

## Product Snapshot

# Freddie Mac Home Possible<sup>®</sup> Mortgages

Freddie Mac Home Possible Mortgages offer low down payments and flexible source of funds to low- to moderate-income borrowers. The information contained herein is subject to change. Please see the [Freddie Mac Seller Guide](#) for full underwriting guidelines.

Purchase and Rate and Term Refinance Fixed Rate Mortgage		
Property Type	Maximum LTV/TLTV/HTLTV Conforming	Maximum LTV/TLTV/HTLTV Super Conforming
1-Unit	97% <sup>1</sup>	95% <sup>2</sup>
2-Unit	95% <sup>1</sup>	85%
3-4 Unit	95% <sup>1</sup>	80%

<sup>1</sup>A TLTV ratio exceeding 97% and up to 105% is permitted when secondary financing is an Affordable Second  
<sup>2</sup>A TLTV ratio exceeding 95% and up to 105% is permitted when secondary financing is an Affordable Second

Purchase and Rate and Term Refinance ARMs		
Property Type	Maximum LTV/TLTV/HTLTV Conforming	Maximum LTV/TLTV/HTLTV Super Conforming
1-Unit	95% <sup>1</sup>	95%
2-Unit	95% <sup>1</sup>	85%
3-4 Unit	75% <sup>1</sup>	75%

<sup>1</sup>A TLTV ratio up to 105% is permitted when secondary financing is an Affordable Second

Program Parameters	
Acceptable Transaction Terms	Fixed Rate <ul style="list-style-type: none"> <li>• Conforming 15 Year Fixed Rate - FHLMC Home Possible</li> <li>• Conforming 20 Year Fixed Rate - FHLMC Home Possible</li> <li>• Conforming 30 Year Fixed Rate - FHLMC Home Possible</li> <li>• Super Conforming 15 Year Fixed Rate - FHLMC Home Possible</li> <li>• Super Conforming 20 Year Fixed Rate - FHLMC Home Possible</li> <li>• Super Conforming 30 Year Fixed Rate - FHLMC Home Possible</li> </ul> Temporary Buydown

