

Effective 2/23/2021

VanDyk Mortgage Corporation Freddie Mac Home Possible® Mortgage

1. Product Description	• Purchase or No Cash-out Refinance of a Primary Residence																													
2. Loan Terms	• 15 to 30 year fixed rate																													
3. Product Codes	• Freddie Mac Home Possible Fixed Rate																													
4. Temporary Buydown	• Not allowed																													
5. Escrow Waiver	• Not allowed																													
6. Eligibility	<p><u>Ratios, Credit and AUS</u></p> <ul style="list-style-type: none"> • Must be LPA Accept. Maximum DTI is determined by LPA • An Affordable Second that does not require a payment before the due date of the 61st payment may be entered in the "Total Gift Fund" field. All others must be input as Secondary financing. • A minimum of two credit scores for every borrower is required <p><u>LTV/CLTV/HCLTV Standards</u></p> <table border="1" data-bbox="472 527 926 667"> <thead> <tr> <th colspan="5">Purchase and No Cash-Out Refinance Transactions</th> </tr> <tr> <th>Number of Units</th> <th>Max. LTV</th> <th>Max. CLTV</th> <th>Max. HCLTV</th> <th>Min. Credit Score</th> </tr> </thead> <tbody> <tr> <td>1 Unit</td> <td>97%</td> <td>105%*</td> <td>97%</td> <td>620</td> </tr> <tr> <td>2-4 Unit</td> <td>85%</td> <td>95%</td> <td>95%</td> <td>620</td> </tr> </tbody> </table> <div data-bbox="1150 527 1688 695" style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p>Second Homes, Investment Property Transactions and Cash Out Refinances are not eligible for this program</p> </div> <p>2 - 4 unit over 80 LTV requires 3% own borrower funds meeting Section 5501.3.</p> <p>2 - 4 unit requires 2 months PITI reserves</p> <p>CLTV exceeding 97% - secondary financing must be an Affordable Second</p> <p><u>Interested Party Contributions (Seller Paid Concessions)</u></p> <table border="1" data-bbox="472 836 751 954"> <thead> <tr> <th>LTV/CLTV Ratio</th> <th>Maximum IPC</th> </tr> </thead> <tbody> <tr> <td>Greater than 90%</td> <td>3%</td> </tr> <tr> <td>75.01% to 90%</td> <td>6%</td> </tr> <tr> <td>75% or less</td> <td>9%</td> </tr> </tbody> </table>		Purchase and No Cash-Out Refinance Transactions					Number of Units	Max. LTV	Max. CLTV	Max. HCLTV	Min. Credit Score	1 Unit	97%	105%*	97%	620	2-4 Unit	85%	95%	95%	620	LTV/CLTV Ratio	Maximum IPC	Greater than 90%	3%	75.01% to 90%	6%	75% or less	9%
Purchase and No Cash-Out Refinance Transactions																														
Number of Units	Max. LTV	Max. CLTV	Max. HCLTV	Min. Credit Score																										
1 Unit	97%	105%*	97%	620																										
2-4 Unit	85%	95%	95%	620																										
LTV/CLTV Ratio	Maximum IPC																													
Greater than 90%	3%																													
75.01% to 90%	6%																													
75% or less	9%																													
7. Borrower Eligibility	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <p><u>Eligible</u></p> <ul style="list-style-type: none"> • U.S. Citizen with valid U.S. Social Security Number • Permanent Resident Alien with Valid Social Security Number • Non Permanent Resident Aliens, provided: <ul style="list-style-type: none"> • They have a valid SSN • They are eligible to live and work in the U.S. • They occupy the property as a primary residence • If a temporary residency status will expire within one year and a prior history of residency status renewals exist, the lender may assume continuation will be granted • Non-occupant co-borrowers are allowed up to 95% LTV/HTLTV (105% TLTV permitted if secondary financing is Affordable Second.) Funds may come from the occupying or non-occupying borrower. <p><u>Borrower Income Limits and Income and Asset Guidance</u></p> <p>BOARDER INCOME ON A ONE UNIT PRIMARY - may be considered provided it meets Freddie traditional guidelines or the following:</p> <ul style="list-style-type: none"> • The person providing the rental income must have resided with the Borrower for at least one year (documented) and will continue to reside together at the new residence. • The rental income has been paid to the Borrower for the past 9 months on a regular basis with evidence of receipt. Months less than 12 are averaged over 12 months. • The rent cannot exceed 30% of the total income used to qualify. Any portion over 30% cannot be used to qualify. </td> <td style="width: 50%; vertical-align: top;"> <p><u>Ineligible</u></p> <p>Any type of borrower not listed as eligible, including but not limited to:</p> <ul style="list-style-type: none"> • Any individual without a valid U.S. SSN • Any individual with a U.S. Individual Taxpayer Identification Number (ITIN) • Investors • Foreign Nationals and borrowers with diplomatic immunity • Illegal Aliens </td> </tr> </table>		<p><u>Eligible</u></p> <ul style="list-style-type: none"> • U.S. Citizen with valid U.S. Social Security Number • Permanent Resident Alien with Valid Social Security Number • Non Permanent Resident Aliens, provided: <ul style="list-style-type: none"> • They have a valid SSN • They are eligible to live and work in the U.S. • They occupy the property as a primary residence • If a temporary residency status will expire within one year and a prior history of residency status renewals exist, the lender may assume continuation will be granted • Non-occupant co-borrowers are allowed up to 95% LTV/HTLTV (105% TLTV permitted if secondary financing is Affordable Second.) Funds may come from the occupying or non-occupying borrower. <p><u>Borrower Income Limits and Income and Asset Guidance</u></p> <p>BOARDER INCOME ON A ONE UNIT PRIMARY - may be considered provided it meets Freddie traditional guidelines or the following:</p> <ul style="list-style-type: none"> • The person providing the rental income must have resided with the Borrower for at least one year (documented) and will continue to reside together at the new residence. • The rental income has been paid to the Borrower for the past 9 months on a regular basis with evidence of receipt. Months less than 12 are averaged over 12 months. • The rent cannot exceed 30% of the total income used to qualify. Any portion over 30% cannot be used to qualify. 	<p><u>Ineligible</u></p> <p>Any type of borrower not listed as eligible, including but not limited to:</p> <ul style="list-style-type: none"> • Any individual without a valid U.S. SSN • Any individual with a U.S. Individual Taxpayer Identification Number (ITIN) • Investors • Foreign Nationals and borrowers with diplomatic immunity • Illegal Aliens 																										
<p><u>Eligible</u></p> <ul style="list-style-type: none"> • U.S. Citizen with valid U.S. Social Security Number • Permanent Resident Alien with Valid Social Security Number • Non Permanent Resident Aliens, provided: <ul style="list-style-type: none"> • They have a valid SSN • They are eligible to live and work in the U.S. • They occupy the property as a primary residence • If a temporary residency status will expire within one year and a prior history of residency status renewals exist, the lender may assume continuation will be granted • Non-occupant co-borrowers are allowed up to 95% LTV/HTLTV (105% TLTV permitted if secondary financing is Affordable Second.) Funds may come from the occupying or non-occupying borrower. <p><u>Borrower Income Limits and Income and Asset Guidance</u></p> <p>BOARDER INCOME ON A ONE UNIT PRIMARY - may be considered provided it meets Freddie traditional guidelines or the following:</p> <ul style="list-style-type: none"> • The person providing the rental income must have resided with the Borrower for at least one year (documented) and will continue to reside together at the new residence. • The rental income has been paid to the Borrower for the past 9 months on a regular basis with evidence of receipt. Months less than 12 are averaged over 12 months. • The rent cannot exceed 30% of the total income used to qualify. Any portion over 30% cannot be used to qualify. 	<p><u>Ineligible</u></p> <p>Any type of borrower not listed as eligible, including but not limited to:</p> <ul style="list-style-type: none"> • Any individual without a valid U.S. SSN • Any individual with a U.S. Individual Taxpayer Identification Number (ITIN) • Investors • Foreign Nationals and borrowers with diplomatic immunity • Illegal Aliens 																													

