

MORTGAGE
THAT
CAN HELP
MAKE THE
IMPOSSIBLE
POSSIBLE.

HOME READY HOME POSSIBLE

PROGRAMS HIGHLIGHTS

- ▶ Down payment as low as 3%
- ▶ Credit Score as low as 620
- ▶ Conforming & High Balance Loan Amounts
- ▶ No Upfront Mortgage Insurance
- ▶ Lower Monthly Mortgage insurance
- ▶ Non-occupying co-borrowers Allowed
- ▶ Max. 50% DTI with AUS approval
- ▶ 100 % Gift Funds Allowed



WE CLOSE MOST LOANS IN
21 DAYS OR LESS

APPROVED STATES: AL, AZ, CA, CO, DC, FL, GA,
MD, NC, NJ, SC, TN, TX, VA, WA

**COMMON SENSE UNDERWRITING
FAST TURN-TIME**

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HOMEREADEY - DU APPROVAL

Purchase and Rate/Term Refinance		
Owner-Occupied Only		
Property Type	LTV/CLTV/HCLTV ⁽²⁾	Min Credit Score
1 Unit ⁽¹⁾	FIXED 97 ⁽¹⁾	620
	ARM 95	620
2 Unit	85	620
3-4 Unit	75	620

1. See Loan Purpose for requirements for loans with LTV/CLTV/HCLTV > 95%
2. Maximum CLTV is 105% with Community Second secondary financing.

HOME POSSIBLE - LPA ACCEPT

Purchase and Rate/Term Refinance			
Owner-Occupied Only			
Property Type	Maximum LTV/TLTV		Min Credit Score
	Standard Balance	Super Conforming	
1 Unit	FIXED 97 ⁽¹⁾	FIXED 95 ⁽¹⁾	619
	ARM 95 ⁽¹⁾	ARM 95 ⁽¹⁾	620
2 Unit	95 ⁽¹⁾	85	620
3-4 Unit	95 ⁽¹⁾	80	620

1. 105% TLTV Allowed with Affordable Second only, Affordable Second may not be HELOC

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COVID-19	<ul style="list-style-type: none"> ▪ Please refer to the following for all updates related to COVID-19: ▪ Fannie Mae COVID-19 resources including FAQs located at: https://www.fanniemae.com/portal/covid-19.html ▪ Updates to S/E VVOE: Effective for loan apps on or after April 14, 2020, the self-employed business must be validated as open and operating within 20 business days of the note. ▪ For borrowers using self-employed income to qualify: refer to Fannie Mae LL 2021-03 Update 2.2.2022 for documentation requirements. ▪ EMET will continue to accept POAs in accordance with standard Fannie Mae. Please see standard guidelines Selling Guide Section B8-5-05 for complete information. ▪ Remote Online Notarization: EMET is not accepting remote online notarization (RON) at this time. 	<ul style="list-style-type: none"> ▪ Please refer to the following for all updates related to COVID-19: <ul style="list-style-type: none"> - Freddie Mac's COVID-19 resource website including FAQs located at https://sf.freddiemac.com/about/covid19 ▪ Updates to S/E VVOE: Effective for loan apps on or after April 14, 2020, the self-employed business must be validated as open and operating within 20 business days of the note. ▪ For borrowers using self-employed income to qualify: refer to Freddie Mac Bulletin 2022-3 for documentation requirements. ▪ EMET will continue to accept POAs in accordance with standard Fannie Mae. Please see standard guidelines Seller Guide Section 6301.4 for complete information. ▪ Remote Online Notarization: EMET is not accepting remote online notarization (RON) at this time.
Ability To Repay and Qualified Mortgage Rule	<ul style="list-style-type: none"> ▪ For loans subject to the ATR/QM rule, EMET will only purchase loans that comply with the ATR/QM requirements. 	<ul style="list-style-type: none"> ▪ For loans subject to the ATR/QM rule, EMET will only purchase loans that comply with the ATR/QM requirements.
Appraisals	<ul style="list-style-type: none"> ▪ Determined by AUS Findings. Property Inspection Waivers, through Desktop Underwriter, are acceptable. ▪ Desktop Appraisal allowed only with an Approve/Eligible recommendation and a message from DU indicating the casefile is eligible for a desktop appraisal. All agency required desktop requirements must also be met. Eligibility requirements include: <ul style="list-style-type: none"> - Purchase transactions of one-unit principal residence only - LTV ratios <= 90% ▪ If the appraiser identifies an addition(s) that does not have the required permit, the appraiser must comment on the quality and appearance of the work and its impact, if any, on the market value of the subject property. ▪ Properties with unpermitted secondary kitchens may be eligible if: <ul style="list-style-type: none"> - it is common for the area, - no negative impact on marketability, and - Appraiser comments on quality of construction, any health/safety issues, any soundness issues, which must meet Fannie Mae requirements. ▪ Accessory Units are acceptable when meeting Fannie Mae requirements. <ul style="list-style-type: none"> - When the accessory unit is permitted or complies with zoning: <ul style="list-style-type: none"> ◦ The property is defined as a one-unit property. 	<ul style="list-style-type: none"> ▪ Determined by LPA Findings. ▪ Desktop Appraisal allowed only with an Accept recommendation and feedback message in LPA indicating the loan is eligible for delivery with a desktop appraisal. All agency required desktop requirements must also be met. Eligibility requirements include: <ul style="list-style-type: none"> - Purchase transactions of one-unit principal residence only - LTV ratios <= 90% ▪ Properties with unpermitted secondary kitchens may be eligible if: <ul style="list-style-type: none"> - it is common for the area, - no negative impact on marketability, and - Appraiser comments on quality of construction, any health/safety issues, any soundness issues, which must meet Freddie Mac requirements. ▪ Properties with accessory units may be acceptable when meeting Freddie Mac requirements: <ul style="list-style-type: none"> - Allowed on 1-to 3 unit property - Property must be appraised based on current use - At least one comparable sale with an accessory unit, when available, to demonstrate the property's conformity and marketability to its market area. If a recent comparable sale with an accessory unit is not available in the subject