	<ul style="list-style-type: none"> <li>• C30HP321BD (Conforming 30 Year Fixed Rate - FHLMC Home Possible Temporary 3-2-1 Buydown)</li> <li>• C30SCHP321BD (Conforming 30 Year Fixed Rate Super Conforming - FHLMC Home Possible Temporary 3-2-1 Buydown)</li> <li>• Conforming 30 Year Fixed Rate - FHLMC Home Possible Temporary 2-1 Buydown: C30HP21BD</li> <li>• Conforming 30 year Fixed Rate Super Conforming - FHLMC Home Possible Temporary 2-1 Buydown: C30SCHP21BD</li> <li>• C30HP11BD (Conforming 30 Year Fixed Rate - FHLMC Home Possible Temporary 1-1 Buydown)</li> <li>• C30SCHP11BD (Conforming 30 year Fixed Rate Super Conforming - FHLMC Home Possible Temporary 1-1 Buydown)</li> <li>• C30HP10BD (Conforming 30 Year Fixed Rate - FHLMC Home Possible Temporary 1-0 Buydown)</li> <li>• C30SCHP10BD (Conforming 30 year Fixed Rate Super Conforming - FHLMC Home Possible Temporary 1-0 Buydown)</li> </ul> <p>ARM</p> <ul style="list-style-type: none"> <li>• 5/6 SOFR ARM - FHLMC - Home Possible (ineligible on Manufactured Homes)</li> <li>• 5/6 SOFR ARM - FHLMC - Super Conforming - Home Possible (ineligible on Manufactured Homes)</li> <li>• 7/6 SOFR ARM - FHLMC - Home Possible</li> <li>• 7/6 SOFR ARM - FHLMC - Super Conforming - Home Possible</li> <li>• 10/6 SOFR ARM - FHLMC - Home Possible</li> <li>• 10/6 SOFR ARM - FHLMC - Super Conforming - Home Possible</li> </ul>								
<b>Eligible Transactions</b>	<ul style="list-style-type: none"> <li>• Purchase &amp; Rate and Term Refinances</li> </ul>								
<b>Overlays</b>	<ul style="list-style-type: none"> <li>• Refer to the <a href="#">Wholesale Lending   Product Overlay Matrix</a> for any applicable Carinal overlays</li> </ul>								
<b>Price Adjustments</b>	<ul style="list-style-type: none"> <li>• Loan Level Pricing Adjusters (LLPAs) do not apply to first-time homebuyers at or below 100 percent of area median income (AMI) in most of the United States, and below 120 percent of AMI in high-cost areas</li> <li>• Price Adjustment cap does not apply to loan amount, property state, or LPMI adjustments</li> <li>• Octane will automatically calculate eligibility</li> <li>• Additional details can be found here; <a href="#">Freddie Mac</a></li> </ul>								
<b>Special Program Considerations</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="background-color: #2e8b57; color: white; text-align: center;">Freddie Mac BorrowSmart<sup>SM</sup></th> </tr> </thead> <tbody> <tr> <td style="width: 50%; padding: 5px;"> <b>Program Details</b>             The BorrowSmart LIP Grant (CFGRANTLI) will be discontinued; refer to key dates below         </td> <td style="width: 50%; padding: 5px;">           Cardinal Financial funded grant which offers down payment assistance. Refer to the <a href="#">BorrowSmart Process Guide</a> for more information.         </td> </tr> <tr> <td style="padding: 5px;"> <b>Eligibility</b> </td> <td style="padding: 5px;">           Down Payment Assistance options are available in all <a href="#">states</a> </td> </tr> <tr> <td style="padding: 5px;"> <u>Cardinal Financial Grant - VLIP - CFGRANTVLI</u>             Available for loans locked prior to February 16th, 2024         </td> <td style="padding: 5px;">           Borrower(s) whose qualifying income is less than or equal to 50% County AMI:           <ul style="list-style-type: none"> <li>• \$1500 for any loan application taken on or after June 1, 2023</li> <li>• This grant is unavailable for loans locked after February 15th, 2024; changes to an existing request with the loan locked prior to this date are permitted</li> </ul> </td> </tr> </tbody> </table>	Freddie Mac BorrowSmart <sup>SM</sup>		<b>Program Details</b>  The BorrowSmart LIP Grant (CFGRANTLI) will be discontinued; refer to key dates below	Cardinal Financial funded grant which offers down payment assistance. Refer to the <a href="#">BorrowSmart Process Guide</a> for more information.	<b>Eligibility</b>	Down Payment Assistance options are available in all <a href="#">states</a>	<u>Cardinal Financial Grant - VLIP - CFGRANTVLI</u>  Available for loans locked prior to February 16th, 2024	Borrower(s) whose qualifying income is less than or equal to 50% County AMI: <ul style="list-style-type: none"> <li>• \$1500 for any loan application taken on or after June 1, 2023</li> <li>• This grant is unavailable for loans locked after February 15th, 2024; changes to an existing request with the loan locked prior to this date are permitted</li> </ul>
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		<ul style="list-style-type: none"> <li>An alternative VLIP grant is available; refer to the Cardinal Financial Grant Home Possible VLIP program (below) for borrowers with qualifying income less than or equal to 50% county AMI</li> </ul>
<p><u>Cardinal Financial Grant - LIP - CFGRANTLI</u></p> <p>The BorrowSmart LIP Grant (CFGRANTLI) will be retired according to the following timeline:</p> <ul style="list-style-type: none"> <li>Loans must be referred for Program eligibility on or before May 31st, 2024</li> <li>Homebuyer Counseling sessions may be completed after that date, but must be done prior to the Note date</li> <li>All mortgages must have a funding date no later than October 11, 2024</li> </ul>	<p>Borrowers between 50.01-80.00% County AMI:</p> <ul style="list-style-type: none"> <li>\$1250 for any loan application taken through May 31, 2023</li> <li>\$500 for any loan application taken on or after June 1, 2023</li> </ul>	
<p><u>Cardinal Financial Grant - MIP - CFGRANTMI</u></p>	Not permitted	
<b>Cardinal Financial Grant Home Possible VLIP</b>		
<p>Program Details</p>	<ul style="list-style-type: none"> <li>The mortgage credit provides a \$2,500 credit to all Home Possible Mortgages with very low-income purchase (VLIP) borrowers</li> <li>The credit, which will be provided on a temporary basis, must be used towards the borrower's down payment, closing costs, escrow and mortgage insurance premiums</li> <li>The \$2,500 credit may be used to offset the 3% contribution due from Borrower personal funds</li> </ul> <p>Refer to the <a href="#">Handling a Freddie Mac Home Possible Purchase Credit</a> document for guidance on determining eligibility and input into Octane.</p>	
<p>Eligibility</p>	<ul style="list-style-type: none"> <li>The loan must be an eligible Home Possible purchase loan</li> <li>The Borrower's qualifying income converted to an annual basis must not exceed 50% of the Area Median Income for the location of the Mortgaged Premises</li> </ul>	

