

Product Guidelines – LPA Only
CONVENTIONAL HomePossible Program

Program Codes: See Table

Version 3.5 – 01/01/25



PURCHASE & RATE/TERM REFINANCE - FIXED RATE

HomePossible Conforming Mortgages

Occupancy		Max Loan Amount	Maximum LTV	Maximum TLTV	Maximum HTLTV	Min FICO	Max Ratios*	Minimum Contribution from Borrower Personal Funds (purchase only)		Mortgage / Rental History	Reserves**
Primary	1 Unit	\$806,500	97%	97%	97%**	620	Determined by LPA	None		Determined by LPA	Determined by LPA
	2-4 Unit	\$1,032,650 - \$1,551,250	95%	95%	95%	620	Determined by LPA	< 80% HTLTV None	> 80 - < 95% HTLTV 3% of Value		

HomePossible Super Conforming Mortgages

Primary	1 Unit	\$1,209,750	95%	95%	95%	620	Determined by LPA	None		Determined by LPA	Determined by LPA
	2 Unit	\$1,548,975	85%	85%	85%	620	Determined by LPA	< 80% HTLTV None	> 80 - ≤ 95% HTLTV 3% of Value		
	3-4 Unit	\$1,872,225 - \$2,326,875	80%	80%	80%	620	Determined by LPA				

* There is no maximum monthly housing expense-to-income ratio

** See Reserves Below in Income/Assets

MANUFACTURED HOUSING

Occupancy		Loan Purpose	Max LTV/TLTV/HCLTV
Primary	1 Unit	Purchase & Rate/Term Refinance	95%

Product Guidelines – LPA Only
CONVENTIONAL HomePossible Program

Program Codes: See Table

Version 3.5 – 01/01/25



CONVENTIONAL Underwriting Guidelines Requirements (Loans must be submitted through LPA and receive Accept)

COLLATERAL

General	Property condition C5 or below is not eligible. Final condition rating must be C4 or better.
Appraisal	Full Appraisal required, interior & exterior inspection. Transferred or ported appraisals are permitted. Re-use of an appraisal report is not permitted. HPML loans may require second appraisal. If the appraisal report is marked ""subject-to"" a final inspection 1004D will always be required, processor certifications will not be accepted in lieu of.
Appraisal Updates	Permitted. Follow guidelines and acceptable extension dates. The appraisal may be no older than 240 days at closing with an appraisal update.
Appraisal Acknowledgment	Borrowers must acknowledge that they received all appraisal reports 3 days prior to close.
Appraisal Waiver	Permitted. Follow FHLMC Appraisal Waiver requirements. Not eligible for manufactured homes, investment or 2-4 unit properties, TX Home Equity 50(a)(6) or 50(a)(6) Conversion, values of \$1m or greater, leaseholds, properties with resale restrictions, non-arm's length transactions, when satisfying construction financing, using rental income from the subject property to qualify, or an appraisal has been obtained within 120 days of the note date.
Ineligible Properties	Land Contracts, Co-ops, properties serviced by hauled water, and State-approved medical marijuana producing properties are not eligible.
Resale/Deed Restrictions	Age-based restrictions are permitted. See guidelines for requirements and restrictions.
Private Transfer Fee	Not permitted if created on or after 02/08/11. Private transfer fee covenants are mechanisms attached to real property that require a fee to be paid to a third party (frequently a developer) upon each resale of the property. The fee may be expressed as a fixed amount or as a percentage of the value of the property and may be called a reconveyance fee or capital recovery fee. The fee obligates successors in title to such real property to pay a private transfer fee upon transfer of interest in the property. Not Eligible: Private transfer fee covenant requiring payment to an origination that does not directly benefit the property. Eligible: Private transfer fee covenant that provides direct benefit to the property <ul style="list-style-type: none"> • Mandatory HOA - master and sub associations • Nonprofit organizations as defined in the IRS Code