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	<ul style="list-style-type: none"> ◦ There is only one accessory unit on the property; multiple accessory units are not permitted ◦ The appraisal report demonstrates that the improvements are typical for the market through an analysis of at least one comparable property with the same use. ◦ The borrower qualifies for the mortgage without considering any rental income from the accessory unit. ◦ The accessory unit must have the required separate features per Selling Guide Section B2-3-04 ◦ The kitchen must meet all requirements per Selling Guide Section B2-3-04. The removal of the stove does not change the Accessory Unit classification. - When the accessory unit is NOT permitted or DOES NOT comply with zoning: <ul style="list-style-type: none"> ◦ EMET confirms that the existence will not jeopardize any future property insurance claim that might need to be filed for the property. ◦ The use conforms to the subject neighborhood and to the market. ◦ The property is appraised based upon its current use. ◦ The appraisal must report that the improvements represent a use that does not comply with zoning. ▪ The appraisal report must demonstrate that the improvements are typical for the market through an analysis of at least two comparable properties that have the same non-compliant zoning use. Aged settled sale(s) with the same non-compliant zoning use are acceptable if recent sales are not available. At a minimum, the appraisal report must include a total of three settled sales. <ul style="list-style-type: none"> - See Fannie Mae Seller Guide section B4-1.3-05 for complete details. ▪ Properties with evidence of commercial production of marijuana, including but not limited to grow rooms, or hydroponic equipment, are ineligible. 	<p>neighborhood, the appraiser can use an older sale with an accessory unit from the subject neighborhood or a sale with an accessory unit from a competing neighborhood as a comparable sale or as supporting market data. The appraiser may always use more than three comparable sales, including contract sales (pending sales) and/or current listings, to justify and support his or her opinion of market value, as long as at least three are actual closed (settled) sales.</p> <ul style="list-style-type: none"> - If a comparable sale with an accessory unit is not available, the appraiser can use a comparable sale in the subject neighborhood without an accessory unit as long as the appraiser can justify and support such use in the appraisal report. Freddie Mac will purchase eligible Mortgages secured by a property with an accessory unit if the appraiser can develop an accurate opinion of market value for the property. - If the subject property accessory unit does not comply with the zoning and land use requirements, property is eligible if: <ul style="list-style-type: none"> ◦ The "Site" section of the appraisal report indicates that the accessory unit does not comply with zoning and land use requirements (illegal zoning compliance) ◦ At least two comparable sales with each having only one accessory unit must be included in the appraisal report. The accessory unit of each comparable sale must also be non-compliant with the zoning and land use requirements to demonstrate the conformity and marketability of the subject property to its market area; and ◦ EMET confirms that the existence of the accessory unit will not jeopardize future hazard insurance claims ▪ Appraisal Updates in accordance with Freddie Mac guidelines are acceptable. <ul style="list-style-type: none"> - See Freddie Mac Seller Guide section 5604.3 for complete details. ▪ Properties with evidence of commercial production of marijuana, including but not limited to grow rooms, or hydroponic equipment, are ineligible.
Assets	<ul style="list-style-type: none"> ▪ Follow Fannie Mae guidelines relative to funds to close. ▪ Gift funds are allowed in accordance with Fannie Mae guidelines ▪ The following requirements apply when evaluating deposits on the Borrower's account statements: <ul style="list-style-type: none"> - Except as stated below, the Lender is not required to document the sources of unverified deposits for purchase or refinance transactions. However, when 	<ul style="list-style-type: none"> ▪ Follow Freddie Mac guidelines relative to funds to close. ▪ Gift funds are allowed in accordance with Freddie Mac guidelines ▪ The following requirements apply when evaluating deposits on the Borrower's account statements: <ul style="list-style-type: none"> - Except as stated below, the Lender is not required to document the sources of unverified deposits for purchase or refinance transactions. However, when

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	<p>qualifying the Borrower, the Lender must consider any liabilities resulting from all borrowed funds.</p> <ul style="list-style-type: none"> - For purchase transactions, the Lender must document the source of funds for any single deposit exceeding 50% of the total monthly qualifying income for the Mortgage if the deposit is needed to meet the requirements for Borrower Funds and/or reserves. - When a large deposit is not documented and is not needed for Borrower Funds and/or required reserves, the Lender must reduce the funds used for qualifying purposes by the amount of the unverified deposit. - When a single deposit consists of both verified and unverified portions, the Lender may use just the unverified portion when determining whether the deposit exceeds the 50% requirement. - When the source of funds can be clearly identified from the deposit information on the account statement (e.g., direct payroll deposits) or other documented income or asset source in the Mortgage file (e.g. tax refund amounts appearing on the tax returns in the file), the Lender is not required to obtain additional documentation. - The Seller must document the source of a deposit of any amount regardless of the transaction type if the Seller has any indication that the funds are borrowed or are not from an eligible source. <ul style="list-style-type: none"> ▪ When using a direct account verification (i.e., verification of deposit (VOD)), the Seller must include documentation of the source of funds when an account is opened within 90 days of verification and/or when the current balance in an account is significantly greater than the average balance. 	<p>qualifying the Borrower, the Lender must consider any liabilities resulting from all borrowed funds.</p> <ul style="list-style-type: none"> - For purchase transactions, the Lender must document the source of funds for any single deposit exceeding 50% of the total monthly qualifying income for the Mortgage if the deposit is needed to meet the requirements for Borrower Funds and/or reserves. - When a large deposit is not documented and is not needed for Borrower Funds and/or required reserves, the Lender must reduce the funds used for qualifying purposes by the amount of the unverified deposit. For Loan Prospector Mortgages, the Seller must enter the reduced amount of the asset into Loan Prospector - When a single deposit consists of both verified and unverified portions, the Lender may use just the unverified portion when determining whether the deposit exceeds the 50% requirement. - When the source of funds can be clearly identified from the deposit information on the account statement (e.g., direct payroll deposits) or other documented income or asset source in the Mortgage file (e.g. tax refund amounts appearing on the tax returns in the file), the Lender is not required to obtain additional documentation. - The Seller must document the source of a deposit of any amount regardless of the transaction type if the Seller has any indication that the funds are borrowed or are not from an eligible source. <ul style="list-style-type: none"> ▪ When using a direct account verification (i.e., verification of deposit (VOD)), the Seller must include documentation of the source of funds when an account is opened within 90 days of verification and/or when the current balance in an account is significantly greater than the average balance.
AUS	<ul style="list-style-type: none"> ▪ Desktop Underwriter with "Approve/Eligible" Findings is required. ▪ Manual UW is not permitted. 	<ul style="list-style-type: none"> ▪ Loan Product Advisor with "Accept Eligible" Recommendation is required. ▪ LPA A Minus Offering is not allowed. ▪ Manual UW is not allowed.
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. 	<ul style="list-style-type: none"> ▪ U.S. Citizens ▪ Permanent resident aliens, with proof of lawful residence ▪ Nonpermanent resident alien immigrants, with proof of lawful residence ▪ Properties vested in trusts are permitted for all occupancy types in accordance with Freddie Mac Trust guidelines.

