Conforming Product Profile – Fixed Rate Loans

Please refer to full product parameters. Subject to Change.

Maximum LTV/CLTV/HCLTV Requirements

Occupancy	# of Units	LTV/CLTV/HCLTV
Primary Residence		
97% Purchase Options		
FannieMae HomeReady	1 Unit	97% - See Specific Program Guide
FreddieMac HomePossible Advantage	1 Unit	97% - See Specific Program Guide
FannieMae 97%	1 Unit	97%/97%/97% Fannie Mae Only (1)
FreddieMac Home One 97%	1 Unit	97%/97%/97% FreddieMac Only (2)
Purchase and No Cash-out/Limited Cash-out Refinance - Standard		
	1 Unit	95%/95%/95%
	2 Units	85%/85%/85%
	3 and 4 Units	80%/80%/80% Freddie Mac Only 75%/75%/75% Fannie Mae
Cash-out Refinance		
	1 Unit	80%/80%/80%
	2-4 Units	75%/75%/75%
Second Home		
Purchase and No Cash-out/Limited Cash-out Refinance		
	1 Unit	90%/90%/90%
Cash-out Refinance		
	1 Unit	75%/75%/75%
Investment Property		
Purchase		
	1 Unit	85%/85%/85%
	2-4 Units	75%/75%/75%
No Cash-out/Limited Cash-out Refinance		
	1 Unit 1 Unit	85%/85%/85% Freddie Mac Only 75%/75%/75% Fannie Mae
	2-4 Units	75%/75%/75%
Cash-out Refinance		
	1 Unit	75%/75%/75%
	2-4 Units	70%/70%/70%

(1) For non-HomeReady purchase transactions, at least one borrower must be a first-time home buyer.

(2) See FreddieMac HomeOne Section in guidelines.

Minimum standard credit score for AUS approved loans is 620.

NOTE: You may not receive AUS approval at all LTVs and occupancy types with a score of 620.

Fannie Mae & Freddie Mac Maximum Loan Amounts	
UNITS	MAX LOAN AMOUNT
1	$ 453,100
2	$ 580,150
3	$ 701,250
4	$ 871,450

*All loans must be approved through AUS. Max debt ratio 50% for LTVs up to 95%. Approval is always subject to acceptable mortgage insurance coverage.

MISCELLANEOUS

- **For Owner Occupied** properties Crescent will restrict the number of 1-4 unit financed properties to a maximum of 10.
- **For Second and Investor loans**: **For LP loans** a borrower cannot have more than 6 financed properties including primary. **For DU loans – may allow up to 10 financed properties.** Standard eligibility applies for up to 6 financed properties. For 7 to 10 financed properties a minimum credit score of 720 will be applied by DU, all other standard eligibility policies apply. Additional reserve requirements will be identified by DU. Crescent may allow multiple loans to a borrower to 2 on a case-by-case.
- **Crescent will require a Net Tangible Benefit form to be completed on all Refinance Transactions (state specific forms as required). The borrower benefit requirement can be met in four different ways based on changes in the terms between the existing loan and the new loan.**
  - **Reduction in the monthly principal & interest pmt**
  - **Reduction in the interest rate**
  - **Reduction in the amortization term**
  - **Movement to a more stable product**
  - **Cash out with acceptable use of proceeds letter**
- **Cash Out Refinances**: Borrower must have owned property for 6 months prior to new note date.
- **Delayed Financing Exception – Fannie Mae Only:** Borrowers who purchased the subject property within the past six months are eligible for a cash-out refinance if all of the following requirements are met: [1] 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/HCLTV ratios for the transaction). [2] The Purchase transaction was an arms-length transaction. [3] The transaction is documented by the HUD-1, which confirms that no mortgage financing was used to obtain the subject property. [4] The sources of funds for the purchase transaction are documented (such as, bank statements, personal loan documents, HELOC on another property).
  [5] All other cash-out refinance eligibility requirements are met and cash-out pricing is applied.
  Note – The preliminary title search or report must not reflect any existing liens on the subject property. If the source of funds to acquire the property was an unsecured loan or HELOC (secured by another property), the new HUD-1 must reflect that source being paid off with the proceeds of the new refinance transaction.

