

PRIMARY RESIDENCE – PURCHASE & RATE/TERM REFINANCE			
Property Type	Max. LTV	Max. CLTV/HCLTV	Min. Credit Score
1 Unit	97% ⁽¹⁾	105%/97% ⁽²⁾	620
2 Units	85%	85%	620
3-4 Units	75%	75%	620
<p>1. The LTV/CLTV is limited to 95% on rate/term refinances of High Balance and loans with a non-occupant borrower. 2. Traditional subordinate financing is limited to 97% CLTV. Maximum CLTV allowed up to 105% for purchase transactions when using an approved community second program with a fixed rate.</p>			
Age of Documents	<ul style="list-style-type: none"> For new and existing construction, credit documents must be no more than 4 months old on the date the note is signed, including credit reports and employment, income and asset documents. Preliminary Title Policies must be no more than 180 days old on the date the note is signed. 		
Amortization Type	<ul style="list-style-type: none"> Fixed Rate 		
AUS	<ul style="list-style-type: none"> Desktop Underwriter with "Approve/Eligible" Findings is required Manual UW is not permitted 		
Assets	<p>Acceptable Assets</p> <ul style="list-style-type: none"> Personal gifts, gifts or grants from a qualified entity, employer assistance Community Seconds Minimum borrower contribution from own funds MUST be met before other acceptable sources of funds are permitted Cash-on-Hand <ul style="list-style-type: none"> Cash on hand is an acceptable source of funds for the borrower’s down payment and/or funds for closing costs and/or prepaid items on purchase transactions of 1 unit properties. The borrower customarily uses cash for expenses, and the amount of funds saved is consistent with the borrower’s previous payment practices. Funds for the down payment and closing costs must exist in a financial institution account or an acceptable escrow account. Funds must be on deposit at the time of application, or no less than 30 days prior to closing. The cash on hand is not borrowed and could have been saved by the Borrower. The credit report does not show more than three Tradelines for the Borrower. The updated credit report and other verifications should indicate limited or no use of credit and limited or no depository relationship between the borrower and a financial institution. Sweat equity is allowed, if the following conditions are met: The mortgage is originated under a specific lending program. The lending program is managed by a strong, experienced nonprofit organization. When sweat equity is accepted toward the down payment, the borrower must contribute at least 3% from his or her own funds. For one unit properties, a minimum down payment of 5% is required – 2% sweat equity and maximum LTV ratio of 95%. For two to four unit properties, refer to the table above. 		

	<p>Borrower Contribution</p> <table border="1" data-bbox="526 302 1448 474"> <thead> <tr> <th>Number of Units</th> <th>Min. Borrower Contribution</th> <th>Min. Down Payment Requirement</th> </tr> </thead> <tbody> <tr> <td>1 ⁽¹⁾</td> <td>None</td> <td>3% ⁽²⁾</td> </tr> <tr> <td>2</td> <td>3%</td> <td>15%</td> </tr> <tr> <td>3-4</td> <td>3%</td> <td>25%</td> </tr> </tbody> </table> <ol style="list-style-type: none"> 1. A minimum 3% borrower contribution and minimum down payment of 5% is required if sweat equity is being used toward the down payment for one unit HomeReady purchase transactions. Refer to the Sweat Equity section for additional requirements. 2. A 3% down payment is permitted for certain purchase transactions. 	Number of Units	Min. Borrower Contribution	Min. Down Payment Requirement	1 ⁽¹⁾	None	3% ⁽²⁾	2	3%	15%	3-4	3%	25%
Number of Units	Min. Borrower Contribution	Min. Down Payment Requirement											
1 ⁽¹⁾	None	3% ⁽²⁾											
2	3%	15%											
3-4	3%	25%											
<p>Borrower Eligibility</p>	<ul style="list-style-type: none"> • U.S. citizens • Permanent resident aliens, with proof of lawful permanent residence • Nonpermanent resident alien immigrants with proof of lawful residence • Non-occupant borrowers permitted to maximum 95% LTV/CLTV/HCLTV in DU - Income is considered as part of qualifying income and subject to income limits 												
<p>Credit</p>	<ul style="list-style-type: none"> • All borrowers may have no credit score. Fannie Mae and DU requirements must be met. • A maximum of one credit bureau may be frozen with a DU accept. If the credit must be un-frozen, borrowers must unfreeze all bureaus, and the DU rerun with the updated credit. • LTV/CLTV/HCLTV > 95% require at least one borrower to have at least one credit score. 												