	<ul style="list-style-type: none"> • The Borrower must provide a written statement affirming the source of the rental income and the fact that the person providing the income has resided with the Borrower for the past year and intends to continue residing with the Borrower in the new residence for the foreseeable future. <p>INCOME LIMITS - Borrower must meet the income limits based on the property location and qualifying income. This is evaluated by LPA. To obtain income limits without running LPA, access website at http://www.freddiemac.com/homepossible/eligibility.html and input the complete property address and it will provide "Home Possible Income Limit". All income reported that has been verified and that is stable monthly income must be used to qualify the borrower and in determining whether the borrower meets the income limits. NOTE: Properties located in a Federal Disaster Area may have the income limit waived. This will be reflected on the property search.</p> <p><u>Borrower Personal Allowable Funds (in addition to traditional eligible sources of funds)</u></p> <p>CASH ON HAND can be used if the Borrower is a cash-basis individual and the cash on hand is not borrowed and could be saved by the Borrower as supported and documented by the following:</p> <ul style="list-style-type: none"> • A completed Exhibit 23, Monthly Budget and Residual Analysis Form confirms that the total monthly residual income available for savings is a positive number. • Six months of receipts for recurring obligations such as rent or utility payments, revolving or installment debt verify they are customarily paid in cash. • The credit report obtained at application must not show more than three Tradelines. • Copies of 3 months' statements for any open revolving account. Any cash advance must have evidence/explanation it is not the Borrower's source of cash on hand. • An updated credit report obtained approximately one week prior to closing must not show any new accounts or substantial increase to an existing account that approximates or exceeds the amount of cash on hand provided by the Borrower. • The file must have no indication that the Borrower typically uses checking, savings or similar accounts. • Evidence all funds used to qualify are deposited into a financial institution or held in an institutional escrow account prior to closing <p>SWEAT EQUITY - Is not accepted.</p> <p>UNSECURED LOANS can be acceptable on purchase transactions if the loan is obtained from an Agency, a related person or the funds in excess of Borrowers contributions to a Community Savings System. An unsecured loan must meet the following requirements:</p> <ul style="list-style-type: none"> • Must not contain provisions that allow or could result in negative amortization. • Must have a maturity date that does not exceed the maturity date of the Mortgage and a maturity date at least 5 years after the Note Date unless the unsecured loan is fully amortizing. • Must have an interest rate that is no greater than the Note Rate on the Mortgage. • Must not be a cash advance from a credit card or unsecured line of credit. • Must have its source, terms and conditions documented on the loan application. • If the monthly payment of principal and interest or interest only begins on or after the 61st monthly payment of the Mortgage or if repayment is due only upon sale or default, the amount of the monthly payment may be excluded from the monthly DTI; otherwise, the required payment must be included. <p>PREMIUM PRICING can only be used towards closing costs and prepaids. It cannot be used towards the down payment.</p>
<p>8. Borrower ownership of other real estate</p>	<ul style="list-style-type: none"> • Maximum of two financed properties
<p>9. Property and Appraisal Eligibility</p>	<p>Appraisal:</p> <ul style="list-style-type: none"> • Appraisal waiver available if LPA includes an automated collateral evaluation offer stating the Mortgage is eligible for collateral representation and warranty relief. <p>Eligible Property Types</p> <ul style="list-style-type: none"> • 1-to 4-unit • Modular Pre-Cut/Panelized Housing - Must be appraised as SFR <ul style="list-style-type: none"> • Similar to stick built home in appearance and functional utility • Composed of factory-built modules which are assembled and set on permanent foundation at the home site