- **Student Loan Cash-Out Refinance**
  Feature which provides the opportunity to pay off one or more student loans through the refinance transaction. The loan level price adjustment that applies to cash-out refinance transactions is waived when all of the following requirements are met.
  - At least 1 student loan must be paid off. Loan proceeds must be paid directly to the student loan servicer at closing.
  - Only student loans for which the borrower is personally obligated can be paid through the transaction.
  - Student loan debt must be paid in full with the proceeds-partial payments are not permitted.
  - Standard cash-out LTV/CLTV/HCLTV ratios apply.
  - DU only
  - Cash back is limited to the lesser of 2% or $2000 (over and above the student loan payoffs)
  - Property cannot be listed for sale at the time of disbursement
  - Payoff of taxes ineligible unless escrow account is established.
  - Payoff of delinquent taxes is ineligible.

  Must be delivered with Special Feature Code 841.
- **Rate / Term refinances**: No minimum ownership seasoning. Crescent will consider short timeframes as appropriate. (Unallowable refinance is when someone closes an interim loan in order to skirt agency guidelines, with the intent to refinance quickly). On a rate a term refi, borrower can payoff existing 1st lien, secondary financing that was used to purchase the property (as evidenced by a HUD 1), closing costs, prepaids, and cash to the borrower not to exceed lesser of 2% or $2000.
- **Refinances on homes listed for sale:**
  Limited Cash Out: no specific time frame, but home must have been taken off the market PRIOR to underwriting approval. Value must be supported. If property was taken off the market within 30 days prior to application, we will also require an acceptable letter of explanation from the borrower as well as a statement that they do not intend to relist the property post closing.
  Cash Out: All properties that have been listed must be taken off the market prior to underwriting approval. Properties listed for sale within 3 months of application date will need a letter signed by the borrower(s) explaining the listing and the reason removed. The letter must also certify that they plan to maintain the subject property as their primary residence for 12 months following closing. The letter of explanation will require second review by an underwriting manager.

- **Important** – PMI Certs will be ordered on construction 2-time loans just prior to closing and subject to MI restrictions at that time.
- **Manufactured Homes:** May be acceptable, Freddie Mac/LP only. See specific guidelines.
- **Modular Homes**: Acceptable providing comps are similar. Off Frame Modular – Standard Eligibility, no restrictions. On Frame Modular – Additional requirements below.
  - FREDDIE MAC ONLY-must meet all Freddie Mac requirements for borrower and property.
  - Must be built to local or state codes.
  - Subject to MI approval
- **Condominium:** Established projects only. Primary, Second Home, Investor. All units and amenities are 100 percent complete, no more than 10 percent owned by developer. **Refer to parameters**. No condotels.
  If transaction is a limited cash-out refinance and existing loan is a Fannie Mae loan, then the lender must confirm the following:
  - The LTV ratio is no higher than 80% (CLTV and HCLTV ratios may be higher); AND
  - The project has the required project-related property and flood insurance coverage; AND
  - The project is not a condo hotel, houseboat project, or a timeshare/segmented ownership project.

  Detached condo units have no specific project review requirements providing the unit meets property standards, appraisal standards, insurance, and priority lien requirements.
- **New construction**-appraisal must be within 120 days of Note and input in AU should reflect construction – not refinance. If over 120 days, 1004D required.
- **Data Integrity** in DU/LP system must match documents in file, regardless of feedback message i.e. income, assets, etc.
- DU Approve Eligible/LP Accept findings only, no cautions available.
- **Standard Monthly MI** for LTV's >80**%**. For LPMI refer to parameters.
- **All Texas Refis** - must comply with 50 (a) (6) & any owner-occupied refinance that falls under this regulation will be limited to 80% LTV, primary residence, single family unit.
- **Verbal VOE's –** 10 business days prior to closing.
- **New Construction** – 1x and 2x Close and Renovation refer to 1x Close Option I; 1x Close Option II; 2x Close Fannie; 2x Close Freddie.

MISCELLANEOUS (continued)

- Crescent does not close loans in Name of Trust or LLC.
- Community seconds are not acceptable on purchase transactions or for re-subordination on refinances.

OCCUPANCY	LTV/CLTV RATIO	MAXIMUM INTERESTED PARTY CONTRIBUTION
Principal Residence	Greater than 90%	3%
Principal Residence or Second Home	75.01%-90%	6%
	75% or less	9%
Investment Property	All CLTV Ratios	2%

- Minimum loan amount for NOO properties is $50,000.
- Crescent does not close loans for improvements located on "leased land."
- **Borrowers Primary Residence –** Pending Sale (will not close prior to our closing). Must count both payments in DTI.
- **Leases on Subject Property –** If the subject property is used for investment, or is a 2-4 unit property, any and all leases existing on the subject property must be provided at the time of underwriting.

