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REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

CONFORMING/SUPER CONFORMING PRODUCT MATRIX							
Primary Residence							
Purchase & Rate/Term				Cash-Out			
Units	LTV / TLTV	Credit Score*	Max DTI*	Units	LTV / TLTV	Credit Score*	Max DTI*
1 Unit	95.00%	Per LPA		1 Unit	80.00%	Per LPA	
2 Unit	80.00%	Per LPA		2 Unit	75.00%	Per LPA	
3-4 Unit	80.00%	Per LPA		3-4 Unit	75.00%	Per LPA	
*Based upon LP Accept findings. Loan must still be underwritten to credit risk.							
Second Home							
Purchase & Rate/Term				Cash-Out			
Units	LTV / TLTV	Credit Score*	Max DTI*	Units	LTV / TLTV	Credit Score*	Max DTI*
1 Unit	85.00%	Per LPA		1 Unit	75.00%	Per LPA	
*Based upon LP Accept findings. Loan must still be underwritten to credit risk.							
Investment							
Purchase & Rate/Term				Cash-Out			
Units	LTV / TLTV	Credit Score*	Max DTI*	Units	LTV / TLTV	Credit Score*	Max DTI*
1 Unit	85.00%	Per LPA		1 Unit	75.00%	Per LPA	
2 Unit	75.00%	Per LPA		2 Unit	70.00%	Per LPA	
3-4 Unit	75.00%	Per LPA		3-4 Unit	70.00%	Per LPA	
*Based upon LP Accept findings. Loan must still be underwritten to credit risk.							
Conforming Loan Amounts							
Units	Contiguous States, DC		Alaska, Hawaii				
	2016	2017	2016	2017			
1 Unit	\$417,000	\$424,100	\$625,500	\$636,150			
2 Unit	\$533,850	\$543,000	\$800,775	\$814,500			
3 Unit	\$645,300	\$656,350	\$967,950	\$984,525			
4 Unit	\$801,950	\$815,650	\$1,000,000**	\$1,000,000			
Super Conforming Loan Amount ¹							
Units	Contiguous States, DC		Alaska, Hawaii				
	2016	2017	2016	2017			
1 Unit	\$625,500	\$636,150	\$938,250	\$954,225			
2 Unit	\$800,775	\$814,500	\$1,000,000**	\$1,000,000**			
3 Unit	\$967,950	\$984,525	\$1,000,000**	\$1,000,000**			
4 Unit	\$1,000,000**	\$1,000,000**	\$1,000,000**	\$1,000,000**			
¹ Maximum Super Conforming loan amounts differ by County, but may never exceed these limits. For County level limits refer to http://www.fhfa.gov/DataTools/Downloads/Pages/Conforming-Loan-Limits.aspx for further detail. Also see Loan Amounts > \$1,000,000 .							
*Based upon LPA Accept findings. Loan must still be underwritten to credit risk.							
** Please reference REMN overlays for Loan Amounts > \$1,000,000							

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

PRODUCT OVERVIEW							
Super Conforming Loan Amount (Cont'd)							
Minimum Loan Amount (excluding Alaska & Hawaii)							
1 Unit		2 Unit		3 Unit		4 Unit	
2016	2017	2016	2017	2016	2017	2016	2017
\$417,001	\$424,101	\$533,851	\$543,001	\$645,301	\$656,351	\$801,951	\$815,651
Minimum Loan Amount - Alaska & Hawaii							
1 Unit		2 Unit		3 Unit		4 Unit	
2016	2017	2016	2017	2016	2017	2016	2017
\$625,501	\$636,151	\$800,776	\$814,501	\$967,951	\$984,526	N/A	N/A
Loan Amounts > \$1,000,000		REMN OVERLAY: Ineligible, as FHLMC will only allow loans amounts of \$1,000,000 or less to be submitted through LPA for Accept findings. In cases where the loan amount exceeds \$1million (4 unit Conforming in AK & HI, 4 unit Super Conforming in Continental US; 2-4 unit Super-Conforming in AK & HI), manual underwriting is required, which REMN does not allow for FHLMC loans.					
Super Conforming Appraisal Requirements		An appraisal field review (Form 1032) is required in addition to an appraisal when the LTV/TLTV/HCLTV ratio is greater than 75% and the value is \$1,000,000 or greater. <ul style="list-style-type: none"> » When the appraisal field review report results in a different opinion of market value, the lower of the opinion of market value from the appraisal field review report or sales price must be used to calculate LTV/TLTV/HCLTV ratio. » The appraiser performing the initial appraisal and the appraisal field review report must be qualified to perform appraisals without oversight or supervision by a "supervisory" appraiser. » In addition to meeting the requirements for Condominiums, when the subject property is an attached condominium, the appraiser must provide at least two (2) comparable sales from outside the subject project and outside the influence of the developer, builder or property seller. 					