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	<ul style="list-style-type: none"> ▪ DACA recipients are eligible with proof of legal status, including but not limited to a valid Employment Authorization Document card. See Non-U.S. Citizen Documentation Requirements. ▪ Non-occupant borrowers permitted to maximum 95% LTV/CLTV/HCLTV in DU <ul style="list-style-type: none"> - Income is considered as part of qualifying income and subject to income limits. 	<ul style="list-style-type: none"> ▪ Non-Occupying Co-borrower allowed subject to: <ul style="list-style-type: none"> - 1 Unit property only - Max LTV/TLTV 95%, allowed to 105% TLTV with Community Second.
Credit	<ul style="list-style-type: none"> ▪ Each borrower’s representative credit score must be a minimum of 620 regardless of the DU eligibility assessment unless the below requirements for borrowers without a credit score are met <ul style="list-style-type: none"> - All borrowers may have no credit score. Fannie Mae and DU requirements must be met. - See B3-5.4-01 for additional requirements. ▪ 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/CLTVHCLTV > 95% require at least one borrower to have at least one credit score. 	<ul style="list-style-type: none"> ▪ All borrowers may have no credit score. Freddie Mac and LPA requirements must be met. <ul style="list-style-type: none"> - For LTV/CLTV above 95%: at least one borrower must have a usable credit score as determined by LPA. ▪ Must pay off any existing judgments or tax liens. ▪ For borrowers with frozen credit, no more than one credit bureau can have frozen credit information.
Condominiums	<ul style="list-style-type: none"> ▪ See B4-2 Project Standards in Fannie Mae's Seller Guide or https://www.fanniemae.com/singlefamily/project-eligibility for complete details on condos. ▪ Fannie Mae to Fannie Mae rate and term refinances up to 80% LTV may be eligible for a waiver of the project eligibility review. <ul style="list-style-type: none"> - Documentation confirming refinanced loan was owned by Fannie Mae is required. - Condo type V required. - See B4-2.1-02 Waiver of Project Review for additional information. ▪ Limited Review allowed in accordance with Fannie Mae Guidelines, including NOO up to 75% LTV/CLTV/HCLTV ▪ Projects in which the HOA is named as a party to pending litigation, or for which the project sponsor or developer is named as a party to pending litigation that relates to the safety, structural soundness, habitability, or functional use of the project are ineligible. ▪ Projects with pending litigation that involves minor matters with no impact on the safety, structural soundness, habitability, or functional use of the project, may be 	<ul style="list-style-type: none"> ▪ Must follow Freddie Mac published Condominium Eligibility Guidelines. ▪ Streamlined Condo review allowed in accordance with Freddie Mac Guidelines. ▪ Freddie to Freddie rate and term refinances up to 80% LTV/CLTV may be eligible for a waiver of the project eligibility review. <ul style="list-style-type: none"> - Documentation confirming Freddie Mac is the current owner and the current Freddie Mac loan number is required. - See 5701.2 for complete details ▪ EMET will not allow a project in which: (i) the HOA is named as a party to pending litigation/mediation/arbitration, or (ii) the project sponsor or developer is named as a party to pending litigation/mediation/arbitration that relates to the safety, structural soundness, functional use or habitability of the project. If it is determined that the reason for the pending litigation only involves minor matters that do not affect the safety, structural soundness, functional use or habitability of the project, the project is eligible if the litigation/mediation/arbitration is limited to one of the following <ul style="list-style-type: none"> - The litigation amount is known, the insurance company has committed to providing defense and the litigation amount is covered by the insurance policy

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	<p>eligible if the litigation meets Fannie Mae's requirements for minor matters. See Fannie Mae Selling Guide Section B4-2.1-03 for details.</p> <ul style="list-style-type: none"> ▪ Florida Condos are allowed in accordance with Fannie Mae requirements. 	<ul style="list-style-type: none"> - The litigation amount is unknown, the complaint is documented in the file, an attorney opinion letter is provided confirming litigation is only a minor matter, insurance is providing defense, and any possible damages are covered by insurance. See 5701.3 for complete details. - The matters involve non-monetary neighbor disputes regarding rights of enjoyment, whether litigated or in an alternative dispute resolution (ADR) proceeding or - The HOA is the plaintiff seeking reimbursement for repair expenses and the issue did not significantly impact financial stability or future solvency of HOA. - The valid estimation of or known litigation amount is not expected to exceed 10% of the project's funded reserves, provided that use of the project's funded reserves to pay for project litigation or dispute resolution does not violate the applicable jurisdiction's laws and regulations. ▪ Florida Condos are allowed in accordance with Freddie Mac requirements with the exception of newly converted condo projects (see Section 5701.4)
Continuity of Obligation	<ul style="list-style-type: none"> ▪ The continuity of obligation policy is no longer required. 	<p>When an existing Mortgage will be satisfied as a result of a refinance transaction, one of the following requirements must be met:</p> <ul style="list-style-type: none"> ▪ At least one Borrower on the refinance Mortgage was a Borrower on the Mortgage being refinanced; or ▪ At least one Borrower on the refinance Mortgage held title to and resided in the Mortgaged Premises as a Primary Residence for the most recent 12 month period and the Mortgage file contains documentation evidencing that the Borrower has been making timely Mortgage payments, including the payments for any secondary financing, for the most recent 12-month period; or ▪ At least one Borrower on the refinance Mortgage inherited or was legally awarded the Mortgaged Premises by a court in the case of divorce, separation or dissolution of a domestic partnership.
Derogatory Credit - Waiting Period Requirements	<ul style="list-style-type: none"> ▪ Bankruptcy - Chapter 7 or 11: 4 years ▪ Bankruptcy - Chapter 13: <ul style="list-style-type: none"> - 2 years from discharge date - 4 years from dismissal date ▪ Multiple Bankruptcy Filings: <ul style="list-style-type: none"> - 5 years if more than one filing within the past 7 years 	<ul style="list-style-type: none"> ▪ No specific waiting times with an LPA Accept. All derogatory events must be reflected on the credit report in order for the LPA accept to be valid. If derogatory event is not reflected on credit report, or is not accurate, the loan must be manually underwritten. EMET does not purchase manually underwritten Freddie Mac loans.

