

EMET CONFORMING & HIGH BALANCE (DU)

PURCHASE AND RATE/TERM REFINANCES		
Owner Occupied		
Property Type	LTV/CLTV/HCLTV	Min. FICO
1 Unit	FIXED 97 ⁽¹⁾	620
	ARM 95	
2 Unit	95	620
3 - 4 Unit	95	620
Second Home		
Property Type	LTV/CLTV/HCLTV	Min. FICO
1 Unit	90	620
Investment Property		
Property Type	LTV/CLTV/HCLTV	Min. FICO
1 Unit - Purchase	85	620
1 Unit - R/T Refi	75	620
2 - 4 Unit	75	620
CASH OUT REFINANCES		
Owner Occupied		
Property Type	LTV/CLTV/HCLTV	Min. FICO
1 Unit	80	620
2 - 4 Unit	75	620
Second Home		
Property Type	LTV/CLTV/HCLTV	Min. FICO
1 Unit	75	620
Investment Property		
Property Type	LTV/CLTV/HCLTV	Min. FICO
1 Unit	75	620
2 - 4 Unit	70	620

- High balance or transactions with non-occupant coborrowers are limited to 95% LTV/CLTV.
- Max. Loan Amounts: <https://www.fanniemae.com/singlefamily/loan-limits>

EMET CONFORMING & SUPER CONFORMING (LPA)

PURCHASE AND RATE/TERM REFINANCES		
Owner Occupied		
Property Type	LTV/CLTV/HCLTV	Min. FICO
1 Unit	FIXED 97 ⁽¹⁾	620
	ARM 95	
2 Unit	85	620
3 - 4 Unit	80	620
Second Home		
Property Type	LTV/CLTV/HCLTV	Min. FICO
1 Unit	90	620
Investment Property		
Property Type	LTV/CLTV/HCLTV	Min. FICO
1 Unit	85	620
2 - 4 Unit	75	620
CASH OUT REFINANCES		
Owner Occupied		
Property Type	LTV/CLTV/HCLTV	Min. FICO
1 Unit	80	620
2 - 4 Unit	75	620
Second Home		
Property Type	LTV/CLTV/HCLTV	Min. FICO
1 Unit	75	620
Investment Property		
Property Type	LTV/CLTV/HCLTV	Min. FICO
1 Unit	75	620
2 - 4 Unit	70	620

- LTVs 95.01% and above: All borrowers must occupy and standard balance only.
- Max. Loan Amounts: https://my.sf.freddiemac.com/updates/guide/bulletin~2021-36#loan_limits

Program Description	CONFORMING & HIGH BALANCE (DU)	CONFORMING & SUPER CONFORMING (LPA)
COVID-19	<ul style="list-style-type: none"> ▪ Please refer to the following for all updates related to COVID-19: <ul style="list-style-type: none"> - 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 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 Freddie Mac. 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. Appraisal Waivers are not eligible for: <ul style="list-style-type: none"> - Identity of Interest and Non-Arm's Length Transactions - Leasehold properties - Properties with Resale Restrictions - Purchases of REO properties - Auctioned Properties - 2 to 4-unit properties - Texas (a)(6) loans - The purchase price or estimated value of the subject is equal to or greater than \$1,000,000 - Loans for which the mortgage insurance provider required an appraisal - Transactions using gift of equity - Rental income from the subject is being used to qualify ▪ 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 	<ul style="list-style-type: none"> ▪ Determined by LPA Findings. Appraisal waivers, through Loan Product Advisor, are acceptable. Appraisal Waivers are not eligible for: <ul style="list-style-type: none"> - Identity of Interest and Non-Arm's Length Transactions - Leasehold properties - Properties with Resale Restrictions - Purchases of REO properties - Auctioned Properties - 2 to 4-unit properties - Texas (a)(6) loans - The purchase price or estimated value of the subject is equal to or greater than \$1,000,000 - Loans for which the mortgage insurance provider required an appraisal - Transactions using gift of equity - Rental income from the subject is being used to qualify ▪ 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

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	<ul style="list-style-type: none"> - 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. ◦ 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 	<ul style="list-style-type: none"> - 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 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. - 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

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	<p>zoning uses are acceptable if recent sales are not available. At a minimum, the appraisal report must include a total of three settled sales.</p> <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. 	<ul style="list-style-type: none"> ◦ 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 qualifying the Borrower, the Lender must consider any liabilities resulting from all borrowed funds. - 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. ▪ 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 	<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 qualifying the Borrower, the Lender must consider any liabilities resulting from all borrowed funds. - 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.

