

Freddie Mac Matrix

Freddie Mac Standard Profile						
Finance Type	Freddie Mac – LP Accept			Freddie Mac – LP Accept		
	Purchase and Rate/Term Refinance			Cash-Out Refinance		
Terms	Owner Occupied – Fixed Rate					
	Property Type	LTV/CLTV	Min FICO	Property Type	LTV/CLTV	Min FICO
	1 Unit	95%	<u>AUS Cert with min 620</u>	1 Unit	80%	<u>AUS cert with min 620</u>
	2 Units	85%		2 Units	75%	
	3-4 Units	80%		3-4 Units	75%	
	Second Home – Fixed Rate					
	Property Type	LTV/CLTV	Min FICO	Property Type	LTV/CLTV	Min FICO
	1 Unit	90%	<u>AUS Cert with min 620</u>	1 Unit	75%	<u>AUS Cert with min 620</u>
	Investment – Fixed Rate					
	Property Type	LTV/CLTV	Min FICO	Property Type	LTV/CLTV	Min FICO
	1 Unit	85%	<u>AUS Cert with min 620</u>	1 Unit	75%	<u>AUS Cert with min 620</u>
	2-4 Units	75%		2-4 Units	70%	

Freddie Mac Home Possible						
Finance Type	Freddie Mac – LP Accept			Freddie Mac – LP Accept		
	Purchase			Rate/Term Refinances		
Terms	Property Type	LTV/CLTV	Min FICO	Property Type	LTV/CLTV	Min FICO
	1 Unit	97/105%	<u>AUS Cert with min 620</u>	1 Unit	97/105%	<u>AUS cert with min 620</u>
	2-4 Units	95/95%		2-4 Units	95/95%	
Enhanced Relief Refinance						
Occupancy	Transaction	Property Type		Minimum/Maximum LTV		Minimum Credit Score
Owner Occupied Primary Residence	Limited Cash-Out Refinance	1 Unit		97.01%/Unlimited		620
		2 Units		85.01%/Unlimited		
		3-4 Units		75.01%/Unlimited		
Second Home	Limited Cash-Out Refinance	1 Unit		90.01%/Unlimited		
Investment Property	Limited Cash-Out Refinance	1 Unit		85.01%/Unlimited		
		2-4 Units		75.01%/Unlimited		
New Loan Requirements	<ul style="list-style-type: none"> • New loan must have an application date on or after November 1, 2018. • At least 15 months must have elapsed from the note date of the existing loan to the note date of the new loan. • New loan amount is limited to; <ul style="list-style-type: none"> ○ The payoff of the unpaid principal balance of the existing first lien. ○ The financing of closing costs, prepaid items and points up to a total of \$5,000. ○ Cash back to the borrower not to exceed \$250. 					

	<ul style="list-style-type: none"> • New loan must provide a benefit to the borrower in at least one of the following forms: <ul style="list-style-type: none"> ○ Lower monthly Principal and Interest payment. ○ Lower interest rate. ○ Shorter amortization term. ○ Movement to a more stable term.
Eligible Existing Loans	<ul style="list-style-type: none"> • First lien, conventional loan, owned and securitized by Freddie Mac. • Loans with Note date on or after October 1, 2017. • Modified loans with acceptable pay history. • No 30-day mortgage delinquencies in the most recent 6 months <i>and</i> • No more than one 30-day delinquency in months 7 through 12.
Ineligible Existing Loans	<ul style="list-style-type: none"> • Existing Relief Refinance Mortgage. • Loans subject to outstanding repurchase demands
Ineligible New Loans	<ul style="list-style-type: none"> • Texas Section 50 (a)(6) is not eligible for Enhanced Relief Program • Higher Priced Mortgage Loans are not eligible for Enhanced Relief Program paying off a mortgage that was not securitized and owned by Freddie Mac.
Mortgage Insurance Requirement	<ul style="list-style-type: none"> • Existing coverage must be carried over to the new loan. • Coverage must be in effect for the life of the new loan or until cancellation or termination as per Freddie Mac guides.
Guidance	
Minimum Loan Amount	<ul style="list-style-type: none"> • \$50,000 minimum loan amount on all products • \$75,000 on manufactured singlewide
Ability to Repay and Qualified Mortgage Rules (ATR/QM)	<p>The ATR/QM rules requires you made a reasonable, good-faith determination before or when you consummate the mortgage loan that the borrower has a reasonable ability to repay the loan. The Money Source Inc. follows HUD and CFPB guidance in regards to QM.</p> <p>Safe Harbor and Rebuttal Presumption to QM loans are considered for purchase review with no additional overlays. Correspondents are responsible for providing evidence of compliance with the ATR/QM rules.</p>
Age of Documents	<ul style="list-style-type: none"> • Credit documents must be dated within 120 days of the Promissory Note date, including credit reports, employment, income and asset documentation.