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	<ul style="list-style-type: none"> ▪ Foreclosure <ul style="list-style-type: none"> - 7 years - 3 years with documented extenuating circumstances (see section below) allowed subject to: <ul style="list-style-type: none"> ◦ up to the lesser of 90% LTV/CLTV or the max LTV/CLTV per the eligibility matrix, ◦ purchase of an OO, or ◦ rate and term of any occupancy - If a mortgage debt was discharged through a bankruptcy, the bankruptcy waiting periods may be applied if the lender obtains the appropriate documentation to verify that the mortgage obligation was discharged in the bankruptcy. Otherwise, the greater of the applicable bankruptcy or foreclosure waiting periods must be applied. ▪ Deed-in-Lieu of Foreclosure, Pre-foreclosure Sale (Short Sale), Mortgage Charge-Off: <ul style="list-style-type: none"> - 4 years - 2 years with documented extenuating circumstances, see Extenuating Circumstances below <p>All transactions require a DU Approve/Eligible regardless of which time frame for the derogatory event is met, standard or extenuating circumstances.</p>	
Extenuating Circumstances	<ul style="list-style-type: none"> ▪ Extenuating circumstances are nonrecurring events that are beyond the borrower's control that result in a sudden, significant, and prolonged reduction in income or a catastrophic increase in financial obligations. ▪ If a borrower claims that derogatory information is the result of extenuating circumstances, the lender must substantiate the borrower's claim. Examples of documentation that can be used to support extenuating circumstances include documents that confirm the event (such as a copy of a divorce decree, medical reports or bills, notice of job layoff, job severance papers, etc.) and documents that illustrate factors that contributed to the borrower's inability to resolve the problems that resulted from the event (such as a copy of insurance papers or claim settlements, property listing agreements, lease agreements, tax returns (covering the periods prior to, during, and after a loss of employment), etc.). ▪ The lender must obtain a letter from the borrower explaining the relevance of the documentation. The letter must support the claims of extenuating circumstances, confirm the nature of the event that led to the bankruptcy or foreclosure-related 	

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	<p>action, and illustrate the borrower had no reasonable options other than to default on their financial obligations.</p>	
Documentation	<ul style="list-style-type: none"> ▪ Determined by AUS ▪ Private mortgages may be verified with cancelled checks or bank statements ▪ Income or assets derived from the following sources are ineligible for qualifying: <ul style="list-style-type: none"> - The production or sale of marijuana - Bitcoin or other cryptocurrencies - See Large Deposits section for documentation requirements on funds used for closing/reserves that originated from a cryptocurrency account. <p>Current Housing Payment for Non-Occupant Borrowers</p> <ul style="list-style-type: none"> ▪ Borrowers must document their current housing expense with one of the following when they do not currently own a primary residence: <ul style="list-style-type: none"> - six months canceled checks or equivalent payment source; - six months bank statements reflecting a clear and consistent payment to an organization or individual - direct verification of rent from a management company or individual landlord; or - a copy of a current, fully executed lease agreement and two months canceled checks (or equivalent payment source) supporting the rental payment amount. ▪ Borrowers living rent-free must document their rent-free status. A rent-free letter from a third party may be acceptable. 	<ul style="list-style-type: none"> ▪ Determined by LPA ▪ One year of tax returns is acceptable if allowed by LPA and Freddie Mac guidelines ▪ Income or assets derived from the following sources are ineligible for qualifying: <ul style="list-style-type: none"> - The production or sale of marijuana - Bitcoin or other cryptocurrencies <ul style="list-style-type: none"> ◦ See Large Deposits section for documentation requirements on funds used for closing/reserves that originated from a cryptocurrency account. <p>Current Housing Payment for Non-Occupant Borrowers</p> <ul style="list-style-type: none"> ▪ The borrower must document their current housing payment with one of the following when they do not own a primary residence. <ul style="list-style-type: none"> - Direct verification of rent from a management company, or - Direct verification of rent from an individual landlord (supported by two months of cancelled checks or other evidence of two months payments), or - Copy of the current fully executed lease agreement (supported by two months of cancelled checks or other evidence of two months payments), or - Six months of canceled checks or bank statements supporting consistent payment in the amount used in qualifying
Employment/Income Verification	<ul style="list-style-type: none"> ▪ For salaried employees the verbal verification of employment must be completed within 10 business days prior to the note date. ▪ For self-employed borrowers the verbal verification of employment must be completed within 120 days prior to the note date. ▪ For borrowers in the military, a military Leave and Earnings Statement dated within 120 calendar days prior to the note date is acceptable in lieu of a verbal verification of employment. 	<ul style="list-style-type: none"> ▪ For salaried employees Pre-closing verification (PCV, previously known as verbal verification of employment) must be completed within 10 business days prior to the note date. ▪ For self-employed borrowers the PCV must be completed within 120 days prior to the note date. ▪ For borrowers in the military, a military Leave and Earnings Statement dated within 30 days prior to the note date is acceptable in lieu of a verbal verification of employment.
Employment Offers or Contracts	<p>Borrowers with employment beginning no more than 90 days after the note date are eligible when:</p>	<p>Borrowers with employment and income commencing after the note date:</p> <ul style="list-style-type: none"> ▪ Primary employment with base, non-fluctuating salaried earnings; ▪ Eligible for One Unit Primary Residence purchase only;

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	<ul style="list-style-type: none"> ▪ Purchase transaction, principal residence, one-unit property, the borrower is not employed by a family member or by an interested party to the transaction, and the borrower is qualified using only fixed based income. ▪ Obtain and review the borrower’s offer or contract for future employment. The employment offer or contract must <ul style="list-style-type: none"> - clearly identify the employer and the borrower, be signed by the employer, and be accepted and signed by the borrower; - clearly identify the terms of employment, including position, type and rate of pay, and start date; and - be non-contingent. Note: If conditions of employment exist, the lender must confirm prior to closing that all conditions of employment are satisfied either by verbal verification or written documentation. This confirmation must be noted in the mortgage loan file. ▪ Start date for employment is no more than 30 days prior to the note date: <ul style="list-style-type: none"> - Employment offer or contract required; and - Verbal Verification of employment that confirms active employment status ▪ Start date is no more than 90 days after the note date <ul style="list-style-type: none"> - Employment offer or contract only ▪ Document, in addition to the amount of reserves required by DU or for the transaction, one of the following: <ul style="list-style-type: none"> - Financial reserves sufficient to cover principal, interest, taxes, insurance, and association dues (PITIA) for the subject property for six months; or - Financial reserves or current income sufficient to cover the monthly liabilities included in the debt-to-income ratio, including the PITIA for the subject property, for the number of months between the note date and the employment start date, plus one. For calculation purposes, consider any portion of a month as a full month. <ul style="list-style-type: none"> ◦ Current income refers to income that is currently being received by the borrower (or coborrower), may or may not be used for qualifying, and may or may not continue after the borrower starts employment under the offer or contract. ◦ Current income may be used in lieu of or in addition to financial reserves. For this purpose, the lender may use the amount of income the borrower is expected to receive between the note date and the employment start date. 	<ul style="list-style-type: none"> ▪ Borrower may not be employed by a family member or by an interested third party; ▪ Lender must include a copy of the offer of employment or contract that: <ul style="list-style-type: none"> - Is fully executed and accepted by the Borrower; - Is non-contingent or provide documentation, such as letter or e-mails, from the employer verifying all contingencies have been cleared; - Includes the terms of employment, including but not limited to, employment start date and annual base nonfluctuating earnings; ▪ The Lender’s written analysis must confirm employment contracts are reasonably common to the particular employment field, industry and/or region ▪ One of the following: <ul style="list-style-type: none"> - The borrower’s employment must begin within 60 days after the note date, and the borrower must have adequate income and/or liquid assets to pay the monthly housing expense and other monthly liabilities between the Note Date and the employment start date; OR - A paystub supporting income used to qualify must be included in the file at time of delivery to EMET. ▪ The borrower a minimum of 6 months PITIA reserves in addition to all other required reserves; ▪ Lender must provide a 10-day PCV verifying the terms of the offer letter or employment contract have not changed. ▪ Option Two not allowed