		<ul style="list-style-type: none"> <li>This mortgage credit is eligible for loans delivered to Freddie Mac on or after March 1, 2024 and on or before February 28, 2025</li> </ul>
	Product Terms	CFGRANTHPVLI

Program Requirements	
<b>Appraisal</b>	Refer to AUS
<b>Appraisal Waivers</b>	<p>Appraisal Waiver Eligible Unless Subject Transaction includes one of the following transaction types:</p> <ul style="list-style-type: none"> <li>Texas Equity</li> <li>Disaster Declaration Pre Note Date</li> <li>Non Arms Length Transaction</li> <li>Manufactured Home</li> <li>Leasehold, community land trust or deed restriction</li> <li>Construction Conversion or Renovation Mortgage</li> <li>Appraisal Already Completed</li> <li>Multi Unit</li> <li>Effective Property Value million and greater</li> <li>Cooperative</li> <li>Purchase of REO property</li> </ul>
<b>Borrower Eligibility</b>	<p>Eligible Borrowers</p> <ul style="list-style-type: none"> <li>U.S. citizens.</li> <li>Permanent resident aliens.</li> <li>Non-permanent resident aliens (see the underwriting guidelines for specific requirements).</li> <li>Occupying Borrower(s) must not have had ownership interest in more than two (2) financed residential properties, including the subject property, as of the Note Date, or for Construction Conversion and Renovation Mortgages, the Effective Date of Permanent Financing</li> <li>Non-occupant borrowers are permitted if the following requirements are met: <ul style="list-style-type: none"> <li>The Mortgage is secured by a 1-unit property</li> <li>The loan-to-value (LTV), total LTV (TLTV) and Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratios must not exceed: <ul style="list-style-type: none"> <li>95% for Loan Product Advisor Accept Mortgages, except that for fixed-rate Mortgages with Affordable Seconds®, the TLTV ratio must not exceed 105%</li> <li>90% for Manually Underwritten Mortgages, except that for fixed-rate Mortgages with Affordable Seconds, the TLTV ratio must not exceed 105%</li> </ul> </li> </ul> </li> </ul>
<b>Credit</b>	<ul style="list-style-type: none"> <li>Bankruptcy <ul style="list-style-type: none"> <li>If identified on the LPA findings report no waiting period</li> </ul> </li> <li>Collections, Charge-Offs, and Judgments <ul style="list-style-type: none"> <li>If identified on the LPA findings report no waiting period</li> </ul> </li> <li>Foreclosure, Deed in Lieu of Foreclosure, Short Sale <ul style="list-style-type: none"> <li>If identified on the LPA findings report no waiting period</li> </ul> </li> </ul>