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	<p>opened within 90 days of verification and/or when the current balance in an account is significantly greater than the average balance.</p>	<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. ▪ Manual UW is not permitted .
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. ▪ 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. ▪ Properties vested in trusts are permitted for all occupancy types in accordance with Fannie Mae Trust guidelines. <ul style="list-style-type: none"> - EMET allows investment properties to be vested in the name of the trust. ▪ LTV/CLTV above 95%: <ul style="list-style-type: none"> - All borrowers must occupy the property. - At least one borrower must be a first-time home buyer on purchase transactions. 	<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 <ul style="list-style-type: none"> - EMET allows investment properties to be vested in the name of the trust ▪ LTV/CLTV above 95%: <ul style="list-style-type: none"> - All borrowers must occupy the property. - At least one borrower must be a first-time home buyer on purchase transactions.
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. ▪ Current Housing Payment, applicable when the payment for the primary residence for any borrower is not reported on credit (ex., renting primary and the subject is 2nd/NOO): <ul style="list-style-type: none"> - When the payment is not reported on the credit report, provide third party verification of payment amount. 	<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. ▪ Current Housing Payment, applicable when the payment for the primary residence for any borrower is not reported on credit (ex. renting primary and the subject is 2nd/NOO, or non-occupant co-borrower who rents): <ul style="list-style-type: none"> - When the payment is not reported on the credit report, provide third party verification of payment amount. - If living rent free, a rent-free letter from landlord or person obligated on lease required.

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	<ul style="list-style-type: none"> - If living rent free, a rent-free letter from landlord or person obligated on lease required. 	
<p>Condominiums</p>	<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 eligible if the litigation meets Fannie Mae's requirements for minor matters. See Fannie Mae Selling Guide Section B4-2.1-03 for details. ▪ Florida Condos are allowed in accordance with Fannie Mae requirements. 	<ul style="list-style-type: none"> ▪ Must follow Freddie Mac published Condominium Eligibility Guidelines. ▪ Streamlined Condo review allowed in accordance with Freddie Mac Guidelines, including N/O/O up to 75% ▪ Condo Project Advisor / unit-level project waiver request allowed for the following; <ul style="list-style-type: none"> - Delinquent assessments - Excessive commercial space - Pending litigation - Owner occupancy (referred to as 'Project Unit Occupancy' in Condo Project Advisor) - Reserves for capital expenditures and deferred maintenance - Excessive single investor concentration (referred to as 'Single Entity Ownership' in Condo Project Advisor) - The Condo Project Advisor feedback certificate must be maintained in the Mortgage file - Condominium Unit Mortgages with approved Project Waiver Request, must be delivered to Freddie Mac within 120 days after the note date ▪ 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 - 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,

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		<p>insurance is providing defense, and any possible damages are covered by insurance. See 5701.3 for complete details.</p> <ul style="list-style-type: none"> - 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. <ul style="list-style-type: none"> ▪ 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 ▪ Foreclosure <ul style="list-style-type: none"> - 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"> - 3 years with documented extenuating circumstances (see section below) allowed subject to: <ul style="list-style-type: none"> o up to the lesser of 90% LTV/CLTV or the max LTV/CLTV per the eligibility matrix, o purchase of an OO, or o 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 and 2nd Home/Investment Properties</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 ▪ Freddie Mac Automated Income and Asset Assessment ▪ Loans using FHLMC Automated Income and Asset assessment are acceptable ▪ Lenders must provide the third party vendor report used in the LPA validation process. ▪ 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 and 2nd Home/Investment Properties</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.

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<p>Employment Offers or Contracts</p>	<ul style="list-style-type: none"> ▪ Borrowers with employment beginning no more than 90 days after the note date are eligible when: <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. <p>For calculation purposes, consider any portion of a month as a full month.</p> <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. 	<ul style="list-style-type: none"> ▪ Option one is acceptable, see Freddie Mac Seller Guide 5303.2 for complete details. ▪ Option two is not allowed ▪ Purchase, No cash out refinance only ▪ 1 unit primary residence only ▪ Employment or increase must start no later than 90 days after the note date ▪ Income must be from new primary employment or a future salary increase with the current primary employer ▪ Non-fluctuating base pay only, employer may not be a family member or interested party. ▪ Verify additional funds that meet or exceed the amount of the monthly housing expense plus other liabilities due between Note Date and start date of new employment/future increase plus one month <ul style="list-style-type: none"> - Partial month is counted as one month - Required in addition to all other required funds ▪ Include the offer letter, or employment contract, or proof of salary increase from current employer in the file <ul style="list-style-type: none"> - Must be fully executed and accepted by the borrower - Must be non-contingent or provide evidence from the employer all contingencies have been cleared - Must include the terms of employment including start date, and annual income based on non-fluctuating earnings - Future salary increase only: Increase is fully approved and explicitly granted to the borrower ▪ Provide a 10-day pre-closing verification (PCV) verifying the terms of the employment offer letter, contract or future salary increase have not changed