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	<ul style="list-style-type: none"> ◦ If the current income is not being used for qualifying purposes, it can be documented by the lender using income documentation, such as a paystub, and no verification of employment is required. 	
Escrow Holdbacks	<ul style="list-style-type: none"> ▪ Follow FNMA guidelines regarding reason, type of improvements, time to complete, quality, disbursements, and post-closing documentation. ▪ Post funding stip for 1004D confirming completion will be placed on loans where appraisal is "subject to" completion of improvements. ▪ Post funding stip for a final title policy endorsement that ensures the priority of the first lien will be placed on loans where the appraisal is "subject to" completion of improvements. ▪ A copy of the escrow agreement will be required to show how the escrow account will be managed and how funds will be disbursed. 	<p>Escrow holdbacks are allowed in accordance with Freddie Mac guidelines including, but not limited to:</p> <ul style="list-style-type: none"> ▪ A post funding stipulation for a copy of a 1004D confirming completion will be placed on loans where the appraisal is "subject to" improvements. ▪ A post funding stipulation for a final title policy endorsement that ensures the priority of the first lien will be required on any loan where the appraisal is "subject to" improvements. ▪ A copy of the escrow agreement will be required that states how the escrow account will be managed and how the funds will be disbursed.
Financing Concessions	<ul style="list-style-type: none"> ▪ Financing concessions for primary residences and second homes must be within the following allowable percentages: <ul style="list-style-type: none"> - 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% ▪ Value is the lesser of the sales price or appraised value 	<ul style="list-style-type: none"> ▪ Financing concessions for primary residences and second homes must be within the following allowable percentages: <ul style="list-style-type: none"> - 9% of value with LTV/TLTV ratios less than or equal to 75% - 6% of value with LTV/TLTV ratios greater than 75% up to and including 90% - 3% of value with LTV/TLTV ratios greater than 90% - The maximum financing concession for investment properties is 2% of value regardless of the LTV ratio ▪ Note: Financing concessions paid by Freddie Mac, as the property seller for transactions involving the sale of Freddie Mac REO properties are not subject to the above maximum financing concession limits. In all cases, the requirements for use of financing concessions continue to apply i.e. the concessions must not exceed the borrower's actual closing costs. Selling Guide section 5501.5 ▪ Property Seller can pay up to 12 months future HOA dues per Freddie Mac's guidelines. Amount of HOA dues must meet IPC limits. See Freddie Mac 4204.3 for additional information.
Funds to Close: Acceptable Sources	<ul style="list-style-type: none"> ▪ In addition to standard Fannie Mae eligible sources, the following sources are eligible to use as funds to close: <ul style="list-style-type: none"> - Gifts, follow Fannie Mae's guidelines. See B3-4.3-04 - Grants 	<p>In addition to standard Freddie Mac eligible sources, the following sources are eligible to use as funds to close:</p> <ul style="list-style-type: none"> ▪ Gifts or grants from the Lender as originating lender are not an eligible source of funds. See FHLMC Lender Letter 9/2016 for additional information.

Program Description	HOMEReady - DU APPROVAL	HOME POSSIBLE - LPA ACCEPT
	<ul style="list-style-type: none"> - Community Seconds, including multiple Community Seconds (Must be from a government entity) - Sweat Equity is not an eligible source of funds - Cash on hand is acceptable. See Funds to Close: Cash On Hand section for details. 	<ul style="list-style-type: none"> ▪ For purchase transactions proceeds from an unsecured loan from an Agency, a Related Person, Community Savings System, and Lender. Must meet the following requirements: <ul style="list-style-type: none"> - Must not contain provisions that allow or could result in negative amortization - Must have a maturity date that: <ul style="list-style-type: none"> ◦ Does not exceed the maturity date of the Mortgage ◦ Is at least five years after the Note Date of the Mortgage, unless the unsecured loan is fully amortizing. - Must have an interest rate that is no greater than the Note Rate on the Mortgage - Must not be a cash advance from a credit card or unsecured line of credit - Must have its source, terms and conditions documented on the Form 65, Uniform Residential Loan Application
<p>Funds to Close: Borrower Contribution</p>	<ul style="list-style-type: none"> ▪ 1 Unit: <ul style="list-style-type: none"> - No Min. Borrower Contributions - 3% Min. 3% Down Payment Requirement ▪ 2 Units: Min. <ul style="list-style-type: none"> - 3% Borrower Contributions - Min. 15% Down Payment Requirement ▪ 3-4 Units: <ul style="list-style-type: none"> - Min. 3% Borrower Contributions - Min. 25% Down Payment Requirement <p>A 3% down payment is permitted for certain purchase transactions. Loan must meet LTV/CLTV/HCLTV > 95% requirements. See Loan Purpose section, and Fannie Mae Selling Guide B5-6-02.</p>	<ul style="list-style-type: none"> ▪ 1 Unit: None ▪ 1-4 Units: <ul style="list-style-type: none"> - LTV/TLTV/HCLTV <= 80%: None - LTV/TLTV/HCLTV 80%: 3%
<p>Funds to Close: Cash On Hand</p>	<p>Cash on hand is an acceptable source for the borrower's down payment, funds for closing costs, and prepaid items for one-unit properties.</p> <ul style="list-style-type: none"> ▪ The lender must verify and document the following with respect to the cash-on-hand funds: <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 lender must verify that funds for the down payment and closing costs exist in a financial institution account or an acceptable escrow account. 	<p>Cash on hand allowed for borrower contribution, down payment, closing costs and prepaids, and reserves, if the following requirements are met:</p> <ul style="list-style-type: none"> ▪ The Lender reasonably concludes, and can support, that the Borrower is a cash-basis individual and that the cash on hand is not borrowed and could be saved by the Borrower. ▪ The Mortgage file contains the following documents supporting the Lender's conclusion:

Program Description	HOMEReady - DU APPROVAL	HOME POSSIBLE - LPA ACCEPT
	<p>Funds must be on deposit at the time of application, or no less than 30 days prior to closing.</p> <ul style="list-style-type: none"> - The lender must obtain a written statement from the borrower that discloses the source of funds and states that the funds have not been borrowed. - The borrower's 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. <ul style="list-style-type: none"> ▪ Note: Cash-on-hand may not be used to fund the borrower's reserve requirement, if applicable. 	<ul style="list-style-type: none"> - A completed Exhibit 23, Monthly Budget and Residual Analysis Form, or another document containing the same information, confirming that the total monthly residual income available for savings is a positive number. - Copies of six months' cash receipts (e.g., rent or utility receipts) or other alternative documentation (e.g., direct verifications or wire transfers) meeting the requirements of Section 5202.2(b) to verify that recurring obligations, including the payment of revolving and installment debt, are customarily paid in cash. - A credit report, obtained at the time of loan application, meeting the requirements of Section 5203.1. The credit report must not show more than three tradelines. - Copies of three months' statements for any open revolving account that reveal cash advances are not the source of Borrower Funds. Any cash advances must be explained and documented (i.e., a cash advance used in an emergency situation). - An updated credit report obtained approximately one week before closing that 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. <ul style="list-style-type: none"> ▪ The Mortgage file must have no indication that the Borrower typically uses checking, savings or similar accounts. ▪ Evidence that funds for the down payment, Closing Costs, Financing Costs, Prepays/Escrows and reserves are deposited in a financial institution or are held in an institutional escrow account prior to closing.
<p>Funds to Close: Sweat Equity</p>	<ul style="list-style-type: none"> ▪ Sweat Equity is not an eligible source of funds 	<ul style="list-style-type: none"> ▪ Sweat Equity is not an eligible source of funds.
<p>High Cost / High Priced</p>	<ul style="list-style-type: none"> ▪ EMET will not purchase High Cost Loans ▪ Higher Priced Mortgage Loans (HPML) transactions are eligible for purchase. HPML guidelines require: <ul style="list-style-type: none"> - Establishment of an escrow account for taxes and insurance premiums on any transaction secured by a principal residence. - Must meet all applicable state and/or federal compliance requirements. 	<ul style="list-style-type: none"> ▪ EMET will not purchase High Cost Loans ▪ Higher Priced Mortgage Loans (HPML) transactions are eligible for purchase. HPML guidelines require: <ul style="list-style-type: none"> - Establishment of an escrow account for taxes and insurance premiums on any transaction secured by a principal residence. - Must meet all applicable state and/or federal compliance requirements.

Program Description	HOMEReady - DU APPROVAL	HOME POSSIBLE - LPA ACCEPT
		<ul style="list-style-type: none"> - A prohibition on ARM loans with an initial fixed rate period of less than seven years (7/6 ARMs are eligible). HPML ARMs are qualified at the greater of the note rate or the fully indexed rate.
<p>Homeownership: Education and Counseling</p>	<ul style="list-style-type: none"> ▪ When all occupying borrowers are first-time homebuyers on a HomeReady purchase then at least one borrower must do one of the following : <ul style="list-style-type: none"> - Complete the Framework homeownership education course prior to closing, https://homeready.frameworkhomeownership.org/; or - On or after 1/1/2022, complete a homeownership education course with any qualified third-party provider as long as the provider is independent of the lender and the content is aligned with the National Industry Standards (NIS) for Homeownership Education and Counseling or with the U.S. Department of HUD Housing Counseling Program or provided by a HUD-approved counseling agency; 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. ▪ Homeownership education certificate or Form 1017 must be retained in the mortgage file. 	<ul style="list-style-type: none"> ▪ At least one occupying Borrower must participate in a homeownership education program before the Note Date for purchase transactions when all occupying Borrowers are First-Time Homebuyers. ▪ Homeownership education must not be provided by an interested party to the transaction, the originating lender or by the Seller. ▪ Homeownership education programs may use different formats and require different lengths of time to complete. The following are acceptable: <ul style="list-style-type: none"> - Programs developed by HUD-approved counseling agencies, Housing Finance Agencies (HFAs) or Community Development Financial Institutions (CDFIs) - Homeownership education programs developed by mortgage insurance companies or other providers' programs that meet the standards of the National Industry Standards for Homeownership Education and Counseling (www.homeownershipstandards.com) ▪ As an alternative to the programs listed above, Freddie Mac's free financial literacy curriculum, CreditSmart, meets the homeownership education requirements, provided: <ul style="list-style-type: none"> - The Borrower completes the on-line Credit Smart – Steps to Homeownership Tutorial, which includes 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), and Module 12 (Preserving Homeownership: Protecting Your Investment) - The financial literacy curriculum is not provided by an interested party to the transaction, the originating lender or by the Seller ▪ 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. ▪ Landlord education (2- to 4-unit Primary Residences) <ul style="list-style-type: none"> - Purchase Transaction: At least one qualifying Borrower must participate in a landlord education program before the Note Date. Landlord education must not be provided by an interested party to the transaction, the originating lender or the Seller.

Program Description	HOMEReady - DU APPROVAL	HOME POSSIBLE - LPA ACCEPT
		<ul style="list-style-type: none"> ◦ A copy of a certificate evidencing successful completion of the landlord education program must be retained in the mortgage file - Refinance Transactions: Landlord education is not required but is recommended for Borrowers who have not previously attended a program.
Income: Boarder	<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. This applies for a one-unit property in an amount up to 30% of the total gross income that is used to qualify the borrower for the mortgage if <ul style="list-style-type: none"> - 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, or bank statement 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, or - At least 9 of the most recent 12 months provided the rental income is averaged over a 12-month period. ▪ Payment of rent by the boarder directly to a third party is not acceptable. 	<p>Rental income from a 1-unit Primary Residence may be considered as stable monthly income (as defined in FHLMC Section 5301.1) provided it meets the requirements in Section FHLMC 5306.1 or the following:</p> <ul style="list-style-type: none"> ▪ Connection with 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) - The person providing rental income is not obligated on the mortgage and does not have an ownership interest in the mortgaged premises. - The person is not the borrower’s spouse or domestic partner. ▪ 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 at least nine of the past 12 months (i.e., copies of cancelled checks) - Must be averaged over 12 months for qualifying purposes when fewer than 12 months of payments are documented - Does not exceed 30% of 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
Income: Limits	<ul style="list-style-type: none"> ▪ Total annual qualifying income may not exceed 80% of area median income (AMI). Does not include non-borrower household member income. 	<ul style="list-style-type: none"> ▪ The borrower's qualifying income converted to an annual basis must not exceed 80% of the area median income (AMI) for the location of the mortgaged premises.