<b>Credit Score</b>	580 with AUS Accept or Per MI
<b>Debt to Income (DTI)</b>	<ul style="list-style-type: none"> <li>● Per AUS</li> <li>● Maximum 50% in the state of West Virginia regardless of AUS approval</li> </ul>
<b>Homebuyer/Landlord Education</b>	<ul style="list-style-type: none"> <li>● For a purchase transaction, if all occupying borrowers are first-time homebuyers, at least one occupying borrower must receive homeownership education</li> <li>● Homeownership education must be completed prior to the Note date</li> <li>● Programs developed by HUD-approved counseling agencies, Housing Finance Agencies (HFAs) or Community Development Financial Institutions (CDFIs)</li> <li>● Programs developed by mortgage insurance companies</li> <li>● Programs that meet the standards of the National Industry Standards for Homeownership Education and Counseling</li> <li>● Landlord education: <ul style="list-style-type: none"> <li>○ For purchase transactions, at least one qualifying borrower must participate in a landlord education program before the Note date</li> <li>○ For refinances, landlord education is not required but is recommended</li> <li>○ Must not be provided by an interested party to the transaction, the originating lender or the mortgage seller</li> </ul> </li> <li>● A certificate of completion must be retained in the mortgage file</li> </ul> <p>Any borrower(s) that have not had any ownership in a property within the last 3 years is considered a first-time homebuyer.</p>
<b>Income</b>	<p>Rental Income</p> <ul style="list-style-type: none"> <li>● Rental income from a 1-unit primary residence can account for up to 30% of qualifying income.</li> <li>● The person providing the rental income must have resided with the borrower for at least one year and will continue residing with him or her in the new property.</li> <li>● Rental income from a 1-unit primary residence must be provided by a person who: <ul style="list-style-type: none"> <li>○ Is not obligated on the mortgage and does not have an ownership interest in the mortgaged premises</li> <li>○ Is not the borrower's spouse or domestic partner</li> </ul> </li> <li>● The loan file must include: <ul style="list-style-type: none"> <li>○ Evidence of residency</li> <li>○ Documentation of receipt of rental income for at least 9 of the past 12 months.</li> <li>○ Borrower statement affirming the source of rental income and the fact that the renter has resided with the borrower for the past year and intends to continue residing at the new property for the foreseeable future.</li> </ul> </li> </ul> <p>Please note, if rental income is being used to qualify the borrower, it must be considered in the income limit eligibility; see Income Limits section below.</p>

<p><b>Income Limits</b></p>	<ul style="list-style-type: none"> <li>● All income used to qualify the borrower for the loan must be considered in the income limit eligibility <ul style="list-style-type: none"> <li>○ All income used to qualify the borrower for the loan must be considered in the income limit eligibility <ul style="list-style-type: none"> <li>■ If an eligible type of income is being used as a source for qualifying income, it should be calculated in accordance with the applicable Freddie Mac guidelines for that income type.</li> <li>■ It is not permissible to use only a “portion” or “reduced amount” of that income for determination of Home Possible eligibility as it relates to the AMI limits.</li> <li>■ If the income is determined to be a stable source of income and used for qualifying purposes, the full amount of the income determined for qualifying income would be considered in the AMI limitation.</li> <li>■ Not ALL sources of borrower income are required to be included in the Home Possible eligibility determination. But if it is being used, the above guidance must be followed. <ul style="list-style-type: none"> <li>● For example, if the borrower can qualify for the mortgage with their base pay and not their overtime income, you may use only the base pay to determine Home Possible eligibility.</li> </ul> </li> </ul> </li> </ul> </li> <li>● Qualifying income is limited to 80% of Area Median Income (AMI). <ul style="list-style-type: none"> <li>○ There are no geographic limits on loan amounts</li> </ul> </li> <li>● Use the <a href="#">Home Possible Income &amp; Property Eligibility Tool</a> to see income limits for specific properties, or submit to Loan Product Advisor® to determine Home Possible income eligibility <ul style="list-style-type: none"> <li>○ Area Median Income Limits <ul style="list-style-type: none"> <li>■ LPA will apply 2023 AMI limits to new submissions created on or after June 8, 2023</li> <li>■ If the mortgaged premises is located in a county where the AMI has declined and the loan is submitted prior to June 8th, Loan Product Advisor will apply the higher 2022 AMI. This means the loan will remain eligible if there are no changes in the borrower’s circumstance, no changes in the property condition and the loan was originally an income-eligible Home Possible mortgage.</li> <li>■ If the mortgaged premises is located in a county where the AMI has increased and the loan is submitted prior to June 8th, Loan Product Advisor will apply the higher 2023 AMI in determining possible income eligibility</li> </ul> </li> </ul> </li> </ul>
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<p><b>Minimum Borrower Contribution</b></p>	<table border="1"> <thead> <tr> <th data-bbox="454 1335 719 1478">Property Type</th> <th data-bbox="719 1335 971 1478">Home Possible LTV/TLTV/HTLTV ratios ≤ 80%</th> <th data-bbox="971 1335 1222 1478">Home Possible LTV/TLTV/HTLTV ratios &gt;80% ≤ 95%</th> <th data-bbox="1222 1335 1474 1478">Home Possible mortgages with LTV/TLTV/HTLTV ratios &gt;95%</th> </tr> </thead> <tbody> <tr> <td data-bbox="454 1478 719 1535">1-unit</td> <td data-bbox="719 1478 971 1535">None</td> <td data-bbox="971 1478 1222 1535">None</td> <td data-bbox="1222 1478 1474 1535">None</td> </tr> <tr> <td data-bbox="454 1535 719 1591">2-4 unit</td> <td data-bbox="719 1535 971 1591">None</td> <td data-bbox="971 1535 1222 1591">3% of value</td> <td data-bbox="1222 1535 1474 1591">3% of value</td> </tr> <tr> <td data-bbox="454 1591 719 1648">Manufactured Home</td> <td data-bbox="719 1591 971 1648">None</td> <td data-bbox="971 1591 1222 1648">None</td> <td data-bbox="1222 1591 1474 1648">N/A</td> </tr> </tbody> </table>	Property Type	Home Possible LTV/TLTV/HTLTV ratios ≤ 80%	Home Possible LTV/TLTV/HTLTV ratios >80% ≤ 95%	Home Possible mortgages with LTV/TLTV/HTLTV ratios >95%	1-unit	None	None	None	2-4 unit	None	3% of value	3% of value	Manufactured Home	None	None	N/A
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1-unit	None	None	None														
2-4 unit	None	3% of value	3% of value														
Manufactured Home	None	None	N/A														