- Conforms to all Codes adopted by jurisdiction in which the property is permanently situated
- No "on-frame" modular permitted. Any undercarriage must be removed at the time the homes is attached to permanent foundation
- PUDS
- Condominiums

Ineligible Property Types

- Co-ops
- Manufactured homes

10. Mortgage Insurance

- Lender paid single premium, borrower paid single or monthly premiums and Financed PMI are all acceptable
- The following websites are approved PMI companies :

NAME: **WEBSITES:**

Radian: <https://mionline.radianmi.com>

Genworth: <http://www.mortgageinsurance.genworth.com/>

Arch (formerly UG): <http://www.mortgageinsurance.genworth.com/>

Essent: <http://essent.us/>

National MI: <http://nationalmi.com>

MCIC: <https://www.mgic.com>

Mortgage LTV	80.01-85%	85.01-90%	90.01-95%	> 95% & ≤ 97% (Advantage)
term ≤ 20 years	6% coverage required	12% coverage required	25% coverage required	25%
Term > 20 years	12% coverage required	25% coverage required	25% coverage required	25%

11. HPML

- Loan must not be a High Priced Mortgage Loan (HPML).

12. Maximum Loan Amount

Units	Maximum Loan Amount		Conforming Loan Limits Only. No High Balance AKA Super Conforming
	Continental US	Alaska & Hawaii	
1	\$484,350	\$726,525	
2	\$620,200	\$930,300	
3	\$749,650	\$1,124,475	
4	\$931,600	\$1,397,400	

13. Secondary Financing

Secondary Financing must meet standard Freddie Mac guidelines and PMI company guidelines if applicable. HomePossible Advantage - the second must be an Affordable second.

14. Homebuyer Counseling

At least one occupying Borrower must participate in a homeownership education program before closing when all Borrowers are First-Time Homebuyers.

At least one qualifying Borrower must participate in a landlord education program before closing on 2 to 4 unit Purchase Transactions. Landlord education is not required on Refinance transactions, but is recommended for Borrowers who have not previously attended a program. When required, the copy of a certificate evidencing successful completion must be in the file.

Homeownership education must not be provided by an interested party, the originating lender or the Seller. Programs developed by HUD-approved counseling agencies, HFA's, CDFI's, PMI Companies and programs that meet the National Industry Standards for Homeownership Education and Counseling are acceptable.

An alternative to the programs above is Freddie Mac's free financial literacy curriculum, CreditSmart® provided the borrower completes the on-line Steps to Homeownership Tutorial which include:
 *Your Credit and Why it is Important *Managing Your Money *Thinking like a Lender *Becoming a Homeowner and *Preserving Homeownership: Protecting Your Investment.

Version Control		
Section Affected	Date	Description of change

Mortgage Insurance	5/17/2018	Financed PMI it now acceptable.
Several	10/28/2018	HomePossible and HomePossible Advantage have been merged into one program. Generally, benefits of Advantage have been added to standard HomePossible. Restriction on ownership of other property has been removed without limitation. Non-occupant Borrowers are now acceptable.
Maximum Loan Amount	2/21/2019	Loan amounts increased to 2019 levels.
Maximum Financed Properties	5/21/2019	Max financed properties reduced to two. Loans affected must be closed no later than June 30 2019
Maximum LTV 2-4 units	2/23/2021	Maximum LTV reduced on 2-4 unit properties from 95% to 85%. CLTV remains the same