Program Description	HOMEReady - DU APPROVAL	HOME POSSIBLE - LPA ACCEPT
	<ul style="list-style-type: none"> Lenders must use AMI's used by Fannie Mae in DU or on FNMA's website. 	
<p>Large Deposits (Cryptocurrency/Virtual Currency)</p>	<ul style="list-style-type: none"> Cryptocurrency/Virtual Currency may only be used as funds for closing and reserves if it has been exchanged into U.S. dollars and is held in a U.S. or state regulated financial institution. There must be sufficient documentation to verify that the funds originated from the borrower's cryptocurrency/virtual currency account. Acceptable documentation to use those funds includes the following: <ul style="list-style-type: none"> Documentation from Cryptocurrency exchange account verifying the borrower as the Legal Owner and not the nickname of the account, AND Previous borrower bank statement showing funds going into the same Cryptocurrency exchange account that the large deposit came from, OR 1099-B/MISC from the same Cryptocurrency exchange account that the large deposit came from, plus the borrower's Tax Returns reflecting the 1099 gain/loss. 	<ul style="list-style-type: none"> Cryptocurrency/Virtual Currency may only be used as funds for closing and reserves if it has been exchanged into U.S. dollars and is held in a U.S. or state regulated financial institution. There must be sufficient documentation to verify that the funds originated from the borrower's cryptocurrency/virtual currency account. Acceptable documentation to use those funds includes the following: <ul style="list-style-type: none"> Documentation from Cryptocurrency exchange account verifying the borrower as the Legal Owner and not the nickname of the account, AND Previous borrower bank statement showing funds going into the same Cryptocurrency exchange account that the large deposit came from, OR 1099-B/MISC from the same Cryptocurrency exchange account that the large deposit came from, plus the borrower's Tax Returns reflecting the 1099 gain/loss.
<p>Loan Purpose: Purchase</p>	<ul style="list-style-type: none"> >95% LTV requires at least one borrower to be a first time home buyer and at least one borrower must complete Fannie Mae's Framework homebuyer education on a purchase transaction with LTV, CLTV or HCLTV ratios > 95% when all borrowers are first time homebuyers. Please see Selling Guide Section B2-2-06 for complete details and exceptions. 	<ul style="list-style-type: none"> For LTV/CLTV above 95%: When all borrowers are first time home buyers, at least one borrower must participate in a homeownership education program acceptable to Freddie Mac. See 5103.6 for complete details.
<p>Loan Purpose: Limited Cash-Out/Rate & Term Refinance</p>	<ul style="list-style-type: none"> a short-term refinance mortgage loan that combines a first mortgage and a non-purchase-money subordinate mortgage into a new first mortgage or any refinance of that loan within six months. Proceeds can be used to pay off a first mortgage lien For two-closing construction-to-permanent loans, to pay off an existing construction loan and documented construction cost overruns that were incurred outside of the interim construction financing. (These construction cost overruns must be paid directly to the builder at closing.) Pay related closing costs and prepaid items Disburse cash out to the Borrower in an amount not to exceed 2% of the new Mortgage or \$2,000, whichever is less. <p>> 95% LTV/CLTV/HCLTV Purchase and Rate & Term Refinance:</p> <ul style="list-style-type: none"> One Unit primary residence only Standard balance only 	<ul style="list-style-type: none"> The refinance mortgage being paid off must have a note date no less than 30 days prior to the note date of the no cash- out refinance, and evidence must be documented in the loan file. Proceeds can be used to pay off a first mortgage. Proceeds can be used to pay off or pay down any junior liens related to the purchase of the subject property Pay related Closing Costs and Prepaid items Disburse cash out to the Borrower (or any other payee) up to the greater of 1% of the new refinance Mortgage or \$2,000

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	<ul style="list-style-type: none"> ▪ All borrowers must occupy the property ▪ At least one borrower has a credit score ▪ Rate & Term only: The lender must document the existing loan being refinanced is owned (or securitized) by Fannie Mae. Documentation may come from any of the following: <ul style="list-style-type: none"> - The lender’s servicing system, - The current servicer (if the lender is not the servicer), - Fannie Mae’s Loan Lookup tool, or - Any other source as confirmed by the lender - This requirement does not apply if the CLTV exceeds 95% due to Community Second only 	
Loan Purpose: Cash-Out	<ul style="list-style-type: none"> ▪ Not allowed 	<ul style="list-style-type: none"> ▪ Not allowed
Loan Purpose: Ineligible Transactions	<p>Intra-family purchases as a means to obtain cash-out for the seller while avoiding cash-out qualifications and pricing are not eligible transactions. These types of transactions may seem to meet Agency guidelines, they are not bonafide purchase transactions and therefore not eligible for purchase. Unacceptable transactions of this type may have some or all of the following characteristics:</p> <ul style="list-style-type: none"> - Gift of equity from the seller - Large amount of seller credits - Family member remaining in the home and on title after the “purchase” - Seller unable to qualify for a cash-out transaction of their own 	<p>Intra-family purchases as a means to obtain cash-out for the seller while avoiding cash-out qualifications and pricing are not eligible transactions. These types of transactions may seem to meet Agency guidelines, they are not bonafide purchase transactions and therefore not eligible for purchase by EMET. Unacceptable transactions of this type may have some or all of the following characteristics:</p> <ul style="list-style-type: none"> - Gift of equity from the seller - Large amount of seller credits - Family member remaining in the home and on title after the “purchase” - Seller unable to qualify for a cash-out transaction of their own
Occupancy	<ul style="list-style-type: none"> ▪ Primary Residence: 1-4 units 	<ul style="list-style-type: none"> ▪ Primary Residence: 1-4 units
Open-End (30 Day) Accounts	<ul style="list-style-type: none"> ▪ The account is not included in the borrower’s monthly debt obligations. Sufficient assets must be verified to cover the account balance, in addition to any funds required for closing and reserves based on the transaction type. DU findings will include the balance of the 30-day charge account in the required reserves to be verified. 	<ul style="list-style-type: none"> ▪ The account is not included in the borrower’s monthly debt obligations when sufficient assets to cover the account balance, in addition to any funds required for closing and reserves based on the transaction type. LPA findings will not include the balance in the assets to be verified, the balance will need to be manually calculated by adding the balance to the assets required by the AUS response.
Power of Attorney (POA)	<ul style="list-style-type: none"> ▪ An individual employed by or affiliated with any party to the loan transaction e.g. title insurer, settlement agent etc. is not eligible as a POA. 	<ul style="list-style-type: none"> ▪ An individual employed by or affiliated with any party to the loan transaction e.g. title insurer, settlement agent etc. is not eligible as a POA.
Property: Eligible Types	<ul style="list-style-type: none"> ▪ Single Family Detached Single Unit 	<ul style="list-style-type: none"> ▪ Single Family Detached Single Unit