<p><b>Mortgage Credit Certificates</b></p>	<p>Mortgage Credit Certificates (MCCs) are eligible</p>
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<p><b>Mortgage History</b></p>	<p>Per LPA</p>
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<p><b>Mortgage Insurance</b></p>	
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	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #2e8b57; color: white;"> <th colspan="5">Fixed-Rate Term &lt; 20 years by LTV</th> </tr> <tr> <th style="width: 20%;">MI Coverage</th> <th style="width: 20%;">&gt;80% ≤85%</th> <th style="width: 20%;">&gt;85% ≤90%</th> <th style="width: 20%;">&gt;90% ≤95%</th> <th style="width: 20%;">&gt;95% ≤97%</th> </tr> </thead> <tbody> <tr> <td>Standard</td> <td>6%</td> <td>12%</td> <td>25%</td> <td>25%</td> </tr> <tr> <td>Custom</td> <td>N/A</td> <td>N/A</td> <td>16%</td> <td>18%</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #2e8b57; color: white;"> <th colspan="5">Fixed-Rate Term &gt; 20 years / ARMs / Manufactured Homes by LTV</th> </tr> <tr> <th style="width: 20%;">MI Coverage</th> <th style="width: 20%;">&gt;80% ≤85%</th> <th style="width: 20%;">&gt;85% ≤90%</th> <th style="width: 20%;">&gt;90% ≤95%</th> <th style="width: 20%;">&gt;95% ≤97%</th> </tr> </thead> <tbody> <tr> <td>Standard</td> <td>12%</td> <td>25%</td> <td>25%</td> <td>25%</td> </tr> <tr> <td>Custom</td> <td>6%</td> <td>12%</td> <td>16%</td> <td>18%</td> </tr> </tbody> </table> <p>Note: Enact (Genworth and MGIC are the only eligible MI providers for single-wide manufactured homes)</p>	Fixed-Rate Term < 20 years by LTV					MI Coverage	>80% ≤85%	>85% ≤90%	>90% ≤95%	>95% ≤97%	Standard	6%	12%	25%	25%	Custom	N/A	N/A	16%	18%	Fixed-Rate Term > 20 years / ARMs / Manufactured Homes by LTV					MI Coverage	>80% ≤85%	>85% ≤90%	>90% ≤95%	>95% ≤97%	Standard	12%	25%	25%	25%	Custom	6%	12%	16%	18%
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<b>Occupancy</b>	<ul style="list-style-type: none"> <li>● Owner occupied, primary residences only</li> </ul>																																								
<b>Properties Listed for Sale</b>	Eligible if the listing agreement is canceled at least 1 day prior to the date of the initial application.																																								
<b>Property Type</b>	<p>Eligible Properties</p> <ul style="list-style-type: none"> <li>● 1–4 Units <ul style="list-style-type: none"> <li>○ Temporary buydowns not eligible on 3-4 unit properties</li> </ul> </li> <li>● Condos</li> <li>● PUDs</li> <li>● Manufactured Homes <ul style="list-style-type: none"> <li>○ Maximum LTV of 95%</li> <li>○ The manufactured home and the land on which it is situated must be titled as real property prior to closing</li> <li>○ Manufactured homes with an Affordable Second permitted for 1-unit property only</li> <li>○ A mortgage secured by a single-wide manufactured home located in a PUD or condo project is acceptable with project eligibility determined through a reciprocal review</li> <li>○ Temporary buydowns not eligible on 3-4 unit properties</li> </ul> </li> </ul>																																								
<b>Secondary Financing Home Possible</b>	<ul style="list-style-type: none"> <li>● Any secondary financing that meets Freddie Mac requirements is allowed, including HELOCs, with a TLTV/HTLTV ratio less than or equal to 97 percent.</li> <li>● An Affordable Second that does not require a payment before the due date of the 61st payment may be entered in Loan Product Advisor in the “Total Gift Fund” field. In all other respects, the Affordable Second must be considered as secondary financing.</li> <li>● Manufactured homes with an Affordable Second permitted for 1-unit property only.</li> </ul>																																								
<b>Temporary Buydown</b>	<p>A temporary buydown allows borrowers to reduce their effective monthly payment for a limited period of time through a temporary buydown of the interest rate.</p> <ul style="list-style-type: none"> <li>● The effective interest rate that a borrower pays during the early years of the mortgage is reduced as a result of the deposit of a lump sum of money (sometimes called a “subsidy”) into a buydown account. A portion of the subsidy is released each month to reduce the borrower’s payments.</li> <li>● The buydown funds may be provided by various parties, including the borrower, the lender, the property seller, or other interested parties to the transaction.</li> </ul>																																								

