify the borrower and submitted to Loan</p>
MINIMUM LOAN AMOUNT MAXIMUM LOAN AMOUNT (Home Possible Advantage - 1 Unit Property ONLY)	<p>None</p> <p>Freddie Mac Loan Limits Page: http://www.freddiemac.com/singlefamily/selbultn/limit.htm</p>
ASSUMPTIONS	Not allowed
BOND PROGRAMS	Not allowed
BUYDOWNS	Not allowed
DTI	Determined by Loan Prospector
DOWN PAYMENT ASSISTANCE	Not allowed
ESCROW HOLDBACKS	Escrow Holdbacks must be completed prior to loan purchase, as evidenced by satisfactory final inspection.

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<p>ESCROW WAIVER</p>	<ul style="list-style-type: none"> ▪ Escrow waiver price adjustments for Conforming loans may vary according to loan terms and state. See the SRP Schedule for specific escrow waiver price adjustments. ▪ Escrow waivers for Conforming loans allowed for all states with LTV 80.00% or less (90.00% in California) if loan is not HPML. ▪ Escrow waiver allowed for Conforming loans for all states (except California) when LTV is >80.00 % up to 90.00 % if all items listed below are met: <ul style="list-style-type: none"> ▪ Loan is not HPML ▪ Maximum DTI 40% ▪ Minimum Credit Score 700 ▪ Minimum verified liquid assets after closing of \$100,000 ▪ Mortgage Insurance must be single premium (Lender or Borrower paid) ▪ No Bankruptcy, Foreclosure, Short Sale or Short Payoff dismissed, discharged or completed in last 3 years ▪ If waiving escrow for hazard insurance ONLY, no escrow waiver fee is charged. Select “No” for Waive Escrows in GEMS. ▪ If waiving escrow for taxes ONLY, or, if waiving escrows for BOTH hazard insurance and taxes, the full escrow waiver fee adjustment applies. Select “Yes” for Waive Escrows in GEMS. <ul style="list-style-type: none"> ▪ Escrow waiver for flood insurance is not allowed for properties requiring flood insurance, however, even if flood insurance is required to be escrowed, waiving hazard insurance and taxes for the property is allowed and fees are charged as applicable. ▪ Escrows for flood insurance will not be required for loans secured by property that is part of a condominium, cooperative, or other project development, if the property is covered by flood insurance provided by and paid for, as a common expense, by the condominium association, cooperative, homeowners association, or other applicable group.
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<p>INELIGIBLE PROPERTY TYPE OVERLAYS</p>	<p>Overlay Matrix</p>
<p>INTEREST CREDIT AT CLOSING</p>	<p>Cannot exceed 7 calendar days and must be used to reduce closing costs (e.g., cannot result in cash back to the borrower at closing.)</p>
<p>ITIN OVERLAY</p>	<p>All borrowers must have a valid social security number; ITINs are not allowed.</p>

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<p>LIMIT ON NUMBER OF LOANS SERVICED BY GATEWAY</p>	<p>Maximum of 4 loans serviced by Gateway per Borrower / Household. Borrower/household may have a maximum of 10 financed properties with Gateway Mortgage Group subject to:</p> <p>All financed properties held individually or jointly, or in an LLC or partnership must be counted in the borrower(s) total number of properties, regardless of the borrower’s ownership percentage in the LLC or partnership, and regardless who is obligated on the financing.</p> <p>Aggregate \$2,000,000 in total Gateway Mortgage Group loan amounts. Minimum of 2 years’ landlord experience documented on validated United States Federal tax return(s).</p> <p>For Fannie Mae Product – Refer to Fannie Mae Selling Guide, B2-2-03 For Freddie Mac Product – Refer to Freddie Mac Selling Guide, Chapter 22.22.1.</p>
<p>MORTGAGE INSURANCE</p>	<p>Eligible Mortgage Insurers are Arch/United Guaranty Mortgage Insurance Co., Essent Guaranty, Genworth, MGIC, National MI, and Radian.</p> <p>Acceptable MI types:</p> <ul style="list-style-type: none"> • Borrower Paid Monthly Premium • Borrower Paid Single Premium • Lender Paid Single Premium • Borrower Paid Split Premium <p>Unacceptable MI types:</p> <ul style="list-style-type: none"> • Borrower Paid Annual Premium • Lender Paid Monthly Premium • Lender Paid Split Premium • Lender Paid Annual Premium <p>Single premium financed MI permitted, subject to:</p> <ul style="list-style-type: none"> • LPMI permitted per Agency Guidelines. Loan must be locked using the applicable LPMI product code. • Minimum or Reduced MI requiring a loan level price adjustment is not allowed, regardless of AUS findings.
<p>NON-ARM’S LENGTH AND CONFLICT OF INTEREST</p>	<p>Non-arms length and Conflict of Interest transactions are transactions in which there is a relationship or business affiliation between the borrower, seller, and/or lender.</p> <ul style="list-style-type: none"> • Non-arms length transactions require full documentation including 2 years federal tax returns and Fannie 1004. • Not allowed if new construction and the borrower is the builder or affiliated with or related to the builder/developer. • Satisfactory VOM’s required on all liens on subject property confirming the transaction is not a bailout.

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<p>PRINCIPAL CURTAILMENT AT CLOSING</p>	<p>For all loans other than “No Cash-out” or “Limited Cash-out” refinances (excluding Texas Home Equity Refinances), a curtailment to refund the overpayment of fees or charges paid by the borrower may not exceed lesser of 2% of the loan amount or \$500 (\$250 max on DU Refi Plus), in accordance with applicable regulatory guidelines, and must be clearly reflected as a Principal Curtailment on the HUD-1or Closing Disclosure.</p>
<p>UNDERWRITING</p>	<p>LP Accept/Accept required. Manual Underwriting not allowed.</p> <p>If the Client elects to use third-party contract underwriting, a copy of the applicable individual contract underwriter’s NMLS license must be provided unless the applicable state does not require such licensing. The Client remains solely and unequivocally responsible for all representations and warranties regardless of Client’s election to use a contract underwriter.</p>

Each loan must fully comply with all terms of Freddie Mac guideline requirements unless otherwise specifically noted above. Clients with access to AllRegs can access the entire Freddie Mac Seller Guide. For your added convenience, specific Freddie Mac guidelines may also be accessed from their website using the following links:

Freddie Mac Home Possible Program Information <http://www.freddiemac.com/homepossible/>

Freddie Mac Home Possible At-a-Glance
http://www.freddiemac.com/learn/pdfs/mp/hp_glance.pdf