



## FREDDIE MAC HOME ONE PROGRAM

POLICY	GUIDELINE
<b>GENERAL DESCRIPTION</b>	<b>Home One</b> financing is a low down payment option that will serve the needs of more First Time Homebuyers with LTV ratios above 95%. This offering compliments the Home Possible Program by offering low down payment financing without specific income or geographic restrictions.
<b>PRODUCT TYPE &amp; TERMS</b>	Fixed rate with amortization terms up to 30 years
<b>ENCOMPASS CODES</b>	Utilize the following Encompass Loan Program:  Conventional Freddie Mac Home One Fixed
<b>OCCUPANCY</b>	<ul style="list-style-type: none"> <li>• Primary residence only for all borrowers</li> <li>• One Unit only</li> </ul>
<b>MINIMUM FICO/CREDIT HISTORY</b>	All borrowers must have two usable credit scores as determined by Loan Product Advisor
<b>LOAN PURPOSE</b>	<ul style="list-style-type: none"> <li>• Purchase – at least one borrower must be a First Time Home buyer</li> <li>• No Cash out refinance must meet the following requirements:               <ul style="list-style-type: none"> <li>○ LTV/HTLTV greater than 95% the current loan must be securitized by Freddie Mac</li> <li>○ TLTV greater than 95% with secondary financing that <b>is not</b> an Affordable Second, the current loan must be securitized by Freddie Mac</li> <li>○ TLTV greater than 95% with secondary financing that <b>is an</b> Affordable Second, the current loan does <u>not</u> have to be owned or securitized by Freddie Mac</li> </ul> </li> </ul> <p style="background-color: yellow;"><i>Note: Refinance Transactions not permitted in Texas</i></p>
<b>MAXIMUM FINANCE LIMITS</b>	Standard Conforming limits apply.
<b>MAX LTV</b>	<ul style="list-style-type: none"> <li>• Max LTV: 97%</li> <li>• Max TLTV for loans with secondary financing that <b>are not</b> “Affordable Seconds”: 97%</li> <li>• Max TLTV for loans <b>with</b> Affordable Seconds: 105%</li> <li>• Max HTLTV: 97%</li> </ul>
<b>MINIMUM BORROWER CONTRIBUTION</b>	There is no minimum borrower contribution for this program.  Standard permitted/documented source of funds per Freddie Mac guidelines apply.

<p><b>SECONDARY FINANCING</b></p>	<p>Subordinate financing must comply with:</p> <p>The terms for the Affordable Seconds option, which allow among other provisions, a maximum TLTV of 105% (see eligibility matrix above) or standard Freddie guides.</p> <p>ULG <b>will not</b> participate in any state bond program, Seconds that require the lender to be registered or approved where a fee must be paid or an agreement must be signed.</p> <p><b>Review of Affordable Second</b></p> <p>Obtain a fact sheet or copies of the documents the borrower will need to sign with respect to the secondary financing so that the financing can be reviewed to determine if it can be classified as an Affordable Second.</p> <p>An Affordable Second that does not require a monthly payment before the Due Date of the 61<sup>st</sup> payment (1<sup>st</sup> 5 yrs.) under the Home One Mortgage will be considered and entered in Encompass as a gift.</p> <p><b>Subordinate financing from a seller/ or other interested party-held mortgage is not permitted.</b></p> <p><u>Financing Structure</u></p> <p>The Affordable Second financing cannot be a HELOC.</p>
<p><b>ELIGIBLE PROPERTY TYPES</b></p>	<p>Eligible property types:</p> <ul style="list-style-type: none"> <li>• 1 unit primary residence</li> <li>• Condominiums – must be FHLMC warrantable</li> <li>• PUDs</li> </ul> <p>Ineligible property types:</p> <ul style="list-style-type: none"> <li>• Manufactured Homes</li> <li>• Co-Ops</li> </ul>
<p><b>ELIGIBLE BORROWERS</b></p>	<ul style="list-style-type: none"> <li>• For purchase transactions, at least one borrower must be a first time homebuyer.</li> <li>• For purchase transaction and no cash out refinances, at least one applicant must have a usable credit score and LP approval.</li> </ul>
<p><b>MULTIPLE MORTGAGES</b></p>	<p>Borrower cannot, as of the Note date, have any individual or joint ownership in any other residential property except for the instances below:</p> <ul style="list-style-type: none"> <li>• The borrower Inherited their ownership interest in the property and shares ownership with another party,</li> <li>• The borrower owns the property with another party and the debt associated with the property was assigned to the other party by a court order (e.g. Divorce),</li> <li>• The Borrower is a co-signer/Guarantor on the related mortgage debt and someone other than the borrower has made payments on the debt for the most recent 12 mos. as documented with copies of cancelled checks.</li> </ul>