#### General Requirements for Temporary Interest Rate Buydown Plans

- Buydown program is “3-2-1”
  - Interest rate for the first year is 3% lower than the Note rate
  - Interest rate for the second year is 2% lower than the Note rate
  - Interest rate for the third year is 1% lower than the Note rate
  - Interest rate for the remaining years is the Note rate
- Buydown program is “2-1”
  - Interest rate for the first year is 2% lower than the Note rate
  - Interest rate for the second year is 1% lower than the Note rate
  - Interest rate for the remaining years is the Note rate
- Buydown program is “1-1”
  - Interest rate for the first year is 1% lower than the Note rate
  - Interest rate for the second year is 1% lower than the Note rate
  - Interest rate for the remaining years is the Note rate
- Buydown program is “1-0”
  - Interest rate for the first year is 1% lower than the Note rate
  - Interest rate for the remaining years is the Note rate
- The actual note rate and monthly payment that the borrower is obligated to pay is never actually reduced, and the full rate and payment must be reflected on the mortgage documents.
- At the end of the buydown period, the buydown funds collected at closing will have been exhausted, and the buydown period ends.
- Allowed on fixed-rate mortgages
- Primary residence 1-2 unit dwelling
- Purchase or rate and term refinance
- Ineligible for Manufactured Housing
- Rate increase will not exceed 1% per year
- The mortgage instruments must reflect the permanent payment terms rather than the terms of the buydown plan

#### Buydown Funds Provided by Interested Parties to the Transaction

- When the source of the buydown funds is an interested party, the Interest Party Contribution limits will apply

#### Lender-Funded Buydowns

- If the buydown is funded by the lender as part of the pricing on the loan, the buydown agreement must require that the funds in the buydown account be transferred to the new servicer if the mortgage is subsequently transferred.
- Not eligible on rate and term refinance transactions

#### Buydown Agreements

- The buydown agreement must provide that the borrower is not relieved of his/her obligation to make the mortgage payments required by the terms of the Note
- The buydown agreement may include an option for the buydown funds to be returned to the borrower or to the lender, if it funded the buydown, if the mortgage is paid off before all of the funds have been applied.