INCOME

A signed 4506T is required for all borrowers prior to closing & income will be verified prior to closing through the IRS.
This must be completed by Crescent.

- **Self-Employed Income:**
  - Income analysis form #91 (Freddie) or a similar one will be required for all self-employed and commission income & must be in the file for underwriting.
  - 2 years self employment is generally required. Less time, no fewer than 12 months, may be considered, as long as the borrower's most recent tax return supports receipt of such income and borrower is in a similar field as prior employment. Document income per AU findings.
  - If the tax returns reflect a significant increase or decrease in income, additional documentation must be supplied to support the income is stable and likely to continue for the next 3 yrs. This may be additional yrs tax returns, etc.
  - Additional income the borrower may show through his corporation, partnership or S Corporation may not be used for qualifying if personal returns and K1s do not show a history of receipt and distribution. There must also be a reasonable expectation that the income will continue.
  - Verification of the borrower's business existence must be verified from 3rd party sources include, but are not limited to, a regulatory agency, phone directory, internet, directory assistance, licensing bureau, etc. This function will be done by Crescent.
  - Commission Income – Generally 2 years commission is needed to obtain AU approval. Document per AU findings. Employee paid expenses must be deducted from borrower's gross commission income. Income calculations will be based on agency guides & could fluctuate based on frequency of receipt.

- **Other Income:**
  - A 2-yr history of employment/income will be reviewed. A written note must be in the file either on the transmittal or a separate attachment reflecting how income used to qualify the borrower was calculated. For overtime, hourly, part-time income, etc. this can be from the processor to reflect income used to input in LP/DU. The income/employment must be stable & likely to continue for at least the next 3 yrs. Income received for less than 2 yrs is generally not acceptable , but will be reviewed on a case-by-case basis & may require additional documentation.
  - When grossing up tax exempt income to qualify, documentation such as tax returns <u>must</u> be in the file to support the income that is not taxable. If documentation is not available, the tax exempt income cannot be grossed up.
  - **<u>Freddie Mac</u>: Income from alimony, child support or separate maintenance requires documentation showing that the payer was obligated for payments for the most recent 12 mos. & payments will continue for the next 3 yrs. Document per AU findings. If payer was obligated for less than 12 mos., but not less than 6 mos., income used to qualify may be considered if the amount of the monthly payment does not exceed 30% of the borrower's qualifying monthly income.**
    <u>Fannie Mae</u>: Provide documentation per the DU findings for alimony, child support or separate maintenance income.
  - When the 1003 reflects a borrower is separated, the underwriter will request the written agreement (if applicable) to establish the borrower's financial position. If a separation agreement is not applicable, the underwriter may ask for an affidavit from borrower to determine if there are any obligations that may be a potential risk.
  - Housing/parsonage allowance, royalty income & notes receivable must have been received for 12 mos. & will continue for 3 yrs.
  - Capital gains, public assistance income, foster care income & dividend & interest income must have been received for most recent 2 yrs & will continue for 3 yrs at same level as income used to qualify.
  - Trust income must continue for at least the next 3 years.
  - Significant increases or decreases in income must be carefully analyzed. All income used to qualify must be documented to be stable & anticipated to continue for the foreseeable future.

INCOME (continued)

Examples:

1. Borrower received a one-time incentive payment that brought their earnings up from previous earnings.
2. Borrower had an injury that prevented him from working or earning income but back on job (previous earnings may be lower).