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

PRODUCT OVERVIEW			
Loan Purpose	<ul style="list-style-type: none"> » Purchase, Limited Cash-Out/No Cash-Out and Cash-Out Refinance eligible on all occupancy types. <ul style="list-style-type: none"> – For purchase transactions where subject property is acquired at auction, the buyer's premium can be included in the final sales price. <ul style="list-style-type: none"> ▪ Purchase contract, HUD, and all loan documents must reflect the final purchase price (including the premium) ▪ Purchase contract must also break-out the auction price from the premium. – As with all purchase transactions, the lesser of the final sales price (as addressed above) or appraised value must be utilized when establishing the LTV/TLTV ratios. – All refinance transactions must meet Continuity of Obligation requirements. 		
Underwriting Method	<ul style="list-style-type: none"> » Loan Product Advisor (LPA) Accept Mortgage must be received. » LPA may return an evaluation status of invalid, ineligible or incomplete. If resubmission with corrected information does not correct the status, the loan cannot be processed through LPA and is not eligible. » REMN WS will not permit LPA Accept-minus Mortgage or Manually Underwritten Mortgage. 		
Documentation Level	<ul style="list-style-type: none"> » The documentation level shown on the "last" feedback certificate (LPA Findings) indicates the documentation that REMN WS will accept. » If LPA provides for only obtaining a one (1) year tax return, REMN WS will accept; provided the Borrower is self-employed for at least two (2) full years AND the one (1) year return we qualify on is the most current tax year. » If the Borrower is on extension for the current tax year, this reduced documentation is not eligible. 		
Ability to Repay and Qualified Mortgage Rule	<ul style="list-style-type: none"> » For loans subject to ATR/QM rule, REMN WS will only all loans that comply with ATR/QM requirements. Note: Investment properties which are for business purposes (borrower does not intend to occupy for greater than 14 days per year) are exempt from ATR/QM; however, such loans must meet agency eligibility requirements and are subject to the applicable points and fees threshold. » Clear itemization of fees and application of all credits that indicated paid by/to will be required on all loans. 		
Occupancy	Primary Residence	Second Home	Investment
	1-4 Unit	1 Unit	1-4 Unit
Living Trusts	<ul style="list-style-type: none"> » Properties located in trusts are permitted for all occupancy types excluding IL Land Trusts. 		
Points & Fees	<ul style="list-style-type: none"> » REMN WS may not charge borrowers points and fees (whether or not financed) in an amount that exceeds the greater or: <ul style="list-style-type: none"> – Five percent (5%) of the principal amount of the mortgage loan; or – \$1,000. – Points and Fees must be adequately disclosed in accordance with applicable law and regulation. 		
High Cost / High Priced	<ul style="list-style-type: none"> » High Cost loans are not eligible. » Higher Priced Mortgage Loans (HPML) transactions are eligible with the following; <ul style="list-style-type: none"> – Establishment of an escrow account for taxes and insurance premiums on any transaction secured by a principal residence. – Must meet all applicable state and/or federal compliance regulations. – A prohibition on ARMS with an initial fixed rate period of less than seven years (7/1 ARMs are eligible). 		
Eligible Mortgage Products	Conforming Loan Amounts	Super Conforming Loan Amounts	
	<ul style="list-style-type: none"> » Agency Fixed Rate: 10, 15, 20, 25, 30 Year » ARMs not permitted 	<ul style="list-style-type: none"> » Agency Fixed Rate: 15, 20, 30 Year » ARMs not permitted 	