#### Qualifying the Borrower

- The borrower is qualified based on the Note rate without any consideration of the bought-down rate

#### Terms of the Buydown

- The buydown plan provides for increases of not more than 1% in the interest rate paid in each 12-month interval

#### Buydown Funds

- Funds for buydown accounts must be deposited into custodial bank accounts
- The buydown funds are applied toward payments as they come due under the Note
- Buydown funds are not refundable unless the mortgage is paid off before all funds have been applied



	<ul style="list-style-type: none"> <li>Buydown funds cannot be used to pay past-due payments</li> </ul> <p>Delivery Requirements</p> <ul style="list-style-type: none"> <li>ULDD Data Point 228 True is required for Freddie Mac deliveries</li> </ul>
<b>Transactions</b>	<p>Ineligible Transactions</p> <ul style="list-style-type: none"> <li>Co-ops</li> <li>Land Contracts</li> <li>On-frame modular construction</li> <li>Boarding houses</li> <li>Bed and Breakfast properties</li> <li>Properties that are not suitable for year-round occupancy regardless of location</li> <li>Agricultural properties, such as farms or ranches</li> <li>Properties that are not readily accessible by roads that meet local standards</li> <li>Vacant land or land development properties</li> <li>Properties encumbered with Property Assessed Clean Energy (PACE) or Home Energy Renovation Opportunity (HERO) obligations</li> <li>State-approved medical marijuana producing properties</li> <li>4-unit dwelling with an Accessory Dwelling Unit (ADU)</li> <li>Manufactured home with an Accessory Dwelling Unit (ADU) that is also a manufactured home</li> <li>Properties with water sourced by a river</li> <li>Properties located on Tribal Lands which include section 184</li> <li>Properties located in the Department of Hawaiian Home Lands Leasehold (DHHL)</li> <li>Lot size over 40 acres in the state of Montana</li> </ul>
<b>Underwriting Method</b>	<ul style="list-style-type: none"> <li>Loan Prospector Only. LPA Accept required.</li> <li>Manual Underwriting not allowed.<sup>1</sup></li> </ul> <p><sup>1</sup>Manual underwriting is only permitted when the borrower's residence address is outside of the Continental U.S. For more details, please see Chapter 2 of the <a href="#">Lending Guide</a> for more information.</p>
<b>ARM Terms</b>	
<b>ARM Index</b>	<ul style="list-style-type: none"> <li>30-Day Average of SOFR</li> </ul>
<b>ARM Caps</b>	<ul style="list-style-type: none"> <li>5yr/6m SOFR ARM: 2/1/5 %</li> <li>7yr/6m and 10yr/6m SOFR ARMs: 5/1/5%</li> </ul>
<b>ARM Margin</b>	<ul style="list-style-type: none"> <li>2.75%</li> <li>The Floor is the margin</li> </ul>
<b>ARM Change Look Back Period</b>	<ul style="list-style-type: none"> <li>45 days</li> </ul>
<b>Conversion Option</b>	None
<b>Qualifying Rate</b>	<ul style="list-style-type: none"> <li>5yr/6m SOFR ARM <ul style="list-style-type: none"> <li>Qualify at the higher of Note rate plus 2% or fully indexed rate</li> </ul> </li> <li>7yr/6m and 10yr/6m SOFR ARMs <ul style="list-style-type: none"> <li>Qualify at the Note rate</li> <li>The greater of the Note rate or the fully indexed rate must be used to qualify if loans are higher priced mortgage loans or higher priced covered transactions under Reg Z</li> </ul> </li> </ul>
<b>Rate Adjustment</b>	<ul style="list-style-type: none"> <li>The interest rate can be adjusted up or down at each rate change date, based on the movements in the index</li> <li>The interest rate will be adjusted to equal the sum of the index plus the required margin, rounded to the nearest .125% subject to the interest rate caps</li> </ul>

	<ul style="list-style-type: none"> <li>• The monthly payment will be adjusted in accordance with the change in the interest rate</li> </ul>
<b>Rate Change Dates</b>	<ul style="list-style-type: none"> <li>• The interest rate at lock-in will remain constant until the first rate change date. Subsequent rate change dates will occur on the 1st day of every 6th calendar month thereafter</li> <li>• The first change date is the month prior to the first payment date plus the number of years (5, 7 or 10) based on the ARM program type. <ul style="list-style-type: none"> <li>◦ For Example: 5yr/6m ARM with a First Payment date of 4/01/2020 would have an Interest Rate change date of 3/01/2025</li> </ul> </li> </ul>



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