<p>Employment/Income Verification</p>	<ul style="list-style-type: none"> • Per DU 												
<p>FICO/Credit Score</p>	<ul style="list-style-type: none"> • Conforming loan amounts: A borrower with no FICO is allowed with non-traditional credit on DU approve/eligible loans per Fannie Mae guidelines. • High Balance loan amounts: 620 regardless of AUS findings. 												
<p>Home-buyer Education and Counseling</p>	<ul style="list-style-type: none"> • At least one borrower on each HomeReady purchase mortgage must do one of the following: <ul style="list-style-type: none"> - Complete the Framework homeownership education course (\$75 fee paid by the borrower to Framework) prior to closing, https://homeready.frameworkhomeownership.org/; or - Complete a homeownership education course required by a Community Seconds or Down Payment Assistance Program that is provided by a HUD-approved agency prior to closing, if the HomeReady loan involves a Community Seconds or down payment assistance program; or - Receive housing advising from a HUD-approved nonprofit housing counseling agency (as evidenced by a signed Certificate of Completion of Pre-purchase Housing Counseling (Form 1017)) prior to the borrower signing a purchase contract. • Lenders may choose to provide a credit against closing costs for the \$75 Framework fee in accordance with Selling Guide section B3-4.1-02 (Lender Incentives for Borrowers). • Homeownership education certificate or Form 1017 must be retained in the mortgage file. 												

<p>Income</p>	<p>Borrower Income Limits and Calculations</p> <ul style="list-style-type: none"> • In determining whether a mortgage is eligible under the borrower income limits, the income from all of the borrowers who will be listed on the mortgage note must be counted, to the extent that the income is considered in evaluating creditworthiness for the mortgage loan. • The same methodology used in determining income eligibility for HomeReady must be used in reporting “Monthly Income” on the 1008. • Eligibility for a HomeReady loan compares the borrower’s income to the applicable area median income (AMI) for the property’s location. • The AMIs used to determine borrower income eligibility are provided to Fannie Mae by its regulator, the Federal Housing Finance Agency (FHFA). For determining eligibility, the AMIs on Fannie Mae’s website must be used, not anyone else’s published versions (such as AMIs posted on huduser.org). • The Area Median Incomes (AMIs) used by Fannie Mae are available on Fannie Mae’s website. • DU will issue a message when the total qualifying income entered in DU appears to be within the AMI limits and/or the property is located within the geographic areas outlined below indicating that the loan may be eligible as a HomeReady mortgage loan. • Income may not exceed 100% of the annual HUD AMI for the property’s location, except: <ul style="list-style-type: none"> - There is not an income limit for properties located in a low-income census tract (median tract income no greater than 80% AMI). <p>Non-Borrower Household Income</p> <ul style="list-style-type: none"> • Non-borrower household income is not required to be included for income limitation purposes • Income from a non-borrower household occupant is permitted as a compensating factor in DU to allow a DTI ratio greater than 45% up to 50%. This income is not considered qualifying income and is not included in the DTI calculation. Non-borrower household income is entered in the Affordable Housing Selection of Loantrac <ul style="list-style-type: none"> - Non-borrower household income must be documented in accordance with standard guidelines based on income type - There must be a signed statement of the intent for non-borrower to reside with the borrower for a minimum of 12 months (or continue to reside with the borrower for rate/term refinance transactions.) - The non-borrower’s income must be at least 30% of the total monthly qualifying income being used by the borrower. See Fannie Mae 1019 HomeReady Non-Borrower Income Worksheet. - If income of more than one non-borrower is used, together they must be at least 30% of the total monthly qualifying income being used by the borrower. All contributors must provide income documentation as indicated above and execute Fannie Mae 1019 HomeReady Non-Borrower Income Worksheet. <p>Rental Income from the Subject Property</p> <ul style="list-style-type: none"> • Rental income is an acceptable source of qualifying income in the following instances: <ul style="list-style-type: none"> - One-unit principal residence with an accessory unit. - Two-to four-unit principal residence properties
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	<ul style="list-style-type: none"> • Boarder Income <ul style="list-style-type: none"> - The rental payments that any borrower receives from one or more individuals who reside with the borrower (but who are not obligated on the mortgage debt and may or may not be related to the borrower) may be considered as acceptable stable income when qualifying for a one-family property, in an amount of up to 30% of the total gross income that is used to qualify the borrower for the mortgage if: - The individual(s) has lived with (and paid rent to) the borrower for the last 12 months. - The boarder can provide appropriate documentation to demonstrate a history of shared residency (such as a copy of a driver’s license, bill, bank statement, etc., that shows the boarder’s address as being the same as the borrower’s address). - The boarder can demonstrate (such as copies of canceled checks) the payment of rental payments to the borrower for the last 12 months. Payment of rent by the boarder directly to a third party is not acceptable. 																				