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

PRODUCT OVERVIEW	
Texas Home Equity 50 (a)(6)	<ul style="list-style-type: none"> » Cash-out refinance <ul style="list-style-type: none"> – Owner Occupied – All borrowers must reside in the home – Non-occupant co-borrowers are not allowed – Maximum 80% LTV/CLTV – 1 Unit SFD, PUD or Condo (2-4 Unit not eligible) – Approve/Eligible DU Findings – Maximum of 10 acres » Maximum 3% fee limitation for all closing costs, fees and charges <ul style="list-style-type: none"> – Excluded; Prepays & Bona fide discount points (borrowers will have to sign an "Election to pay Discount Points" affidavit at closing » Notice Concerning Extension of Credit <ul style="list-style-type: none"> – Borrower & non-borrowing spouse (if applicable) MUST sign a Notice Concerning Extensions and Credit (aka "12 Day Disclosure") – 12 days must pass from the time this disclosure is signed and the day the loan is scheduled to close » Survey required » Loan must be closed at Closing Agents Office; cannot close at borrowers home » Borrower must receive a copy of the Final 1003 with the HUD1 for review a minimum of 24 hours prior to closing and send back to HBFS Close » Community Property State; all married parties regardless if on loan or not must sign Deed of Trust and Notice of Right to Cancel » Borrower(s) cannot sign early (i.e. cannot sign before the date of the closing package) » Deed of Trust; Trustee must be completed on Security Instrument (must be a Texas resident and is typically an attorney) <ul style="list-style-type: none"> – HE Deed of Trust must be executed at closing » Property taxes are due in December of each year; Tax Certificates are generally provided <ul style="list-style-type: none"> – School, City, County & MUD taxes are common » Home Equity Waiting Periods: <ul style="list-style-type: none"> – "12 Day Disclosure" - the loan cannot close until the Notice Concerning Extensions and Credits has been signed and received by HBFS for 12 days. – 24 Hours - must pass after the borrower(s) have signed their final HUD1 Settlement Statement and final 1003 loan application before the loan can close – 12 Months - the loan may not close sooner than 12 months after the closing of the previous (a)(6) loan. » Once a Texas Home Equity Loan; ALWAYS a Texas Home Equity Loan » Ineligible transactions: <ul style="list-style-type: none"> – Freddie Open Access/Relief – Loans with an interest-only period – Loans with a potential for negative amortization – Loans with temporary interest rate buy downs – Property with an Agriculture (AG) Exemption » Loan Program Code in Encompass <ul style="list-style-type: none"> – Fixed Rate TX Home Equity » Fixed rate terms available: <ul style="list-style-type: none"> – 15 year – 20 year – 30 year » A power of attorney is not permitted in connection with a Texas Section 50(a)(6) mortgage loan.