Product Guidelines – LPA Only
CONVENTIONAL HomePossible Program

Program Codes: See Table

Version 3.5 – 01/01/25



COLLATERAL, continued

Condo	<p>All condos must be warranted and must have completed warranty forms.</p> <p>Established Projects: Appraisal must contain 3 comparable sales within the subject project that are resales exposed to the open market.</p> <p>Not eligible:</p> <ul style="list-style-type: none">• Condotels, including projects that allow short-term rentals, vacation rentals, timeshares, or segmented ownership.• Condo projects that have resort-type amenities such as restaurants, room service, maid service, central telephone or key systems, or share facilities with a hotel• Condo projects restricting owner's ability to occupy• Condo projects that do not contain full-sized kitchen appliances• Nonresidential use exceeding 25%• Pending litigation• Less than 400 square feet or projects containing units with less than 400 square feet• Condo projects consisting of manufactured homes• Cooperative projects <p>Streamline Review (Limited) - Subject to MI Guidelines:</p> <ul style="list-style-type: none">• Primary Residence = LTV 90% or below <p>Full Review:</p> <ul style="list-style-type: none">• Lender Full Review completed by InterIsland• Primary Residence = LTV 90.01% and above - Subject to MI Guidelines <p>Florida Specific</p> <p>Streamlined Review:</p> <p>Primary Residence = LTV 75% or below</p> <p>Full Review:</p> <ul style="list-style-type: none">• Lender Full Review completed by InterIsland• Primary Residence = LTV 75.01% and above <p>Florida new construction, projects constructed within the previous 3 years and projects converted within the previous 3 years are not eligible regardless of LTV and review type.</p>
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Product Guidelines – LPA Only
CONVENTIONAL HomePossible Program

Program Codes: See Table

Version 3.5 – 01/01/25



COLLATERAL, continued

Manufactured Housing	<p>Home Possible Mortgages secured by Manufactured Homes must comply with the following requirements:</p> <ol style="list-style-type: none"> 1. A-minus Mortgages are not eligible 2. Second homes are not eligible 3. Cash-out refinance transactions are not eligible 4. There is no minimum contribution from Borrower personal funds on purchase transactions 5. Eligible sources of funds used to qualify the Borrower for the Mortgage transaction are those permitted for Home Possible Mortgages 6. Mortgage insurance coverage levels must be those used for Mortgages secured by a Manufactured Home
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TYPES OF FINANCING

Rate & Term Refi / Limited Cash Out	<p>The settlement statements are required from any transaction within the past 6 months. If the previous transaction was a cash-out or if it combined a first and non-purchase money subordinate into a new first, the loan is not eligible for this program. If this new transaction combines a 1st and non-purchase money 2nd into a new 1st loan, the loan is not eligible for this program. If a new transaction combines a purchase money 2nd used in whole to acquire the property, a copy of the Closing Disclosure (CD) must be obtained. Closing costs and prepaids may be financed into loan amount. 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>
Eligible Mortgages	<p>Home Possible must be First Lien Conventional Mortgages (Includes Super Conforming*) that are fully amortizing. Must be fixed rate mortgages with an original maturity not greater than 30 years.</p> <p>*Super conforming Mortgages permitted, when the Mortgage:</p> <ul style="list-style-type: none"> • Is submitted through Loan Product Advisor and receives an Accept Risk Class and, • Has an LTV/TLTV/HTLTV ratio less than or equal to 95% (A TLTV ratio of less than or equal to 105% is permitted for Mortgages with an Affordable Second)
Ineligible Mortgages	<p>Affordable Merit Rate Mortgages, A-minus Mortgages, Seasoned Mortgages, Financed Permanent Buydown Mortgages, Seller-Owned Modified Mortgages and Seller-Owned Converted Mortgages, Mortgages with capitalized balances as described in FHLMC Seller Guide Chapter 4403, Section 502 GRH Mortgages, Section 184 Native American Mortgages, Freddie Mac Relief Refinance MortgagesSM - Same Servicer and Freddie Mac Relief, Refinance Mortgages - Open Access, and properties encumbered with Property Assessed Clean Energy (PACE) or Home Energy Renovation Opportunity (HERO) obligations.</p>
Listed For Sale or Purchase < 6 Months	<p>Properties that were listed for sale must have been taken off the market on or before the disbursement date of the new mortgage loan.</p>
Secondary Financing	<p>Permitting standard secondary financing, including HELOCs, for a Mortgage with a TLTV/HTLTV ratio of less than or equal to 97%.</p>