Program Description	HOMEReady - DU APPROVAL	HOME POSSIBLE - LPA ACCEPT
	<ul style="list-style-type: none"> ▪ Single Family Attached Single Unit ▪ 2–4 Unit Attached/Detached ▪ PUDs ▪ Low-rise and High-rise Condominiums (must be Fannie Mae eligible) ▪ Rural Properties (in accordance with agency Guidelines, properties must be residential in nature) ▪ Leaseholds 	<ul style="list-style-type: none"> ▪ Single Family Attached Single Unit ▪ 2–4 Unit Attached/Detached ▪ LTV/CLTV above 95%: Not eligible ▪ PUDs ▪ Low-rise and High-rise Condominiums (must be Freddie Mac eligible) ▪ Rural Properties (in accordance with agency Guidelines, loans must be residential in nature)
Property: Ineligible Types	<ul style="list-style-type: none"> ▪ Manufactured Homes ▪ Mobile Homes ▪ Cooperatives ▪ Condotels ▪ Hotel Condominiums ▪ Timeshares ▪ Working Farms and Ranches ▪ Unimproved Land ▪ Property currently in litigation ▪ Land Trust, including Community Land Trust Mortgages, and Illinois Land Trust ▪ Condition Rating of C5/C6 or a Quality Rating of Q6 ▪ Turn-key investment properties. See Property Turn-key Investments section for additional details. 	<ul style="list-style-type: none"> ▪ Manufactured Homes ▪ Mobile Homes ▪ Cooperatives ▪ Condotels ▪ Hotel Condominiums ▪ Timeshares ▪ Working Farms and Ranches ▪ Unimproved Land ▪ Property currently in litigation ▪ Land Trust, including Community Land Trust Mortgages ▪ Condition Rating of C5/C6 or a Quality Rating of Q6 ▪ Turn-key investment properties. See Property Turn-key Investments section for additional details.
Property Flipping Policy (Properties resold within 180 days of purchase)	<ul style="list-style-type: none"> ▪ Properties that involve a re-sale that occurred within the last 180 days that have a non-arm’s length relationship between the buyer and seller and an increase in value are prohibited. Time frame is established by seller’s date of acquisition as the date of settlement on the seller’s purchase of that property and the execution of a sales contract to another party. ▪ EMET requires an additional value product to support the subject appraised value in instances of greater than 20% appreciation. 	<ul style="list-style-type: none"> ▪ Properties that involve a re-sale that occurred within the last 180 days that have a non-arm’s length relationship between the buyer and seller and an increase in value are prohibited. ▪ EMET requires an additional value product to support the subject appraised value in instances of greater than 20% appreciation.
Property: Maximum Number of Financed Properties	<ul style="list-style-type: none"> ▪ The occupant borrower may not have more than two financed properties. 	<ul style="list-style-type: none"> ▪ The occupying borrower(s) must not have an ownership interest in more than two financed residential properties, including the subject property, as of the Note Date.
Ratios	<ul style="list-style-type: none"> ▪ The Maximum DTI is 50% with a DU Approve/Eligible. 	<ul style="list-style-type: none"> ▪ The Maximum DTI is 50% with a LPA Accept.

Program Description	HOMEReady - DU APPROVAL	HOME POSSIBLE - LPA ACCEPT
Recently Listed Properties	<ul style="list-style-type: none"> ▪ The subject property must not be currently listed for sale. It must be taken off the market on or before the disbursement date of the new mortgage loan. Borrowers must confirm their intent to occupy the subject property (for principal residence transactions). 	<ul style="list-style-type: none"> ▪ The subject property must not be currently listed for sale. It must be taken off the market on or before the disbursement date of the new mortgage loan. Borrowers must confirm their intent to occupy the subject property (for principal residence transactions). ▪ If the property was listed in the prior 30 days to the application date, the Early Pay-off (EPO) provision will be extended to 1 year.
Rental Income Calculation	<ul style="list-style-type: none"> ▪ Rental Income from Accessory Units is allowed. ▪ Follow standard rental income requirements. ▪ See B3-3.1-08 for complete details. 	<ul style="list-style-type: none"> ▪ Follow guidelines in FHLMC 5306 relative to rental income calculation. ▪ Rent loss insurance is not required. ▪ See Freddie Mac chapter 5306.2 or 5306.3 for information on Rental Income from an ADU on a 1-unit primary residence.
Reserves	<ul style="list-style-type: none"> ▪ Required per DU 	<ul style="list-style-type: none"> ▪ Required per LPA
State Restrictions – Texas 50 (a)(6) refinance mortgages	<ul style="list-style-type: none"> ▪ Owner-Occupied, 1 unit only. ▪ Maximum 80% LTV/CLTV ▪ 2% fee restriction in accordance with Texas Constitution ▪ Full appraisal required ▪ No new secondary financing ▪ Loans must comply with Fannie Mae and Texas Constitution requirements ▪ Power of Attorney allowed in accordance with Texas requirements. 	<ul style="list-style-type: none"> ▪ Owner-Occupied, 1 unit only ▪ Maximum 80% LTV/CLTV ▪ 2% fee restriction in accordance with Texas Constitution ▪ Full appraisal required ▪ No new secondary financing ▪ Loans must comply with Freddie Mac and Texas Constitution requirements ▪ Power of Attorney allowed in accordance with Texas requirements.
Tax Transcripts	<ul style="list-style-type: none"> ▪ Tax transcripts for the most recent one or two years are required for all self-employed borrowers whose income is used to qualify. If only non-self-employed income is used to qualify, transcripts are not required. ▪ When tax transcripts are provided, they must support the income used to qualify. ▪ A properly executed 4506-C is required for all transactions except: <ul style="list-style-type: none"> - Loan file contains tax transcripts, or ▪ If tax transcripts are not available (due to a recent filing for the current year) a copy of the IRS notice showing “No record of return filed” is required along with documented acknowledgement receipt (such as IRS officially stamped tax returns or evidence that the return was electronically received) from the IRS and transcripts from the previous year. 	<ul style="list-style-type: none"> ▪ Tax transcripts for the most recent one or two years are required for all self-employed borrowers whose income is used to qualify. If only non-self-employed income is used to qualify, transcripts are not required. ▪ When tax transcripts are provided, they must support the income used to qualify ▪ A properly executed 4506-C is required for all transactions except when the loan file contains tax transcripts ▪ If tax transcripts are not available (due to a recent filing for the current year) a copy of the IRS notice showing “No record of return filed” is required along with documented acknowledgement receipt (such as IRS officially stamped tax returns or evidence that the return was electronically received) from the IRS and transcripts from the previous year.