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

PRODUCT OVERVIEW							
Eligible Properties	<ul style="list-style-type: none"> » 1-4 Unit (Attached/Detached) » Townhomes & PUD's (Attached/Detached) » Condominiums (Attached/Detached, High Rise, Mid Rise & Low Rise) » Rural Properties (in accordance with Agency guidelines; must be residential in nature) » Leasehold Estates <ul style="list-style-type: none"> – Lease term must exceed mortgage maturity date by five (5) years, provide Ground Lease Analysis (Form 461) 						
LDP/GSA	<p>The following parties must be checked against the LDP & GSA (SAM) list (first, middle, last)</p> <table border="1"> <tr> <td>Borrower(s)</td><td>Seller(s)</td></tr> <tr> <td>Loan Officer & Broker Company</td><td>Appraiser(s)</td></tr> <tr> <td>Listing Realtor / Agent (as applicable)</td><td>Selling Realtor / Agent (as applicable)</td></tr> </table> <ul style="list-style-type: none"> » The HUD LDP List can be found at https://www5.hud.gov/ecpcis/main/ECPCIS_List.jsp » The HUD GSA list can be found at https://www.sam.gov/portal/public/SAM/ 	Borrower(s)	Seller(s)	Loan Officer & Broker Company	Appraiser(s)	Listing Realtor / Agent (as applicable)	Selling Realtor / Agent (as applicable)
Borrower(s)	Seller(s)						
Loan Officer & Broker Company	Appraiser(s)						
Listing Realtor / Agent (as applicable)	Selling Realtor / Agent (as applicable)						
Escrow/Impounds	<ul style="list-style-type: none"> » Borrowers have the option to request a waiver of escrows/impounds at the time of lock, subject to the limitations noted below. » There is a fee for this option (except New York) and the request must be noted on the lock request in order for the loan to be properly priced. <ul style="list-style-type: none"> – If an escrow/impound waiver request is made, it will be for all impounded items associated with the loan (i.e. taxes and insurance). It is not possible to offer a waiver of only one (1) item. As an example, it is not possible to ask that taxes be escrowed, but waive insurance escrows. – If the property is located in a flood zone and requires flood insurance, an escrow waiver is not possible and the premium must be collected. – If the loan has borrower paid mortgage insurance, an escrow waiver is not possible and the premium must be collected. Note: In CA you are permitted to waive escrows up to 90% LTV). » As of 1/1/2016, if a mortgage loan required flood insurance, Federal Law requires that the premium MUST be escrowed by the servicer and a waiver of establishing an escrow account is not allowed. This applies to all States and LTV's, regardless of whether the state has a provision for waiving taxes & insurance. » Escrow Waivers <ul style="list-style-type: none"> – Escrow deposit accounts for refinance transactions where the previous taxes were 60 days or more delinquent and are being included in the new loan amount may <u>not</u> be waived. 						
Non-Arm's Length Transactions	<ul style="list-style-type: none"> » Non-Arm's Length transactions are purchase transactions in which there is a relationship or business affiliation between seller and the buyer of the property » Freddie Mac allows for the purchase of existing properties » Newly constructed properties, if the borrower has a relationship or business affiliation (any ownership interest or employment) with the builder, developer or seller of the property, Freddie Mac will only purchase mortgage loans secured by primary residences » Freddie Mac will not purchase mortgage loans on newly constructions homes secured by a second home or investment property if the borrower has a relationship or business affiliation with the builder, developer or seller of the property 						
Power of Attorney	<ul style="list-style-type: none"> » Freddie Mac will permit the Note, the Security Instrument and other closing documents to be executed by a person acting as attorney-in-fact pursuant to authority granted by a Borrower under a power of attorney (POA) in the following circumstances: <ul style="list-style-type: none"> – In a hardship or emergency situation; and – When a Seller determines that applicable law requires use of a POA » The person acting as attorney-in-fact should have a familial, personal or fiduciary relationship with the Borrower, and should not be employed by or affiliated with any party to the loan transaction other than the Borrower. If a POA is used, the Mortgage must be covered by a title insurance policy. If REMN WS has determined use of a POA is required by applicable law, REMN WS must include a written statement that explains the circumstances in the Mortgage file and deliver the statement to the Document Custodian with the Note. » If a POA is used, the original POA must be attached to and delivered with the Note to the Document Custodian, unless it is recorded with the Security Instrument. If the original POA is sent for recordation with the Security Instrument, a copy of the POA must be delivered with the Note. When the POA is returned from the recording office, either the original or a copy with recording information must be delivered to the Document Custodian and filed with the Note. » Please follow this link to reference the complete REMN WS POA Policy & Procedure Checklist. 						