Product Guidelines – LPA Only
CONVENTIONAL HomePossible Program

Program Codes: See Table

Version 3.5 – 01/01/25



TYPES OF FINANCING, continued

Non-Arm's length/ Identity of Interest	Primary Residence Only
Property Flip	Property flips are not permitted unless the transaction has one of the following characteristics: 1) The seller has been on title at least 90 days. 2) The seller is a State or Federally chartered financial institution or government sponsored enterprise. 3) The seller is HUD or a non-profit approved to purchase HUD REO properties. 4) Sale of a property acquired through inheritance and the seller's inheritance of the property can be documented.
TEXAS Overlay	No Cash out permitted. If existing 1st & 2nd to be paid are Texas Section 50(a) (6), all subsequent financing is considered cash out and is not eligible. This rule applies whether or not the borrower is getting cash back. If the 1st mortgage is not (never was) a Texas Section 50 (a)(6) loan and the 2nd mortgage is a Texas Section 50(a)(6), the 2nd lien must subordinate. Borrower cannot receive any cash back from 1st mortgage refinance - not even \$1. Transactions with subordinate financing subject to Section 50(a)(6) provisions are limited to max LTV/TLTV/CLTV of lesser of 80% or max program allowed. Refer to separate matrix for Texas 50(a) (6) program requirements.
All Refinances	Must have Net Tangible Benefit to Borrower and Continuity of Obligation.
Down Payment Assistance	Down Payment Assistance is permitted. Requests to review Down Payment Assistance Programs for use with CMS agency first mortgage programs may be submitted to DPAPrograms@Carringtonms.com . All requests must include a completed Down Payment Assistance New Program Request Submission Form along with the required exhibits.

CREDIT

Bankruptcy - Extenuating Circumstances	24 months from the discharge or dismissal date. Note: Whenever a borrower has had a bankruptcy within the last 7 years, the file must contain the following: 1) Copies of the bankruptcy petition, schedule of debts and discharge or dismissal, 2) Evidence to indicate that all debts not satisfied by the bankruptcy have been paid or are being paid, 3) Any other evidence necessary to support the seller's determination that the borrower has reestablished and maintained an acceptable credit reputation.
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Product Guidelines – LPA Only
CONVENTIONAL HomePossible Program

Program Codes: See Table

Version 3.5 – 01/01/25



CREDIT, continued

<p>Bankruptcy - Financial Mismanagement</p>	<p>Chapter 7: 48 months from the discharge or dismissal date. Chapter 13: 24 months after the discharge date, or 48 months from the dismissal date.</p> <p>Note: Whenever a borrower has had a bankruptcy within the last 7 years, the file must contain the following:</p> <ol style="list-style-type: none"> 1) Copies of the bankruptcy petition, schedule of debts and discharge or dismissal, 2) Evidence to indicate that all debts not satisfied by the bankruptcy have been paid or are being paid, 3) Any other evidence necessary to support the seller's determination that the borrower has reestablished and maintained an acceptable credit reputation. <p>If there are multiple bankruptcy filings in the past 7 years, 60 months from the most recent discharge or dismissal date is required.</p>
<p>Mortgage Loans</p>	<p>The refinance of a mortgage loan in violation of bankruptcy code is not eligible. Documentation from the courts validating the mortgage debt was reaffirmed is required. A credit report is not valid confirmation that a debt has been reaffirmed.</p>
<p>Foreclosure - Extenuating Circumstances</p>	<p>36 months from the completion date as reported on the credit report. Whenever a borrower has had a previous foreclosure within the last 7 years, the mortgage must be either be:</p> <ol style="list-style-type: none"> 1) A purchase transaction secured by primary residence with a maximum LTV/CLTV of 90%, or 2) A no cash-out refinance.
<p>Foreclosure - Financial Mismanagement</p>	<p>84 months from the completion date as reported on the credit report.</p>
<p>Deed-in-lieu of Foreclosure / Short Sale - Extenuating Circumstances</p>	<p>24 months from the execution date or completion date. Whenever a borrower has had a previous deed-in-lieu or short sale within the last 7 years, the mortgage must be either be:</p> <ol style="list-style-type: none"> 1) A purchase transaction secured by primary residence with a maximum LTV/CLTV of 90%, or 2) A no cash-out refinance.
<p>Deed-in-lieu of Foreclosure / Short Sale - Financial Mismanagement</p>	<p>48 months from the execution date or completion date. Whenever a borrower has had a previous deed-in-lieu or short sale within the last 7 years, the mortgage must be either be:</p> <ol style="list-style-type: none"> 1) A purchase transaction secured by primary residence with a maximum LTV/CLTV of 90%, or 2) A no cash-out refinance.