Program Description	CONFORMING & HIGH BALANCE (DU)	CONFORMING & SUPER CONFORMING (LPA)
	<ul style="list-style-type: none"> ◦ 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. ◦ 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% - The maximum financing concession for investment properties is 2% of value regardless of the LTV ratio ▪ 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 <p>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</p> <ul style="list-style-type: none"> ▪ 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.
Gift Funds	<p>80% or less LTV/CLTV/HCLTV</p> <ul style="list-style-type: none"> ▪ 1-4 unit Principal Residence Second Home 	<ul style="list-style-type: none"> ▪ Follow Freddie Mac's guidelines. See Ch. 5501 of Freddie Mac's guide for additional details.

Program Description	CONFORMING & HIGH BALANCE (DU)	CONFORMING & SUPER CONFORMING (LPA)
	<ul style="list-style-type: none"> - A minimum borrower contribution from the borrower's own funds is not required. All funds needed to complete the transaction can come from a gift. <p>Greater than 80% LTV/CLTV/HCLTV</p> <ul style="list-style-type: none"> ▪ 1 unit Principal Residence <ul style="list-style-type: none"> - A minimum borrower contribution from the borrower's own funds is not required. All funds needed to complete the transaction can come from a gift. ▪ 2-4 unit Principal Residence & Second Home <ul style="list-style-type: none"> - The borrower must make a 5% minimum borrower contribution from his or her own funds. After the minimum borrower contribution has been met, gifts can be used to supplement the down payment, closing costs, and reserves. <p>Follow Fannie Mae's guidelines for gift funds. See B3-4.3-04 for additional details.</p>	<ul style="list-style-type: none"> ▪ Borrowers must make 5% minimum down payment contribution from his/her own funds on loans with LTVs greater than 80% when the subject is a Secondary Residence with a gift used as a source of funds.
High Cost / High Priced	<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. - A prohibition on ARM loans with an initial fixed rate period of less than seven years (7/6 ARMs are eligible). 	<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. - 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.
Large Deposits (Cryptocurrency/Virtual Currency)	<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

Program Description	CONFORMING & HIGH BALANCE (DU)	CONFORMING & SUPER CONFORMING (LPA)
		<ul style="list-style-type: none"> - 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"> ▪ Rate & Term to buy out owner's interest: Written agreement must be legible and signed/dated prior to or at application. All other Fannie Mae requirements must be met. ▪ >95% LTV requires the lender to 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. ▪ 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 ▪ Proceeds can be used to pay off any junior liens related to the purchase of the subject property ▪ 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. 	<ul style="list-style-type: none"> ▪ When the LTV/CLTV is greater than 95%: the loan being refinanced must be owned in whole or in part or securitized by Freddie Mac ▪ 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
<p>Loan Purpose: Cash-Out</p>	<ul style="list-style-type: none"> ▪ Student Loan Cash-Out Refinances are eligible. Must meet Fannie Mae requirements. See Fannie B2-1.3-03 for complete details. 	<ul style="list-style-type: none"> ▪ 6 months seasoning required; measured from settlement date to the Note Date of the cash-out refinance Mortgage, unless at least one borrower on the refinance mortgage inherited or was legally awarded the subject property (for example, in