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

PRODUCT OVERVIEW	
Ineligible Properties	<ul style="list-style-type: none"> » Manufactured Homes / Mobile Homes » Cooperatives » Condo Conversions that were converted within the last three (3) years » Condotel / Hotel Condominiums » Timeshares » Working Farms, Ranches and Unimproved land » Property currently in litigation » Land Trust » Property Condition Rating of C5/C6 or Quality Rating of Q6 » Properties located in Lava Zone 1 » HomePossible Financing.
Lava Zone Properties	<ul style="list-style-type: none"> » Not eligible in Lava Zone 1 » Properties in Lava Zone 2 are eligible ONLY through co-issuance. Contact Secondary as special pricing may be applicable » No restrictions for properties located in Lava Zone 3 or higher.
Ineligible Transactions	<ul style="list-style-type: none"> » Manual Underwrite » A Minus LPA Finding Recommendation » Borrowers that receive Government/Public Assistance Income (commonly known as Section 8). » Non-Traditional Credit » Temporary Buydown » Loans subject to Private Transfer Fees (PTF's) <ul style="list-style-type: none"> – Excluding loans with private transfer fees paid to homeowners associations, condominiums, cooperatives and certain tax-exempt organizations that use private transfer fee proceeds to benefit the property. Fees that do not directly benefit the property would disqualify mortgages from being originated by REMN WS. » Illinois Land Trust » Texas 50 (a)(6) » Assumptions » Prepayment Penalties » Property Inspection Alternative » Relief Refinance – Open Access (Freddie HARP) » Loans with PACE or HERO programs as a secondary/subordinate financing option (all states). » Loans with qualifying income earned from state-legalized marijuana businesses, as this is not considered as legally-derived income based on Federal law.
Multiple Properties Financed	<p>REMN Wholesale Overlay:</p> <ul style="list-style-type: none"> » Borrowers who own more than four (4) properties (including the subject property) are not eligible for financing with REMN Wholesale. Exceptions may be granted on a case-by-case basis with REMN Wholesale Executive management approval. A price adjustment may apply. FNMA's standard eligibility and underwriting policies apply for any loans granted an exception. » No multiple simultaneous loan submissions allowed if contingent to qualify » REMN limits its exposure to a maximum of 4 loans per borrower. <p>If a management exception is obtained the following apply:</p> <p>Primary Residence</p> <ul style="list-style-type: none"> » Unlimited <p>Second Home & Investment Property</p> <ul style="list-style-type: none"> » Each borrower individually and all borrowers collectively must not own and/or be obligated on (e.g. Notes, land contracts and/or any other debt/obligation) more than six (6) 1-4 unit financed properties, including the subject property and the borrower's primary residence. Examples of financed properties that do not have to be counted in this limitation include: <ul style="list-style-type: none"> – Commercial real estate – Multifamily (5 or more units) real estate – Timeshares – Undeveloped land – Manufactured homes not titled as real property (chattel lien), unless the property is situated on the land that is titled as real property – Property titled in the same name as the borrower's business provided that the borrower, in his/her individual capacity, is not on title and/or not obligated on the property – Property titled in the name of a trust where the borrower is a trustee, provided that the borrower in his/her individual capacity, is not on title and/or not obligated on the property. » See Second Home and Investment Property for additional requirements.

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

PRODUCT OVERVIEW		
Continuity of Obligation	» When an existing mortgage will be satisfied as a result of a refinance transaction; one of the following requirements must be met: <ul style="list-style-type: none"> – At least one (1) borrower on the refinance mortgage was a borrower on the mortgage being refinanced; or, – At least one (1) borrower on the refinance mortgage held title to and resided in the subject property 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 the payments for any secondary financing, for the most recent 12-month period; or, ▪ Is a related person to a borrower on the mortgage being refinanced; or, – At least one (1) borrower on the refinance mortgage inherited or was legally awarded the subject property by a court in the case of divorce, separation or dissolution of a domestic partnership. 	
Mortgage Insurance	Acceptable MI Types	Unacceptable MI Types
	» Borrower Paid Monthly » Borrower Paid Single Premium » Financed: Gross LTV cannot exceed program maximum » Split Premium » Lender Paid Single Premium	» Lender Paid Monthly » Lender Paid Annual » Borrower Paid Annual » Any MI Type not listed as acceptable » Reduced Coverage
	» REMN WS preferred partner program guidelines to be followed <ul style="list-style-type: none"> – Genworth, UG or Essent preferred MI companies approved with REMN WS. » Genworth, UG & Essent must be contacted to confirm eligibility and underwriting criteria. » <u>Financed MI Premiums</u> <ul style="list-style-type: none"> – <u>Base LTV Ratio:</u> The LTV Ratio calculated using the mortgage amount without the financed mortgage insurance premium. – <u>Gross (higher) LTV Ratio:</u> The LTV ratio calculated using the mortgage amount which includes the financed mortgage insurance premium. – Mortgages for which the mortgage insurance premium is included as part of the principal amount of the mortgage (that is, financed premiums) are eligible using the Base LTV ratio provided the mortgage complies with the requirements below. <ul style="list-style-type: none"> • The Base LTV ratio must not exceed the maximum LTV ratio permitted, as specified in the matrix. • The Gross LTV ratio must not exceed 95% or the LTV ratio permitted, as specified in the matrix. • The subject property must be a 1 unit primary residence or second home. • The mortgage is a fixed rate, fully amortizing mortgage or an ARM. • The amount of coverage meets the standard coverage level requirements using the Base LTV ratio. • The mortgage insurance premium must be paid with a single-premium (i.e. monthly premium payments are not eligible). – Financed mortgage insurance premiums are permitted for both Conforming and Super Conforming mortgages. » As mandated by NY State Statute, all purchase or refinance transactions within the state will base the determination of when to require Mortgage Insurance solely on the “appraised value” of the property (instead of the lower of the sales price or current appraised value). This calculation only applies to when determining the need for Mortgage Insurance. Apply the standard LTV calculation to determine product eligibility.	
Exclusionary List	» FHLMC Exclusionary List can now be verified within the DataVerify report. » Under the program, Freddie Mac is prohibited from conducting business with individuals and entities whose names are on the FHFA’s Suspended Counterparty Program List. Effective immediately, REMN WS is required to review the Suspended Counterparty Program to ensure that no person or entity whose name is listed was involved in the underlying real estate transaction related to a Mortgage to be sold to Freddie Mac, the origination or sale of a Mortgage to be sold to Freddie Mac, or the Servicing of a Freddie Mac Mortgage. FHFA’s Suspended Counterparty Program List can now be verified within the DataVerify report.	