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	<ul style="list-style-type: none"> • Preliminary Title Policy/Report must be no more than 180-days-old on the date the Promissory Note is signed.
<p>Appraisals</p>	<p>Qualified Appraiser and General Appraisal Requirements</p> <ul style="list-style-type: none"> • Any and all appraisals prepared for purposes of the mortgage loan to verify and validate the value of the mortgage property were prepared for the Correspondent only in accordance with Appraiser Independence Requirements (AIR) and performed by an unbiased third-party that is duly qualified and licensed appraiser, and each such appraisal validly and accurately represents the current market value of the mortgaged property at the time the appraisal was performed. Each appraisal will meet and be delivered in a format consistent with Freddie Mac requirements. <p>AVM/Appraisal Review Supporting Value</p> <ul style="list-style-type: none"> • Correspondent may provide an AVM, a fraud detection tool with AVM built in it, or Desk/Field review from any vendor to support the appraised value. In the event there are two valid appraisal reports in the file, the lower of the two appraised values will be used and no additional product will be required. If the AVM reflects a value that is more than 10% lower than the appraised value, a Desk Review is required to support the value. AVMs are not required for new construction.
<p>Appraisals (continued)</p>	<p>Uniform Collateral Data Portal (UCDP) All appraisal reports must be submitted to Fannie Mae and Freddie Mac UCDP and Submission Summary Report (SSR) must be included in the loan documents.</p> <p>Collateral Underwriter (CU) is a proprietary appraisal risk assessment tool developed to support appraisal quality. CU is integrated with appraisals uploaded to the UCDP. A CU risk score, flags, and messages will be returned in the UCDP SSR. All SSR quality and/or overvaluation flags with a risk score between 4.01 and 4.9 must have the appropriate steps taken to ensure the validity of the value on the appraisal. Proper documentation may include, but is not limited to, comments from the Underwriter, comments from the Appraiser, and/or a Desk Review.</p> <p>When the SSR CU risk score is greater than or equal to 5 and receives the message “There is a heightened risk of overvaluation,” the loan is ineligible for purchase by TMS.</p>
<p>Assets</p>	<ul style="list-style-type: none"> • Follow Freddie Mac guidelines relative to funds to close. • For Home Possible, refer to Freddie Mac guideline for minimum contribution requirements • Gift funds are allowed in accordance with Freddie Mac guidelines. • The following requirements apply when evaluating deposits on the Borrower's account statements:

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	<ul style="list-style-type: none"> ○ Except as stated below, the Correspondent is not required to document the sources of unverified deposits for purchase or refinance transactions. However, when qualifying the Borrower, the Correspondent must consider any liabilities resulting from all borrowed funds.
Assets (continued)	<ul style="list-style-type: none"> ○ For purchase transactions, the Correspondent 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 Correspondent must reduce the funds used for qualifying purposes by the amount of the unverified deposit. For Loan Prospector Mortgages, the Correspondent must enter the reduced amount of the asset into Loan Prospector. ○ When a single deposit consists of both verified and unverified portions, the Correspondent 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 Correspondent is not required to obtain additional documentation. ○ The Correspondent must document the source of a deposit of any amount regardless of the transaction type if the Correspondent has any indication that the funds are borrowed or are not from an eligible source. ● When using a direct account verification (e.g., verification of deposit (VOD)), the Correspondent 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"> ● Loan Prospector with "Accept" Recommendation is required. LP A Minus Offering is not allowed ● Manual underwrites are not eligible for purchase review by TMS
Borrower Eligibility	<ul style="list-style-type: none"> ● U.S. Citizens ● Permanent resident aliens, with proof of lawful permanent residence ● Non-permanent resident alien immigrants, with proof of lawful permanent residence <ul style="list-style-type: none"> ○ According to USCIS, deferred action does not equate to lawful permanent residency. <p>Borrowers may hold title individually, as joint tenants, as tenants in common, or inter vivos (except if Texas Home Equity transaction).</p> <p>Titles held in the following are not eligible for purchase consideration:</p>

	<ul style="list-style-type: none"> • Corporations • Partnerships • Real estate syndications • Irrevocable trusts are not eligible for purchase consideration
<p>Condominiums</p>	<ul style="list-style-type: none"> • Follow Freddie Mac published Condominium Eligibility Guidelines • Streamlined Condo review allowed in accordance with Freddie Mac Guidelines • Streamlined review for attached Condominium Units in Established Condominium Projects not located in Florida • TMS will not allow a project in litigation, arbitration, mediation or other dispute in accordance with the following: A project for which the Homeowners Association, or developer if the project has not been turned over to the unit owners, is a party to current litigation, arbitration, mediation or other dispute resolution process and the reason for the dispute involves the safety, structural soundness or habitability of the project except for instances where: <ul style="list-style-type: none"> ○ The litigation amount is known, the insurance company has committed to providing defense, and the litigation amount is recovered by the insurance policy. ○ The matters involve non-monetary neighbor disputes regarding rights of enjoyment, or ○ The homeowners Association is the plaintiff in the litigation and the Correspondent has determined that the matter is minor with insignificant impact to the financial status of the condominium project. ○ Florida condominiums are allowed in accordance with Freddie Mac requirements except for newly converted condo projects (see ineligible section): ○ PERS is required for new condo projects. ○ Established and Streamline reviews allowed in accordance with Freddie Mac requirements.
<p>Continuity of Obligation</p>	<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. • 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 either: <ul style="list-style-type: none"> ○ Has been making timely mortgage payments, including payments for any secondary financing, for the most recent 12-month period; <i>or</i> ○ Is a related person to a Borrower on the mortgage being refinanced; 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.

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Credit	At least one Borrower must have one credit score equal to or greater than 620 to be eligible and must meet all of Freddie Mac's credit requirements.
Disaster Policy	<ul style="list-style-type: none"> • If an appraisal was completed on or prior to the incident period date(s) of the disaster, a reinspection completed on either Form 1004D or Form 2075 will be required. <ul style="list-style-type: none"> ○ If the appraisal was inspected after the disaster incident period date(s), the following will be required: • The reinspection must contain the following commentary/evidence: Property is free from damage and the disaster has no effect on value or marketability. • Appraiser must use current photos of the subject property and comparable sales. Photos from MLS or the Appraiser's database are not acceptable. • If an appraisal was not required due to a property inspection waiver or product type, Seller must resubmit to LP and maintain PIW eligibility. <ul style="list-style-type: none"> ○ If the PIW is no longer available by LP, a full appraisal is required. ○ If the property is still eligible for the PIW, a reinspection will be required. ○ Lender's Certification in lieu of reinspection is acceptable (see Lender's Certification in lieu of reinspection section in TMS's Seller's Manual) <p>Note: Please refer to TMS and FEMA websites for recent updates on disaster areas.</p>
Documentation	<ul style="list-style-type: none"> • Determined by LP (one year of tax returns is acceptable if allowed by LP and Freddie Mac guidelines.) • Employer assistance is acceptable in accordance with Freddie Mac guidelines.
4506-T Transcripts	<ul style="list-style-type: none"> • IRS tax transcripts are required when qualifying with any of the following: 1) self-employed income; 2) commission income greater than 25% of the borrower's total earnings; 3) rental income documented on schedule E; 4) employed by a family owned business; 5) fixed income when the 1040s are used in lieu of alternative documentation • W2 or 1099 transcripts are not required for 1) wage-earners; 2) fixed income (e.g. long-term disability, social security, retirement, etc.) if alternative documents such as award letter, social security benefits letter, 1099, or bank statements are provided; 3) commission income less than 25% of the borrower's total earnings.
4506-T Transcripts (continued)	<ul style="list-style-type: none"> • Tax transcripts are still required when the following is used to qualify; 1) non-taxable income, other than VA disability income, is grossed up; 2) Other income types such as auto allowance, capital gains/losses, dividend/interest, or farm income/loss; 3) Handwritten income documentation; 4) Loan files where there is relationship between the Borrower and an interested party of the subject transaction such as Seller, or Loan Officer, or employee of a Mortgage Broker; or Seller has relationship to the Loan Officer.