Ineligible	<ul style="list-style-type: none"> • Texas (a)(6) transactions – The loan is not eligible for a refinance under this program if the Borrower receives any cash back at closing (even as little as \$1). • HomeStyle Renovation 																				
Interest Party Contribution	<ul style="list-style-type: none"> • Up to 75%LTV: 9% • 75.01%-90%: 6% • 90.01-97%: 3% 																				
Lien Position	<ul style="list-style-type: none"> • First 																				
Maximum Loan Amount	<ul style="list-style-type: none"> • FHFA Loan Limits 																				
Minimum Loan Amount	<ul style="list-style-type: none"> • \$25,000 																				
Mortgage Insurance	<ul style="list-style-type: none"> • Mortgage Insurance is required if the LTV exceeds 80%. Refer to the below coverage amounts. • Borrower paid and lender paid mortgage insurance is allowed. • Financed borrower-purchased mortgage insurance is allowed for one-unit properties only. • Minimum insurance coverage levels with an LLPA are not allowed. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="5">Mortgage Insurance Coverage Requirements</th> </tr> <tr> <th>Term</th> <th>80.01-85.00%</th> <th>85.01-90.00%</th> <th>90.01-95.00%</th> <th>95.01-97.00%</th> </tr> </thead> <tbody> <tr> <td>≤20 years</td> <td>6%</td> <td>12%</td> <td>25%</td> <td>25%</td> </tr> <tr> <td>>20 years</td> <td>12%</td> <td>25%</td> <td>25%</td> <td>25%</td> </tr> </tbody> </table>	Mortgage Insurance Coverage Requirements					Term	80.01-85.00%	85.01-90.00%	90.01-95.00%	95.01-97.00%	≤20 years	6%	12%	25%	25%	>20 years	12%	25%	25%	25%
Mortgage Insurance Coverage Requirements																					
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>20 years	12%	25%	25%	25%																	
Number of Financed Properties	<ul style="list-style-type: none"> • The borrower may have an ownership in any other residential dwelling at the time of loan closing. • A manufactured home, regardless of the type of land ownership, is considered a residential dwelling for this purpose. • Ownership in a timeshare, either as a deeded interest or a right-to-use arrangement, is not considered ownership in a residential dwelling for HomeReady purposes due to the very limited (typically one or two weeks per year) access to the unit. 																				
Occupancy	<ul style="list-style-type: none"> • Primary Residence 																				
Property Types	<ul style="list-style-type: none"> • Single Family (Detached, Attached) 																				

	<ul style="list-style-type: none"> • PUD (Detached, Attached) • Condominium – Warrantable (Detached, Attached) • Modular Home • 2-4 Units
Program Code	• EFCH30, EFCH15 (Refer to Rate Sheet Page 2)
Ratio	• As determined by DU
Qualifying Rate	• Note Rate
Reserves	• DU will determine the reserve requirement. Reserves may come from a gift.
Subordinate Financing	<ul style="list-style-type: none"> • Standard secondary financing: Maximum CLTV/HCLTV is the same as LTV in the matrix at the beginning. • Community Second secondary financing: Maximum CLTV is 105%. - More than one Community Second is allowed.

PRIMARY RESIDENCE – PURCHASE & RATE/TERM REFINANCE			
Property Type	Max. LTV	Max. CLTV/HCLTV	Min. Credit Score
1 Unit	97% ⁽¹⁾	105%/NA ^(1,2)	620
2-4 Units	95%	95%	620
<p>1. Traditional subordinate financing is limited to 97% TLTV. Maximum TLTV allowed up to 105% for purchase transactions when utilizing an approved Affordable Second program with Home Possible Advantage, see Community Seconds Programs. Any secondary financing subordinating for rate/term refinance loans must be an approved Affordable Second and cannot exceed 105% TLTV.</p> <p>2. HELOC secondary financing is not eligible.</p>			
Age of Documents	<ul style="list-style-type: none"> For new and existing construction, credit documents must be no more than 4 months old on the date the note is signed, including credit reports and employment, income and asset documents. Preliminary Title Policies must be no more than 180 days old on the date the note is signed. 		