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

PRODUCT OVERVIEW	
Loan Product Advisor	<p>» Loan Product Advisor is an automated loan assessment system that makes a purchase decision for Freddie Mac that eliminates many of the manual processing and underwriting requirements of traditional Mortgage processing. This section includes:</p> <ul style="list-style-type: none"> – An overview of Loan Product Advisor – Essential terms REMN WS must know to use Loan Product Advisor – General and specific eligibility requirements for Loan Product Advisor Mortgages <p>» Detailed information about Loan Product Advisor Mortgages is found throughout the <i>Single-Family Seller/Service Guide</i> (Guide). Operational information for using Loan Product Advisor may be found in the <i>Loan Product Advisor Functionality Guide</i> or at http://www.freddiemac.com/learn.</p> <p>» Loan Product Advisor utilizes the information obtained from:</p> <ul style="list-style-type: none"> – Data input by the originator – Credit repositories – Freddie Mac's Home Value Models <p>» Loan Product Advisor uses statistical models and judgmental rules to analyze the data received and then return a Feedback Certificate. Loan Product Advisor will return credit information and for certain Mortgages will provide Home Value Model support for the Subject property.</p> <p>» Because this is an automated system, it relies heavily on information from other sources. Consequently, accurate data and accurate data entry are critical. Loan Product Advisor assumes that the last information submitted to Loan Product Advisor is the same as the information for the Mortgage that is delivered to Freddie Mac. If the information changes or an error is identified in the prior submission, the Mortgage must be resubmitted to Loan Product Advisor with new data. Each new Feedback Certificate invalidates the prior Feedback Certificate.</p> <p>» In order for a Mortgage to qualify as a Loan Product Advisor Mortgage, the Mortgage must meet all of the following criteria:</p> <ul style="list-style-type: none"> – Be submitted to Loan Product Advisor no more than 120 days before and no later than the Note Date. – Have all credit reports (including the Loan Product Advisor credit reports) dated no more than 120 days before and no later than on the Note Date. – Receive an automated underwriting service (AUS) status of "complete" on the Feedback Certificate based on the last submission to Loan Product Advisor on or before the Note Date. <p>» Loan Product Advisor may return an evaluation status of invalid, ineligible or incomplete. If resubmission with new and/or corrected information does not correct the status, the Mortgage cannot be processed through Loan Product Advisor. The Mortgage must be manually underwritten and delivered as a Non-Loan Product Advisor Mortgage.</p> <p>» The Documentation Level shown on the Last Feedback Certificate indicates the minimum level of documentation that Freddie Mac will accept for the Mortgage. The Documentation Level for users of Loan Product Advisor Classic will be identified in a feedback message under the Documentation Guidelines section of the Feedback Certificate. Specific feedback messages will describe the type of documentation needed for employment, income and asset verification based on the data input into the Loan Product Advisor system. The specific feedback messages are for guidance purposes only.</p> <p>» The Minimum Assessment Feedback (MAF) shown on the Loan Product Advisor Feedback Certificate indicates the least comprehensive appraisal or inspection report required for a particular Loan Product Advisor Mortgage.</p> <p>REMN WS Overlay: If LPA provides for only obtaining one (1) year tax return, we will accept provided the borrower is self-employed for at least two (2) full years AND the one (1) year return we qualify on is the most current year (example: 2014). If the borrower is on extension for 2014, this reduced documentation is not eligible.</p>