Product Guidelines – LPA Only
CONVENTIONAL HomePossible Program

Program Codes: See Table

Version 3.5 – 01/01/25



CREDIT, continued

Collections/Charge Offs	Follow LPA feedback certificate findings
Judgments/Liens	Outstanding judgments and liens must be paid at or prior to loan closing. Documentation required.
Debts/Minimum Payment	5% of balance for revolving/installment accounts if payment not reporting. Include all revolving payments regardless of the number of payments remaining. HELOC: If not shown on the credit report, payments on a HELOC with an outstanding balance may be calculated at 1% of the outstanding balance or use billing statement
Student Loan Payments	For student loans in repayment, deferment or forbearance: <ul style="list-style-type: none"> • 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 loan balance, as reported on the credit report
30-Day Charge Accounts	Borrower must have sufficient funds to cover the unpaid balance of all unpaid 30-day charge accounts (e.g., American Express). LPA will include the balance in the required cash to close and total funds verified.
Mortgage History	Mortgage History evaluated by LPA

INCOME / ASSETS

Borrower Income Limits	LPA will determine the income eligibility of the mortgage. Income eligibility: Home Possible loans may not exceed 80% AMI for the property's location. (This includes properties in low income census tracts.) In determining whether a mortgage is eligible under the borrower income limits, the lender must count the income from all of the borrowers who will be listed on the mortgage note, to the extent that the income is considered in evaluating creditworthiness for the mortgage loan. For Income limits, see the link: https://sf.freddiemac.com/working-with-us/affordable-lending/home-possible-eligibility-map .
Long Term Debt	The monthly payment on every revolving and open-end account with a balance must be included in ratio calculation. Accounts cannot be paid down to qualify, installments or Mortgage accounts must be paid in full. Payoff of revolving accounts in order to qualify the borrower is generally not allowed.