Eligible Products	Fixed Rate 15-, 20-, 30-year
Ineligible Products	<ul style="list-style-type: none"> All loans must receive LP “Streamline Accept” or “Accept.” LP findings of invalid, ineligible, incomplete, or manually underwritten are not eligible for purchase review by TMS Buydowns
Employment/Income Verification	<ul style="list-style-type: none"> The amount used as qualifying income cannot exceed the maximum mortgage interest credit permitted by the IRS <ul style="list-style-type: none"> The mortgage file must contain a copy of the MCC The Correspondent’s calculation of the amount used as qualifying income history of receipt of MCC tax credit is not required Housing Choice Voucher Homeownership Program income (commonly known as Section 8 for homeowners) paid via Housing Assistance Payments (HAPs) are an acceptable source of income. However, due to operational constraints, transactions involving HAPs paid directly to the Servicer are ineligible for purchase review by TMS. Transactions with HAPs paid directly to the Borrower are allowable.
Escrow Holdbacks	Escrow holdbacks are not eligible for purchase review by TMS.
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 The property seller can pay up to 12 months’ future HOA dues, per Freddie Mac guidelines. Amount of HOA dues must meet IPC limits. See Freddie Mac’s Seller’s Guide – Section 25.3 for additional details
High Cost/High Priced	<ul style="list-style-type: none"> High cost loans are ineligible for purchase by TMS Higher Priced Mortgage Loans (HPML) are eligible for purchase review
Loan Purpose	<ul style="list-style-type: none"> Purchase Limited Cash-Out/Rate & Term Refinance: <ul style="list-style-type: none"> Proceeds can be used to pay off a first mortgage Proceeds can be used to pay off any junior liens related to the purchase of the subject property Pay related closing costs and prepaid items

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	<ul style="list-style-type: none"> ○ Disburse cash out to the Borrower in an amount not to exceed 2% of the new mortgage or \$2,000, whichever is less ● Cash-Out <ul style="list-style-type: none"> ○ 6 months seasoning required; measured from settlement date to the Promissory 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 the case of divorce, separation or dissolution of a domestic partnership), or delayed financing is met. ○ Freddie Mac's delayed financing provision is acceptable if all of the following requirements are met: ● The executed Closing Disclosure 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, those funds must be repaid and reflected on the Closing Disclosure for the refinance <p>Transaction</p> <ul style="list-style-type: none"> ● 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 Closing Disclosure for the purchase transaction, less any gift funds used to purchase the subject property. ● 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/CLTV/HTLTV ratio limits and all other Freddie Mac requirements. ● All refinance transactions must meet Continuity of Obligation requirements.
Mortgage Insurance	<p>Acceptable MI Types</p> <ul style="list-style-type: none"> ● Borrower paid monthly ● Borrower paid single premium ● Financed: Gross LTV cannot exceed TMS program maximum <ul style="list-style-type: none"> ○ Not allowed for Super Conforming loans ● Lender paid single premium <p>Unacceptable MI Types</p> <ul style="list-style-type: none"> ● Lender paid monthly ● Lender paid annual