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No Cash-Out Refinance	<p>» A "no cash-out" refinance Mortgage is a Mortgage for which the proceeds may be used only to:</p> <ul style="list-style-type: none"> – Pay off the first Mortgage, regardless of its age; – 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/Escrows. – Disburse cash out to the Borrower (or any other payee) not to exceed 2% of the new refinance Mortgage or \$2,000, whichever is less – Pay off the outstanding balance of a land contract or contract for deed <p>» In the event there are remaining proceeds from the "no cash-out" refinance Mortgage after the proceeds are applied as described above:</p> <ul style="list-style-type: none"> – The Mortgage amount must be reduced, or – The excess amount must be applied as a principal curtailment to the new refinance Mortgage at closing and must be clearly reflected on the HUD-1 form or other equivalent closing statement. <p>» Under no circumstances may cash disbursed to the Borrower (or any other payee) exceed the maximum permitted for "no cash-out" refinance Mortgages.</p> <p>Secondary financing</p> <p>» The Borrower is not required to satisfy outstanding junior liens, provided that:</p> <ul style="list-style-type: none"> – The junior liens remain subordinate to the lien of the new refinance Mortgage; – Evidence of the subordination is retained in the Mortgage file; and – The junior liens meet the requirements of secondary financing <p>Special documentation requirements</p> <p>» If a junior lien was paid off as part of the "no cash-out" refinance transaction, REMN WS must maintain documentation in the Mortgage file demonstrating that the full amount of the lien was used for the purchase of the subject property.</p>
Cash-Out Refinance	<p>» A cash-out refinance Mortgage is a Mortgage in which the use of the loan amount is not limited to specific purposes.</p> <p>» A Mortgage placed on a property previously owned free and clear by the Borrower is always considered a cash-out refinance Mortgage.</p> <p>» Six (6) months seasoning required; measured from the settlement date to the Note Date of the cash-out refinance mortgage, unless:</p> <ul style="list-style-type: none"> ▪ At least one (1) borrower on the refinance Mortgage inherited or was legally awarded the subject property (e.g. in the case of divorce, separation or dissolution of a domestic partnership) ▪ Delayed Financing provision criteria is met (see below). <p>» Freddie Mac's Delayed Financing provision is acceptable provided all of the following requirements are met:</p> <ul style="list-style-type: none"> – The executed HUD-1 Settlement Statement from the purchase transaction must reflect that no financing secured by the subject property was used to purchase the subject property. If application received date is prior to October 3, 2015, the Settlement/Closing Disclosure Statement must be an executed version. A recorded trustee's deed or equivalent documentation may be used when a Settlement/Closing Disclosure Statement was not used for the purchase transaction. – 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 HUD-1 Settlement Statement for the refinance transaction – 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 Prepays/Escrows as documented by the HUD-1 Settlement Statement for the purchase transaction. A recorded trustee's deed or equivalent documentation may be used when a Settlement/Closing Disclosure Statement was not used for the purchase transaction. – There must have been no affiliation or relationship between the buyer and seller of the purchase transaction – The cash-out refinance Mortgage must comply with the applicable LTV/TLTV/HCLTV ratio limits and all other Freddie Mac requirements