Program Description	CONFORMING & HIGH BALANCE (DU)	CONFORMING & SUPER CONFORMING (LPA)
	<ul style="list-style-type: none"> ▪ 6 months seasoning required; measured from settlement date to disbursement date (time spent in borrower’s majority owned or borrower controlled limited liability corporation (LLC) included in seasoning), unless <ul style="list-style-type: none"> - the borrower that inherits or was legally awarded (by divorce, separation, or dissolution of a domestic partnership) the property, or - delayed financing is met. ▪ Fannie Mae's delayed financing provision is acceptable if all the following requirements are met: <ul style="list-style-type: none"> - The new loan amount can be no more than the actual documented amount of the borrower's initial investment in purchasing the property plus the financing of closing costs, prepaid fees, and points (subject to the maximum LTV/CLTV ratios for the transaction). - The original purchase transaction was an arms-length transaction. - The borrower(s) may have initially purchased the property as one of the following: <ul style="list-style-type: none"> ◦ a natural person; ◦ an eligible inter vivos revocable trust, when the borrower is both the individual establishing the trust and the beneficiary of the trust; ◦ an eligible land trust when the borrower is the beneficiary of the land trust; or ◦ an LLC or partnership in which the borrower(s) have an individual or joint ownership of 100%. - The original purchase transaction is documented by the settlement statement, which confirms that no mortgage financing was used to obtain the subject property. A recorded trustee’s deed (or similar alternative) confirming the amount paid by the grantee to trustee may be substituted for a settlement statement if a settlement statement was not provided to the purchaser at time of sale. - The sources of funds for the purchase transaction are documented (such as, bank statements, personal loan documents, HELOC on another property). - All other cash-out refinance eligibility requirements are met and cash-out pricing is applied. 	<p>the case of divorce, separation or dissolution of a domestic partnership) or delayed financing is met. In cases when the property title has been held by a limited liability company (LLC) or limited partnership (LP), the six-month requirement may be satisfied by including the time the property was titled in the name of the LLC or LP, provided:</p> <ul style="list-style-type: none"> - At least one borrower must have been the majority owner or had control of the LLC or LP since the date the property was acquired by the LLC or LP, and - Title must be transferred from the LLC or LP into the borrower’s name prior to the note date. <ul style="list-style-type: none"> ▪ Refinance to buy out owner's interest: Written agreement must be legible and signed/dated prior to or at application. All other Freddie Mac requirements must be met ▪ Freddie Mac's delayed financing provision is acceptable if all of the following requirements are met: <ul style="list-style-type: none"> - The executed HUD-1 Settlement/Closing Disclosure Statement from the purchase transaction must reflect that no financing secured by the subject property was used to purchase the subject property - The preliminary title report for the refinance transaction must reflect the Borrower as the owner of the subject property and must reflect that there are no liens on the property - The source of funds used to purchase the subject property must be fully documented - If funds were borrowed to purchase the subject property: <ul style="list-style-type: none"> ◦ Cash-out proceeds must be used to pay off or pay down the borrowed funds, as reflected on the Settlement/Closing Disclosure Statement for the refinance transaction ◦ Additional cash-out is permitted only when all borrowed funds are paid in full, and ◦ The payment on any remaining outstanding balance of the borrowed funds must be included in the DTI ratio per Section 5401.2 ◦ The amount of the cash-out refinance Mortgage must not exceed the sum of the original purchase price and related Closing Costs, Financing Costs and Prepaids/Escrows as documented by the HUD-1 Settlement/Closing Disclosure Statement for the purchase transaction, less any gift funds used to purchase the subject property.

Program Description	CONFORMING & HIGH BALANCE (DU)	CONFORMING & SUPER CONFORMING (LPA)
		<ul style="list-style-type: none"> - There must have been no affiliation or relationship between the buyer and seller of the purchase transaction. ▪ The cash-out refinance Mortgage must comply with the applicable LTV/TLTV/HTLTV ratio limits and all other Freddie Mac requirements ▪ All refinance transactions must meet Continuity of Obligation requirements
<p>Loan Purpose: Ineligible Transactions</p>	<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
<p>Occupancy</p>	<ul style="list-style-type: none"> ▪ Primary Residence: 1-4 units ▪ Second Homes: 1-unit only <ul style="list-style-type: none"> - See Documentation section for when borrowers do not currently own a primary residence. ▪ Investment 1-4 unit and Primary Residence 2-4 unit properties: <ul style="list-style-type: none"> - When using rental income to qualify from a subject property, the borrower must own a principal residence or document a reasonable current housing expense. - See Documentation section for when borrowers do not currently own a primary residence. 	<ul style="list-style-type: none"> ▪ Primary Residence: 1-4 units ▪ Second Homes: 1-unit only ▪ Investment Properties: 1-4 units <ul style="list-style-type: none"> - Borrowers financing with the 5/6 ARM loan product are limited to owning only one financed investment property (Selling Guide 4201.16) ▪ The Borrower must currently own a Primary Residence to use rental income to qualify when purchasing a new rental property in the current calendar year.
<p>Open-End (30 Day) Accounts</p>	<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.
<p>Power of Attorney (POA)</p>	<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.