	<ul style="list-style-type: none"> • Borrower paid annual • Split premium • Reduced coverage
Occupancy	<ul style="list-style-type: none"> • Primary residence – 1-4 units • Second home – 1 unit only • Investment – 1-4 units
Eligible Properties	<ul style="list-style-type: none"> • Single Family attached/detached single unit • 2–4 unit attached/detached • PUDs • Manufactured homes • Low-rise and high-rise condominiums (must be Freddie Mac eligible) • Rural properties (in accordance with Freddie Mac guidelines, loans must be residential in nature) • Leaseholds, provide Freddie Mac Ground Lease Analysis (Form 461)
Ineligible Properties	<ul style="list-style-type: none"> • Mobile homes • Commercial including bed/breakfast, boarding houses etc. • Mixed use • Non-traditional home types (log & dome homes) • Historic homes • Manufactured homes with deed restrictions • Cooperative
Ineligible Properties (continued)	<ul style="list-style-type: none"> • Condotels • Timeshares • Working farms and ranches • Unimproved land • Property currently in litigation • Land Trust • Condition Rating of C5/C6 or a quality rating of Q6 • No Hawaiian properties located in lava zones 1 or 2, as determined by the USGS • Turn-key investment properties
1003	The Final URLA (1003) must be dated and reflect Loan Officer’s NMLS number

Recently Listed Properties	<p>The subject property must not be currently listed for sale. It must be taken off of the market on or before the disbursement date of the new mortgage loan. Borrower must confirm their intent to occupy the subject property (for principal residence transactions).</p>
Rental Income Calculation	<ul style="list-style-type: none"> • Follow Freddie Mac guidelines regarding rental income calculation • On subject and non-subject non-owner properties, must include the principal component of the mortgage in the rental income calculation. See Freddie Mac’s Seller’s Guide – Section 5306 for details
Reserves	<ul style="list-style-type: none"> • Reserves requirement must be met, per Freddie Mac guidelines <ul style="list-style-type: none"> ○ Must be based upon the full monthly payment amount for the property. Monthly payment amount is defined as the sum of the following monthly charges: <ul style="list-style-type: none"> ▪ Principal and interest payments on the mortgage ▪ Property hazard insurance premiums ▪ Real estate taxes ▪ When applicable: <ul style="list-style-type: none"> • Mortgage insurance premiums • Leasehold payments • Homeowners association dues (excluding utility charges) • Payments on secondary financing
Reserves (continued)	<ul style="list-style-type: none"> • Second homes – Reserves equal to two full monthly payments for the mortgaged premises, reserves equal to two full monthly payments for each other financed second home and 1-4-unit investment property in which the Borrower has an ownership interest or on which the Borrower is obligated. • Non-owner occupied – Reserves equal to six full monthly payments for the mortgaged premises that could be used to supplement payments during vacancies and make regular and emergency repairs to the subject property as necessary and reserves equal to two full monthly payments for each other financed second home and 1-4-unit investment property.
Transaction Overlays	<ul style="list-style-type: none"> • No assigned purchase contracts • Non-resident aliens & foreign nationals are not eligible • No negative amortization or balloon payments on subordinate financing • ARMs, HomeOne, A-Minus, construction, Open Access, or Affordable Housing loans are not eligible for purchase review by TMS

- No interest rate buydowns

Correspondent shall deliver loans that were originated in accordance with the Freddie Mac Single Family Selling Guide unless otherwise noted in TMS's Seller's Manual. TMS does not discriminate in any aspect of a credit transaction on the basis of sex, marital status, race, religion, national origin, age, income derived from public assistance, or the good faith exercise of rights under the Consumer Credit Protection Act.