Amortization Type	<ul style="list-style-type: none"> Fixed Rate 		
AUS	<ul style="list-style-type: none"> LP Accept Manual UW is not permitted 		
Assets	<p>Acceptable Assets</p> <ul style="list-style-type: none"> Personal gifts, gifts or grants from a qualified entity, employer assistance Community Seconds Minimum borrower contribution from own funds MUST be met before other acceptable sources of funds are permitted Cash-on-Hand <ul style="list-style-type: none"> The borrower customarily uses cash for expenses, and the amount of funds saved is consistent with the borrower’s previous payment practices. The alternative documentation or monthly reports do not indicate that the Borrower has checking, savings, or similar accounts. The cash on hand is not borrowed and could have been saved by the Borrower. The credit report does not show more than three tradelines for the Borrower. The updated credit report does not show any new accounts or a substantial increase to an existing account that approximates, or exceeds, the amount of cash on hand provided by the Borrower The Freddie Mac’s Exhibit 23 Monthly Budget and Residual Analysis Form confirms that the total monthly residual income available for savings is a positive number. <ul style="list-style-type: none"> A completed Freddie Mac’s Exhibit 23 Monthly Budget and Residual Analysis Form or another document containing the same information. Copies of six months’ cash receipts (e.g., rent or utility receipts) or other alternative documentation (e.g., direct verifications or wire transfers) verifying that all recurring obligations, including the payment of revolving and installment debt, are paid in cash A credit report, obtained at the time of loan application Copies of three months’ statements for any open revolving account that reveal cash advances are not the source of 		

	<p>Borrower Funds. Any cash advances must be explained and documented (i.e., a cash advance used in an emergency situation).</p> <ul style="list-style-type: none"> ◦ An updated credit report, obtained approximately one week before closing, that reveals no new accounts or substantial increases to balances on already existing accounts <ul style="list-style-type: none"> • Sweat equity is allowed, if the following conditions are met: Sweat equity is credit for labor performed on the Mortgaged Premises or materials furnished for the Mortgaged Premises by the Borrower. Such credit must be fully explained and documented. Any labor performed must be completed in skillful, workmanlike manner must be certified by the appraiser. Credit will not be given for sweat equity unless there is at least a 5% down payment from Borrower Personal Funds. • Other eligible sources of funds per Freddie Mae guidelines. <p>Borrower Contribution</p> <table border="1" data-bbox="524 821 1458 1026"> <thead> <tr> <th>Number of Units</th> <th>≤ 80% LTV Minimum Borrower Contribution</th> <th>> 80 and ≤ 95% LTV Minimum Borrower Contribution</th> <th>> 95% LTV Minimum Borrower Contribution</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>0%</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>2-4</td> <td>0%</td> <td>3%</td> <td>N/A</td> </tr> </tbody> </table>	Number of Units	≤ 80% LTV Minimum Borrower Contribution	> 80 and ≤ 95% LTV Minimum Borrower Contribution	> 95% LTV Minimum Borrower Contribution	1	0%	0%	0%	2-4	0%	3%	N/A
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1	0%	0%	0%										
2-4	0%	3%	N/A										
Borrower Eligibility	<ul style="list-style-type: none"> • U.S. citizens • Permanent resident aliens, with proof of lawful permanent residence • Nonpermanent resident alien immigrants with proof of lawful residence • Non-occupying co-borrowers are not allowed. 												
Credit	<ul style="list-style-type: none"> • Non-traditional credit is not allowed. • Per Freddie Mac. 												
Employment/Income Verification	<ul style="list-style-type: none"> • Per LP 												
FICO/Credit Score	<ul style="list-style-type: none"> • 620 regardless of LP findings. 												
Home-buyer Education and Counseling	<ul style="list-style-type: none"> • When all borrowers are first time homebuyers for purchase transactions, at least one qualifying borrower must complete homeownership education prior to the note date. Education must be provided by one of the following: <ul style="list-style-type: none"> • A program that meets the standards of the National Industry Standards for Homeownership Education and Counseling link • Programs utilizing Freddie Mac CreditSmart, see the Freddie Mac website. Minimum modules to be completed: <ul style="list-style-type: none"> - Module 1 – Your Credit and Why it is Important - Module 2 – Managing Your Money - Module 7 – Thinking Like a Lender - Module 11 – Becoming a Homeowner - Module 12 – Preserving Homeownership: Protecting Your Investment • A copy of the certificate of completion for homeownership education must be retained in the mortgage loan file. 												