<b>AUTOMATED UNDERWRITING</b>	<p>The file must be submitted to LPA and receive a risk class as “accept”.</p> <p>In the Encompass Borrower Summary screen/FHLMC Product drop down, select “Conventional Freddie Mac Home One Fixed”</p> <p>When submitting a loan with an Affordable Second:</p> <ul style="list-style-type: none"> <li>• That <u>does not require a payment</u> before the due date of the 61<sup>st</sup> monthly payment enter the amount of the Affordable Second in the “Total Gift Fund” field</li> <li>• That <u>does require a payment before 61<sup>st</sup></u> payment then we must include the Affordable Second as a secondary financing in all circumstances including: <ul style="list-style-type: none"> <li>○ Calculating the TLTV ratio and include in PITI /Ratios</li> <li>○ Complying with delivery requirements including providing details of the Affordable Second, and</li> <li>○ Documenting the Affordable Second in the mortgage file.</li> </ul> </li> </ul> <p>Manual underwriting is <b>not</b> permitted.</p>											
<b>DEBT RATIOS</b>	As permitted by LP											
<b>CALCULATION OF QUALIFYING INCOME</b>	All income must meet Freddie Mac guidelines for stable monthly income.											
<b>INCOME LIMITS</b>	There are no borrower geographic or income restrictions for this program.											
<b>MORTGAGE INSURANCE</b>	<p>Mortgage insurance is required when the LTV exceeds 80%.</p> <p>Mortgage Insurance can be provided by the following companies:</p> <ul style="list-style-type: none"> <li>○ Arch Mortgage Insurance Company</li> <li>○ Essent Guaranty, Inc.</li> <li>○ Genworth Mortgage Insurance Corporation</li> <li>○ Mortgage Guaranty Insurance Company (MGIC)</li> <li>○ National Mortgage Insurance Corporation</li> <li>○ Radian Guaranty, Inc.</li> <li>○ United Guaranty Residential Insurance Company</li> </ul> <ul style="list-style-type: none"> <li>• Loan must meet the guidelines of the MI Company which may differ from the Freddie Mac HomeOne guidelines.</li> <li>• Lender paid premiums are permitted</li> </ul> <table border="1" data-bbox="597 1402 1425 1789"> <thead> <tr> <th rowspan="2">LTV</th> <th>STANDARD COVERAGE AMOUNT</th> </tr> <tr> <th><i>Custom MI is not available</i> Amortization 30 years</th> </tr> </thead> <tbody> <tr> <td>95.01% - 97%</td> <td>35%</td> </tr> <tr> <td>90.01% - 95%</td> <td>30%</td> </tr> <tr> <td>85.01% - 90%</td> <td>25%</td> </tr> <tr> <td>80.01% - 85%</td> <td>12%</td> </tr> </tbody> </table>	LTV	STANDARD COVERAGE AMOUNT	<i>Custom MI is not available</i> Amortization 30 years	95.01% - 97%	35%	90.01% - 95%	30%	85.01% - 90%	25%	80.01% - 85%	12%
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<b>HOMEOWNERSHIP EDUCATION</b>	<p><b>Purchases:</b> When all Borrowers are First Time Homebuyers, at least one Borrower must participate in a Home Ownership Education Program.</p> <ul style="list-style-type: none"> <li>Homeownership education must not be provided by an interested party to the transaction, the originating lender or by the Seller.</li> </ul> <p>Freddie Mac’s free financial literacy curriculum, CreditSmart, meets the homeownership education requirements, provided:</p> <ul style="list-style-type: none"> <li>The Borrower completes the on-line Credit Smart – Steps to Homeownership Tutorial, which includes: <ul style="list-style-type: none"> <li>Module 1 (Your Credit and Why It Is Important)</li> <li>Module 2 (Managing Your Money)</li> <li>Module 7 (Thinking Like a Lender)</li> <li>Module 11 (Becoming a Homeowner) and</li> <li>Module 12 (Preserving Homeownership: Protecting Your Investment)</li> </ul> </li> </ul> <p>A copy of Exhibit 20, Homeownership Education Certification, or another document (such as the CreditSmart – Steps to Homeownership certificate of completion) containing comparable information must be retained in the Mortgage file.</p>									
<b>SPECIAL DOCUMENTATION</b>	<p>In addition to standard conventional documentation, the following are required when applicable:</p> <ul style="list-style-type: none"> <li><b>Homeownership Education Certificate</b> - for all purchase transactions</li> </ul>									
<b>COLLATERAL EVALUATIONS</b>	<p>Standard guidelines apply.</p>									
<b>CONCESSIONS</b>	<p>Financing concessions:</p> <ul style="list-style-type: none"> <li>LTV/TLTV &gt; 90% - 3% concessions</li> <li>LTV/TLTV &gt; 75% but ≤ 90% - 6% concessions</li> <li>LTV/TLTV ≤ 75% - 9% concessions</li> </ul>									
<b>ESCROW WAIVERS</b>	<p>Not allowed</p>									
<b>INTERESTED PARTY CONTRIBUTIONS</b>	<p>Primary Residence, One Unit Only</p> <table border="1" data-bbox="558 1417 1175 1535"> <thead> <tr> <th colspan="3">LTV/CLTV</th> </tr> </thead> <tbody> <tr> <td>&gt;90%</td> <td>75.01 – 90%</td> <td>≤ 75%</td> </tr> <tr> <td>3%</td> <td>6%</td> <td>9%</td> </tr> </tbody> </table>	LTV/CLTV			>90%	75.01 – 90%	≤ 75%	3%	6%	9%
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<b>DOCUMENT AGE</b>	<ul style="list-style-type: none"> <li>Credit Docs: <b>120 Days</b></li> <li>Appraisal: <b>120 Days</b></li> </ul>									

**ULDD DATA POINTS**

There are no new unique data attributes for HomeOne that are introduced from origination to delivery to identify Freddie Mac HomeOne Mortgages. Existing data will be used to identify these mortgages and include the following:

**No Cash Out Refinance:**

- Enter the valid value of "FRE" for ULDD Data Point Related Loan Investor Type (Sort ID 222).
- Provide (previous) Freddie Mac loan number of the loan being refinanced for ULDD Data Point Related Investor Loan Identifier (Sort ID 221).
- IFI 583 (Mortgage with Affordable Second)
- IFI G18 (Mortgage with Affordable Second entered into LPA in "Total Gift Fund" field)