Product Guidelines – LPA Only
CONVENTIONAL HomePossible Program

Program Codes: See Table

Version 3.5 – 01/01/25



INCOME / ASSETS, continued	
Non-Taxable Income	Must verify and document source of income is non-taxable. Documentation includes award letters, policy agreements, account statements or any other documents that address the non-taxable status of the income. All disclosed, nontaxable income must be grossed-up even if not being used for qualification.
Rental Income from Other Real Estate Owned	Permitted: See CMS FHLMC guidelines for rental income
Boarder Income	Permitted if the boarder has resided with the borrower for at least 1 year, will continue to reside together in the new residence, and the boarder provides appropriate documentation to evidence residency with the borrower. CMS must document at least the most recent 9 of the last 12 months of rent received by the borrower which can be verified by showing evidence of receipt of regular payments of rent to the borrower. e.g. canceled checks. The rent must be averaged over 12 months for qualifying purposes when fewer than 12 months of payments are documented. The boarder rental income cannot exceed more than 30% of the total qualifying income. The file must contain a written statement from the borrower affirming: the source of the rental (boarder) income, the fact that the person providing the rental (boarder) income has resided with the borrower for the past year and intends to continue to reside with the borrower in the new residence into the foreseeable future.
Rental Income from Subject Property 2-4 Unit	Rental income from a 2- to 4-Unit primary residence that meets Guide may be used as qualifying income. See CMS FHLMC guide, rental income from subject property. Rental income from Accessory Dwelling Unit (ADU) is not permitted.
Documentation - 4506C or 2907 Puerto Rico Tax Returns	Full income documentation loans only; must follow LPA stipulations. A written VOE cannot be standalone. Minimum documentation level for salaried wage earners is one paystub and verbal VOE. A written VOD cannot be standalone documentation. At least one month's bank statement is required when a VOD is used. In addition, IRS form 4506C must be executed on all loans prior to closing. Borrowers with income from Puerto Rico must: Sign form Modelo SC 2907 to obtain tax transcripts, returned Modelo SC 2903 transcripts for 2 years, and transcripts must be translated to English and notarized by 3rd party. The 4506C must be in the file with confirmation that states "no records found" when using Puerto Rico tax returns. The confirmation must be from the IRS website and contain the borrowers name and SSN.
Income from Departure Residence - Converting primary to investment	Permitted: See CMS FHLMC guidelines for rental income
Source of Funds	CMS must verify that the Borrower has sufficient funds to qualify for the Mortgage transaction (i.e., any funds required to be paid by the Borrower and Borrower reserves). All funds used to qualify the Borrower for the Mortgage transaction, including, but not limited to, funds for Down Payment, Closing Costs and reserves, must come from the eligible sources described in CMS Freddie Conventional Guide and FHLMC Seller Guide 4501.10.
Gifts	Permitted. Donor must be a related person as defined in CMS Freddie guidelines. The donor may not be affiliated with any other interested party to the transaction.
Reserves	CMS must verify all reserves required by Loan Product Advisor (LPA) as stated on the Feedback Certificate

Product Guidelines – LPA Only
CONVENTIONAL HomePossible Program

Program Codes: See Table

Version 3.5 – 01/01/25



PURCHASE MONEY

Seller Contribution	Owner Occupied: CLTV > 90% = 3%, CLTV > 75% = 6%, CLTV ≤ 75% = Max 9%
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GENERAL

Occupancy	Owner Occupied: primary residence only (Non-Occupant Borrowers are permitted)
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Ownership of Other Property	Permitted. Ownership of other property has no restrictions
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Homebuyer Education	<p>At least one borrower must complete homebuyer education when all borrowers are first-time homebuyers, regardless of the LTV.</p> <p>Borrowers may:</p> <ul style="list-style-type: none"> • Complete Freddie Mac's free homeownership education curriculum, CreditSmart® Homebuyer U (https://creditsmart.freddie.mac.com/homebuyer-u); or • Receive homebuyer education provided by HUD-approved counseling agencies, housing finance agencies (HFAs), community development financial institutions (CDFIs), mortgage insurance companies or other programs that meet National Industry Standards for Homeownership and Counseling <p>Homeownership education certificate must be dated before the note date and retained in the mortgage file.</p>
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Landlord Education	For purchase transaction mortgages secured by 2- to 4-unit Primary Residences, at least one qualifying borrower must participate in a landlord education program before the Note Date. For refinance transactions, Freddie Mac does not require landlord education, but recommends it for borrowers who have not previously attended a program.
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Early Delinquency Counseling	CMS, as Servicer, must provide (at no cost to the Borrower) Early Delinquency Counseling to all Borrowers who experience problems meeting their Mortgage obligations, in accordance with FHLMC Seller Guide Sections 9101.2(c) and 9102.5(c)
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Age of Documents	Must be 120 days old at time of closing. Appraisal must be <120 days old.
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Loan Terms Available	30, 20, 15 Year Fixed Rate
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Qualifying Fixed Products	Qualify at Note Rate
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Temporary Subsidy Buydowns	Not permitted (CMS Overlay)
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Assumptions	Not permitted
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Product Guidelines – LPA Only
CONVENTIONAL HomePossible Program