Program Description	CONFORMING & HIGH BALANCE (DU)	CONFORMING & SUPER CONFORMING (LPA)
Property: Eligible Types	<ul style="list-style-type: none"> ▪ Single Family Detached Single Unit ▪ Single Family Attached Single Unit ▪ 2–4 Unit Attached/Detached ▪ PUDs ▪ Low-rise and High-rise Condominiums (must be Fannie Mae eligible) ▪ Rural Properties (properties must be residential in nature) ▪ Leaseholds 	<ul style="list-style-type: none"> ▪ Single Family Detached Single Unit ▪ Single Family Attached Single Unit ▪ 2–4 Unit Attached/Detached ▪ PUDs ▪ Low-rise and High-rise Condominiums (must be Freddie Mac eligible) ▪ Rural Properties (properties must be residential in nature) ▪ Leaseholds
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 loan must comply with Fannie Mae’s limitations on the maximum number of financed properties. ▪ Fannie Mae has imposed minimum credit score, reserves requirements. Refer to the Fannie Mae Seller Guide, section B2-2-03 for details. 	<ul style="list-style-type: none"> ▪ The loan must comply with Freddie Mac’s limitations on the maximum number of financed properties: <ul style="list-style-type: none"> - owner-occupied: unlimited - second home and investment property: ten ▪ When the borrower owns 7-10 financed properties:

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		<ul style="list-style-type: none"> - LPA accept required - Minimum 720 credit score
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).
Rental Income Calculation	<p>When the borrower has a history of owning rental property, net rental income or loss is calculated by:</p> <ul style="list-style-type: none"> ▪ The lesser of the gross rent (minus a 25% expense factor) or the market rent established by the appraiser for properties not reflected on the borrower's tax returns. ▪ When the property is reflected on the borrower's tax returns, analyze the borrower's cash flow and calculate the net rental income (or loss), making sure that depreciation or any interest, taxes, or insurance expenses were added back in the borrower's cash flow analysis. ▪ The full PITI for the rental property must be factored into the amount of the net rental income or loss. ▪ When the borrower does not have a history of owning rental property, follow the Fannie Mae requirements. 	<ul style="list-style-type: none"> ▪ Follow Freddie Mac guidelines relative to rental income calculation. ▪ Effective with loans delivered on or after February 5th, Lenders must follow Freddie Mac's rental income updates. See section 5306.1 for complete requirements. ▪ 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"> ▪ DU will determine the reserve requirements based on the overall risk assessment of the loan, the minimum reserve requirement that may be required for the transaction, and whether the borrower has multiple financed properties. ▪ If the borrower owns other financed properties, additional reserves must be calculated and documented for financed properties other than the subject property and the borrower's principal residence. The other financed properties reserves amount must be determined by applying a specific percentage to the aggregate of the outstanding unpaid principal balance (UPB) for mortgages and HELOCs on these other financed properties. The percentages are based on the number of financed properties: <ul style="list-style-type: none"> - 2% of the aggregate UPB if the borrower has one to four financed properties, - 4% of the aggregate UPB if the borrower has five to six financed properties, or - 6% of the aggregate UPB if the borrower has seven to ten financed properties (DU only). 	<ul style="list-style-type: none"> ▪ Follow LPA requirements for reserves ▪ Reserves must be based upon the full monthly payment (PITIA) amount for the property.

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	<ul style="list-style-type: none"> ▪ The aggregate UPB calculation does not include the mortgages and HELOCs that are on the subject property, the borrower’s principal residence, properties that are sold or pending sale, and accounts that will be paid by closing (or omitted in DU on the online loan application). <p>Note: DU will also include in the UPB calculation open mortgages and HELOCs on the credit report that are not disclosed on the online loan application.</p>	
<p>State Restrictions – Texas 50 (a)(6) refinance mortgages</p>	<ul style="list-style-type: none"> ▪ Fixed Rate and 5/6, 7/6 & 10/6 ARMs ▪ Owner-Occupied, 1 unit only – Non occupant co-borrowers may not be eligible on TX A6 loans. ▪ 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 – Non occupant co-borrowers may not be eligible on TX A6 loans. Correspondents are responsible for determining acceptability. ▪ 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.
<p>Tax Transcripts</p>	<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 ▪ 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.