- For a newly employed borrower that has less than 2 yrs. Employment & income history, income may be used to qualify if documentation is in file to support the borrower was either in school or in a training program immediately prior to the current employment history.
- Borrowers who are re-entering the workforce & have less than 2 yrs. employment/income history, the income may be used if the borrower has been at current employer for a minimum of 6 mos. & we document borrower had previous employment in the same field. Borrowers will need to document the reason they have not been employed during the last 2 yrs.
- Rental Income: This income will be determined by actual cash flow from Schedule E. Reserves must be documented per AU findings. If Schedule E does not reflect rental property because the property was acquired after that tax yr, form 998 (operating income statement) may be used if the rental income is from the subject or a signed lease for other REO may be used (75% of the gross rental income less PITI is used for qualification). Rental income generated from borrower's 2nd home may not be used to qualify.
- Automobile Allowance: Must have a 2 yr. consecutive history of receiving it & evidence the allowance will continue for 3 more yrs. The full amount of the allowance may be added to the borrower's income & the full amount of the lease or financing amount is added to the monthly obligations. Any associated business expenditures must be calculated in the borrower's debt-to-income ratio.
- Employment-Related Assets as Qualifying Income: For borrowers who are at least 62 years old at the time of the loan closing this income can be used when the LTV/CLTV/HCLTV is no more than 80%. If the assets(s) are jointly owned, then all owners must be borrowers on the loan and the borrower whose employment-related asset is being used as income must be at least 62 years old at the time of closing. Borrowers who are less than 62 years old can use employment-related assets as qualifying income. See details in the Conventional Guidelines Book.
- When in putting a loan in LP, if a borrower will be on the loan, but not using their income to qualify & they are self-employed or have a small company on the side in addition to a full time job, you must still input the borrower as self-employed.
- **FUTURE EMPLOYMENT LP:** Purchase single family, primary residence, for future employment – to use as effective income, you must provide a signed offer letter by all parties. This offer letter must be non-contingent. The time frame between the Mortgage Note date and the start of employment must not exceed 90 days. Borrower must have adequate cash reserves after the Note date to pay the monthly principal & interest, taxes & insurance during the 3-mo. employment gap plus 3 additional mos (6 mos). A verbal VOE for the current employment within 10 business days of the Note date must be obtained by Crescent. LTV's > 80% are subject to MI Guides.

  FUTURE EMPLOYMENT DU: Loans can close using accepted offer for employment of contract for employment if:
  - Subject transaction is a purchase of a single-family principal residence.
  - Borrower is not employed by family member or an interested party to the transaction
  - Qualify using fixed base income only
  - Start date is within 90 days of note date.
  - Employment offer must:
    - -Clearly identify the employer and borrower, be signed by the employer and accepted and signed by the borrower.
    - -Clearly identify the terms of employment, including position, type and rate of pay, start date; AND
    - -Be non-contingent. If any conditions of employment exist the lender must confirm prior to closing that all conditions of employment are satisfied.
  - Borrower must have, in addition to the amount of reserves required by DU or for the transaction, financial reserves sufficient to cover the principal, interest, taxes, insurance, and association dues (PITIA) for the subject property for 6 months.
  - Loan must be delivered with Special Feature Code 707.
- **ALIMONY PAID-DU:** Lenders have the option of reducing the borrower's monthly qualifying income by the amount of the monthly alimony payment in lieu of including it as a monthly payment in the calculation of the debt-to-income ratio. The adjusted income amount should be entered as the income for running DU. In this case the DU message regarding the inclusion of the alimony obligation as a monthly obligation can be disregarded. Documentation confirming the amount of the alimony obligation must still be obtained.

  NOTE: This cannot be used for child support.

ASSETS

- ♦ A gift letter, signed by the donor, will be required regardless of the AU findings.
- ♦ **Retirement Accounts**:
  Can be used for closing requirements or considered as reserves under certain circumstances. You must use the borrower's vested balance in the account & subtract any outstanding loans that are secured by the account. Then 60% of the remaining balance can be considered for U/W .
- ♦ Crescent will require proof of liquidation of funds from stocks, bonds & retirement accounts when using for closing or down payment.
- ♦ Document source of funds for large deposits in any account.
- ♦ Document source of funds for earnest money.
- ♦ If a self-employed borrower is using funds from a business account for closing, we will require a letter from his/her accountant confirming that the borrower has unrestricted access to the funds & that the withdrawal of the funds will not have a detrimental effect on the business. The accountant cannot be an interested party to the transaction and cannot be related to the borrower.

Reserves:

DU will calculate the reserve requirement for the subject property. When a borrower has multiple financed properties and is financing (or refinancing) a second home or investment property, DU is not able to determine the exact number of financed properties the borrower owns. As a result, the lender must manually apply the applicable additional reserve requirements for the other financed investment property and second home transactions.

NOTE: DU Refi Plus mortgage loans are exempt from the minimum reserve requirements.

(see next page for reserve requirements)

ASSETS (continued)

Reserves (continued)

Minimum reserve requirements:
The minimum reserve requirements are described below.