Program Codes: See Table

Version 3.5 – 01/01/25



GENERAL, continued

Borrower Eligibility	Permanent and Non-Permanent Resident Aliens allowed with supporting documentation. Foreign Nationals or borrowers with Diplomatic Immunity are not permitted.																															
Underwriting Path	LPA Accept Streamlined/Standard Only																															
Non-occupant Borrower	Permitting non-occupant Borrower(s) on Mortgages secured by 1-unit properties when the LTV/TLTV*/(HTLTV) ratio is less than or equal to 95%. *A TLTV ratio of less than or equal to 105% is permitted for Mortgages with Affordable Seconds ®																															
Prepayment Penalty	Not permitted																															
Mortgage Insurance (MI) Coverage and Levels	<p>CMS requires full files to be sent to one of our approved Mortgage Insurance providers to obtain the mortgage insurance certificate. The use of “delegated” mortgage insurance must be approved by Corporate Underwriting as an exception basis only.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="6" style="background-color: #003366; color: white; text-align: center;">Home Possible Mortgages</th> </tr> <tr> <th rowspan="2" style="background-color: #003366; color: white;">Transaction Type</th> <th rowspan="2" style="background-color: #003366; color: white;">MI Coverage</th> <th colspan="4" style="background-color: #003366; color: white;">LTV</th> </tr> <tr> <th style="background-color: #003366; color: white;">> 80% and < 85%</th> <th style="background-color: #003366; color: white;">> 85% and < 90%</th> <th style="background-color: #003366; color: white;">> 90% and < 95%</th> <th style="background-color: #003366; color: white;">> 95% and < 97%</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Fixed rate term < 20 years</td> <td rowspan="2" style="text-align: center;">Standard</td> <td style="text-align: center;">6%</td> <td style="text-align: center;">12%</td> <td style="text-align: center;">25%</td> <td style="text-align: center;">25%</td> </tr> <tr> <td style="text-align: center;">Fixed rate term > 20 years</td> <td style="text-align: center;">12%</td> <td style="text-align: center;">25%</td> <td style="text-align: center;">25%</td> <td style="text-align: center;">25%</td> </tr> </tbody> </table> <p>Lender Paid Mortgage insurance is eligible. See CMS Freddie Conventional Guide.</p> <p>Financed Mortgage insurance is not permitted.</p>					Home Possible Mortgages						Transaction Type	MI Coverage	LTV				> 80% and < 85%	> 85% and < 90%	> 90% and < 95%	> 95% and < 97%	Fixed rate term < 20 years	Standard	6%	12%	25%	25%	Fixed rate term > 20 years	12%	25%	25%	25%
Home Possible Mortgages																																
Transaction Type	MI Coverage	LTV																														
		> 80% and < 85%	> 85% and < 90%	> 90% and < 95%	> 95% and < 97%																											
Fixed rate term < 20 years	Standard	6%	12%	25%	25%																											
Fixed rate term > 20 years		12%	25%	25%	25%																											
*First Time HomeBuyer	<p>A First-Time Homebuyer is an individual who meets all of the following requirements:</p> <ol style="list-style-type: none"> 1) Is purchasing the Mortgaged Premises, and 2) Will reside in the Mortgaged Premises as a Primary Residence, and 3) Had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the Mortgaged Premises. <p>In addition, a displaced homemaker or a 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 an ownership interest in the 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 or Investment Property, the individual may not be considered a First-Time Homebuyer.</p>																															

Product Guidelines – LPA Only
CONVENTIONAL HomePossible Program
Program Codes: See Table
Version 3.5 – 01/01/25



PROGRAM CODES

Product Code	Loan Program Description
C10FHP	Conforming 10-Year Fixed - Home Possible
C15FHP	Conforming 15-Year Fixed - Home Possible
C20FHP	Conforming 20-Year Fixed - Home Possible
C25FHP	Conforming 25-Year Fixed - Home Possible
C30FHP	Conforming 30-Year Fixed - Home Possible