	<p>2 TO 4-UNIT PROPERTIES</p> <ul style="list-style-type: none"> • Purchase transactions – At least one qualifying borrower must participate in a landlord education program prior to the note date. A copy of the certificate of completion must be retained in the mortgage loan file. • Refinance transactions – Landlord education is not required but is recommended for borrowers who have not previously attended a program.
Income	<ul style="list-style-type: none"> • All borrower income disclosed on the 1003 Application will be considered for loan qualification for the ability to repay and to apply the income limits. LPA may require borrower to provide full tax returns and all schedules • Total borrower income limited as indicated above under Income Limitations • Income other than listed below to be documented per standard Freddie Mac guidelines and/or LPA. <p>Rental income:</p> <ul style="list-style-type: none"> • Rental income from a 1-unit primary residence • Rental income from a 1-unit primary residence may be considered as stable monthly income provided it meets the stable monthly income guidelines of Freddie Mac or the following: <ul style="list-style-type: none"> - Connection with the borrower. The person providing the rental income and the Borrower: <ul style="list-style-type: none"> - Have resided together for at least one year - Will continue residing together in the new residence, and - The person providing the rental income provides appropriate documentation to evidence residency with the Borrower (i.e., copy of a driver’s license, bill, bank statement, etc., that shows the address of that person to be the same as the Borrower’s address) • Rental payment. Rental income from the person residing in the mortgaged premises: <ul style="list-style-type: none"> - Has been paid to the borrower for the past 12 months on a regular basis - Can be verified by the borrower with evidence showing receipt of regular payments of rental income to the borrower for the past 12 months (i.e. copies of cancelled checks) - Does not exceed 30% of the total income used to qualify for the mortgage • The mortgage file must contain a written statement from the borrower affirming: <ul style="list-style-type: none"> - The source of the rental income - The fact that the person providing the rental income has resided with the borrower for the past year and intends to continue residing with the borrower in the new residence for the foreseeable future - Rental income from 2 to 4-unit primary residences
Ineligible	<ul style="list-style-type: none"> • Texas (a)(6) transactions – The loan is not eligible for a refinance under this program if the Borrower receives any cash back at closing (even as little as \$1)
Interest Party Contribution	<ul style="list-style-type: none"> • Up to 75%LTV: 9% • 75.01%-90%: 6% • 90.01-97%: 3%
Lien Position	<ul style="list-style-type: none"> • First
Maximum Loan Amount	<ul style="list-style-type: none"> • Conforming limit
Minimum Loan Amount	<ul style="list-style-type: none"> • \$25,000

<p>Mortgage Insurance</p>	<ul style="list-style-type: none"> Mortgage Insurance is required if the LTV exceeds 80%. Refer to the below coverage amounts. <table border="1" data-bbox="548 340 1458 472"> <thead> <tr> <th colspan="5">Mortgage Insurance Coverage Requirements</th> </tr> <tr> <th>Term</th> <th>80.01-85.00%</th> <th>85.01-90.00%</th> <th>90.01-95.00%</th> <th>95.01-97.00%</th> </tr> </thead> <tbody> <tr> <td>≤20 years</td> <td>6%</td> <td>12%</td> <td>25%</td> <td>25%</td> </tr> <tr> <td>>20 years</td> <td>12%</td> <td>25%</td> <td>25%</td> <td>25%</td> </tr> </tbody> </table> <p>95.01-97% LTV only allowed on 1 unit properties.</p>	Mortgage Insurance Coverage Requirements					Term	80.01-85.00%	85.01-90.00%	90.01-95.00%	95.01-97.00%	≤20 years	6%	12%	25%	25%	>20 years	12%	25%	25%	25%
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<p>Occupancy Property Types</p>	<ul style="list-style-type: none"> Primary Residence Single Family (Detached, Attached) PUD (Detached, Attached) Condominium – Warrantable (Detached, Attached) Modular Home 2-4 Units 																				
<p>Program Code</p>	<ul style="list-style-type: none"> ELPH30 (Refer to Rate Sheet Page 3) 																				
<p>Ratio</p>	<ul style="list-style-type: none"> As determined by LP 																				
<p>Qualifying Rate</p>	<ul style="list-style-type: none"> Note Rate 																				
<p>Reserves</p>	<ul style="list-style-type: none"> LP will determine the reserve requirement. 1 Unit: None / 2-4 Units: 2 Months 																				
<p>Subordinate Financing</p>	<ul style="list-style-type: none"> Standard secondary financing: Maximum CLTV/HCLTV is the same as LTV in the matrix at the beginning. Community Second secondary financing: Maximum CLTV is 105%. - More than one Community Second is allowed. 																				