Second Home or Investment Property	
For a mortgage loan secured by a second home or investment property, the minimum reserve requirements for the subject property are determined by DU. If the borrower owns other financed properties, the following additional reserves must be calculated and documented. The required reserves for a financed property are based on the qualifying payment amount of the financed property.	
If the total number of financed properties is…	**Then additional reserves are…**
1 to 4 financed properties	2 months for each second home or investment property
5-10 financed properties	6 months for each second home or investment property

CREDIT

- All revolving debt less than 10 mos. will be included in DTI. If the payment is not on the credit report & cannot be verified, 5% of the outstanding balance must be used to qualify.
- Crescent MAY ELECT to include an installment debt with less than 10 months remaining IF it is felt that it could impact the borrower's ability to pay his mortgage payments during this timeframe. Offsetting factors could include reserves, minimal payment shock, additional income not considered (such as 2nd job income being received but not meeting requirements to use as qualifying income), lower overall Debt to Income Ratio, 5 or less payments remaining, etc.
- Inquiries on the credit report generally reflect the borrower's request for new or additional credit. Inquiries within the last 120 days must be addressed by creditor or a signed statement from the borrower & carefully reviewed when underwriting the loan. Any material discrepancy from the initial application & information in the credit report must be explained with a written statement in the file from the underwriter.
- Any mortgage debt not shown on the credit report must be verified.
- For all conventional LTV's, Crescent will require 3 trade lines of credit history or, at a minimum, one trade line that is a large installment debt or a mortgage debt with a 12 months history. For LTV's > 80% MI rules will also apply. The borrower must have sufficient credit history to reflect their ability to maintain payments in a timely manner.
- Verbal VOE's will be performed by Crescent on all loans within 10 days prior to closing. Crescent to document source of the information. Cannot use source supplied by broker/correspondent/borrower.
- Age of Credit Docs – 120 days.
- Debts with secured assets – may not count in debt ratio as long as the loan is secured by the financial asset & was made by a financial institution. Assets that exceed the loan balance available to borrower may be considered.
- Installment debt with deferred payment – must be included in debt ratio calculation.
- Contingent Liability-DU – **Non-Mortgage Accounts** - to disregard this liability, you must have evidence that another person is making the payments as scheduled and without assistance from the borrower. Most recent 12 months history is required. Note: this does not apply if the other party is an interested party to the subject transaction.
- **CONTINGENT LIABILITY-DU-MORTGAGE ACCOUNTS:** When a borrower is obligated on a mortgage debt-but is not the party who is actually repaying the debt-the monthly mortgage payment may be excluded from the calculation of the DTI ratio of the party making the payments is obligated on the mortgage debt and can document the most recent 12 months payment history with no delinquencies and without assistance from the borrower.
- **CONTINGENT LIABILITY-LP –** Payments on installment loans, revolving accounts, lease payments AND mortgages can be excluded from the DTI ratio calculations when a party other than the Borrower has been making timely payments on the debt for the most recent 12 months.
- Crescent will comply with agency guides to insure good quality loans are being made. These steps include: checking social security numbers, verifying identity, validation of qualified parties to the transaction & determine if the borrower acquired any additional undisclosed debt prior to closing.
- Prior to the loan closing, Crescent will use a 3rd party vendor who will "refresh" the borrowers' liabilities. This will not have any impact on the borrowers' credit score. If the "refresh" reflects debts that could impair the initial underwriting decision, the loan will be required to go back to the underwriter for review. If the "refresh" does not reflect additional liabilities, the loan will proceed through the closing process. It is very important you counsel the borrowers at the time of the initial loan application to encourage all liabilities be disclosed & for them not to incur any additional liabilities prior to closing.
- For Correspondent Customers who have the ability to draw their own closing documents, Crescent is the underwriter, it is imperative a "refresh" be done by Crescent prior to your closing. The underwriter will note this as a prior to closing condition and you must inform Crescent of your anticipated closing date so that we may "refresh" credit prior to closing. Failure to inform Crescent may result in a non-purchasable loan.
- Crescent does not do manual underwrites – all loans must have LP "Accept" or DU "Approve Eligible;" however, a full underwrite is required as the automated system is only a tool to be used in underwriting the file. Any previous bankruptcy/foreclosure risk must have been evaluated when run through the automated system.
- Non-Traditional credit not acceptable.
- A borrower who has been late on mortgage payments in the last 12 months & displays a poor credit history risk could be denied regardless of AU findings.

CREDIT-CONTINUED

- Crescent will consider loan requests from borrowers with prior foreclosures, bankruptcies, short sale transactions or deeds in lieu of foreclosure subject to the following guidance. In all cases approve/eligible findings are required.
  - Foreclosures require 7 year waiting period
  - Bankruptcy Ch 7 or 11, require 4 years
  - Bankruptcy Ch 13 -2 years if discharged, 4 yrs if dismissed.
  - Mortgage debts discharged through bankruptcy are held to the bankruptcy waiting periods and not the foreclosure waiting period. This applies even if a foreclosure action is subsequently completed.
  - Pre-foreclosure sales, short sales and deeds in lieu of foreclosure require a 4 year waiting period calculated from the date of the prior sale or deed in lieu to the disbursement date on the new loan.
  - Charge offs of mortgage debt require a 4 yr waiting period.
- **STUDENT LOANS-DU**

  If a payment is provided on the credit report, the lender may use that amount for qualifying purposes. If the credit report does not reflect the correct monthly payment, the lender may use the monthly payment that is on the student loan documentation (the most recent student loan statement) to qualify the borrower.

  If the credit report does not provide a monthly payment for the student loan, or if the credit report shows $0 as the monthly payment, the lender must determine the qualifying monthly payment using one of the options below:
  - If the borrower is on an income-driven payment plan, the lender may obtain student loan documentation to verify the actual monthly payment is $0. The lender may then qualify the borrower with a $0 payment.
  - For deferred loans or loans in forbearance, the lender may calculate:
    - A payment equal to 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), OR
    - A fully amortizing payment using the documented loan repayment terms.

  STUDENT LOANS-LP

  Student loans in repayment, deferment, or forbearance:
  - If the monthly payment amount is greater than zero, use the monthly payment amount reported on the credit report or other file documentation, OR
  - If the monthly payment amount reported on the credit report is zero, use 0.5% of the outstanding balance, as reported on the credit report.

- **TIME SHARE LOANS-DU**-Time share loans are treated as installment loans even though they may be reported as mortgage accounts.
- **FEDERAL TAX INSTALLMENT PLANS (Fannie Mae Only)**-We can now consider cases where the borrower has entered into an IRS income tax installment agreement to be included in the DTI ratio (in lieu of payment in full), provided the following requirements are met:
  - There is no indication that a Federal Tax Lien has been filed against the borrower in the county where the property is located.
  - The lender must obtain the following documentation:
    - An approved IRS installment agreement with the terms of repayment, including the monthly payment amount and total amount due; AND
    - Evidence the borrower is current on the payment associated with the tax installment plan. Acceptable evidence includes the most recent payment reminder from the IRS, reflecting the last payment amount and date and the next payment owed and the due date. At least one payment must have been made prior to closing.

  Federal Tax Installment Plans will be considered on a case-by-case basis after analysis of the borrower's overall credit profile.

APPRAISALS

- Loans run through AUS that receive an excessive value warning will require at least one of the following:
  - 2nd review by an Underwriting Manager.
  - Desk Review/Field Review
  - Rejection of the appraisal if it is unacceptable.
- All appraisal requests will be placed through Crescent with exception of a Correspondent Customer who closes in their name and the Correspondent's policies & procedures have been approved by Crescent Appraisal Department. The Correspondent will provide a Certification with each appraisal they have complied with Appraisal Independence requirements.

FreddieMac HomeOne

- No geographic or income restrictions.
- Purchase transactions
- Primary residence, all borrowers must occupy, no non-occupant co-borrowers.
- Single family only
- Must be conventional, fixed rate mortgage
- Max LTV 97%
- Must be Loan Product Advisor mortgage with risk class of Accept
- Standard MI – 35% coverage is LTV is over 95%
- No Manufactured Homes
- No Super-conforming mortgages
- At least one Borrower must be a first-time homebuyer.
- Homebuyer education required when all borrowers are first-time homebuyers.

FreddieMac First-Time Homebuyer - Definition

A First-Time Homebuyer is an individual who meets all for the following requirements:

- Is purchasing the Mortgaged Premises
- Will reside in the Mortgaged Premises as a Primary Residence
- Had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of purchase of the Mortgaged Premises.

In addition, a displaced homemaker or single parent may also be considered a First-Time Homebuyer if the individual had no ownership interest in a residential property during the preceding three-year period other than ownership interest in a marital residence with a spouse. If a displaced homemaker or a single parent solely owned the marital residence, or solely or jointly owned a second home on Investment property, the individual may not be considered a First-Time Homebuyer.

FreddieMac - Acceptable Homebuyer Education

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 completed. The following are acceptable:

- Programs developed by HUD-approved counseling agencies, Housing Finance Agencies (HFAs) or Community Development Financial Institutions (CDFIs)
- Programs developed by mortgage insurance companies
- 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:

- 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).

Documentation:

A copy of Exhibit 20, Homeownership Education Certification, or another document (such as the Credit Smart – Steps to Homeownership certificate of completion) containing comparable information must be provided at submission.