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PRODUCT OVERVIEW	
Special Purpose Cash-Out Refinance	<p>» A cash-out refinance mortgage where the owner of a property uses the proceeds of the refinance to buy out the equity of a co-owner is a special purpose cash-out refinance mortgage. A special purpose cash-out refinance mortgage must meet the applicable requirements of LTV/TLTV/HCLTV ratio requirements for cash-out refinance mortgages.</p> <p>» The loan amount of a special purpose cash-out refinance mortgage is limited to amounts used to buy out the equity of the co-owner, which may include:</p> <ul style="list-style-type: none"> – Paying off the first Mortgage, regardless of age – Paying off junior liens secured by the subject property – Paying related Closing Costs, Financing Costs and Prepays <p>» In addition, the following conditions must be met:</p> <ul style="list-style-type: none"> – The Borrower and the co-owner receiving the buy-out proceeds must have jointly owned the property for a minimum of 12 months prior to the initial loan application (parties who inherited an interest in the property are exempt from this requirement). – The Borrower and the co-owner receiving the buy-out proceeds must provide evidence that they occupied the subject property as their Primary Residence (parties who inherited an interest in the property are exempt from this requirement). – The Borrower and the co-owner receiving the buy-out proceeds must provide a written agreement, signed by all parties, stating the terms of the property transfer and the disposition of the proceeds from the refinancing transaction. – The Borrower who retains sole ownership of the property may not receive any of the proceeds from the refinance transaction. <p>Secondary financing</p> <p>» The Borrower is not required to satisfy outstanding junior liens provided that:</p> <ul style="list-style-type: none"> – The junior lien remains subordinate to the lien of the new refinance mortgage; – Evidence of the subordination is retained in the mortgage file; and – The junior lien meets the requirements pertaining to secondary financing <p>Special documentation requirements</p> <p>» Documentation evidencing that the Borrower and the co-owner jointly occupied the subject property as their primary residence, if applicable.</p> <p>» A copy of the written agreement stating the terms of property transfer and the disposition of the refinance proceeds.</p>
Land Contract / Contract for Deed	<p>» When the proceeds of a mortgage are used to pay the outstanding balance under a land contract or contract for the, may be considered either a purchase or “no cash-out” refinance mortgage.</p> <p>» A copy of the executed land contract or contract for deed must be included in the file.</p> <p>» Manufactured Homes are not eligible collateral for land contract or contract of deed pay off.</p> <p>Purchase</p> <p>» The land contract or contract for deed must have been executed less than 12 months prior to the application date.</p> <p>» All of the loan proceeds must be used to pay the outstanding balance under the land contract or contract for deed and no loan proceeds may be disbursed to the Borrower.</p> <p>» The LTV ratio must be calculated using the lesser of the following:</p> <ul style="list-style-type: none"> – The current appraised value of the subject property, or – The total acquisition cost (purchase price indicated in the original land contract or contract for deed, plus any cost the Borrower has expended for rehabilitation, renovation, refurbishment or energy conservation improvements). – The mortgage file must contain sufficient documentation on which to calculate the total acquisition cost. <p>No Cash-Out Refinance</p> <p>» The land contract or contract for deed must have been executed at least 12 months prior to the application date.</p> <p>» The LTV ratio must be calculated using the current appraised value of the subject property.</p> <p>» The mortgage file must include third-party documentation evidencing payments in accordance with the land contract or contract for deed for the most recent 12-month period.</p> <ul style="list-style-type: none"> – The mortgage must meet the requirements for No Cash-Out Refinance.

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Second Home	<p>» Be secured by a 1-unit property owned by an individual who is also the Borrower, occupied by the Borrower for some portion of the year and the property must be:</p> <ul style="list-style-type: none"> – In such a location as to function reasonably as a second home. (i.e., remote in distance from the Borrower's Primary Residence) – Suitable for year-round occupancy – Available for the Borrower's exclusive use and enjoyment <p>The property must not be:</p> <ul style="list-style-type: none"> – Subject to any timesharing or other shared ownership arrangement – An ineligible property (e.g., a unit in a Condominium Hotel) – Subject to any rental pools or agreements that require the Borrower to rent the property, give a management company control over the occupancy of the property, or involve revenue sharing between any owners and the developer or another party. <p>» Freddie Mac's determination of whether a property is a second home is conclusive. A 2-unit property used as a second home is considered an Investment Property.</p> <p>» In addition to meeting Freddie Mac's underwriting criteria for a Mortgage secured by a Primary Residence, each second home Mortgage must meet the following requirements:</p> <ul style="list-style-type: none"> – For newly constructed homes that are purchase transactions, the Borrower may not be affiliated with or related to the builder, developer or the property seller. – Each Borrower individually and all Borrowers collectively must not own and/or be obligated on more than six (6) 1- to 4-unit financed properties, including the subject property. See Multiple Financed Properties for more details. – Rental income from the Borrower's second home or 1-unit Primary Residence may not be considered as stable monthly income in the credit qualification analysis. – The monthly housing expense related to a Borrower's current Primary Residence must be used in computing the Borrower's monthly housing expense-to-income ratio. – The monthly payment amount on the second home must be considered in calculating the Borrower's monthly debt payment-to-income ratio. – The Reserves requirements must be met.
Investment Property	<p>» <u>Special Underwriting Requirements</u></p> <p>An Investment Property Mortgage delivered to Freddie Mac must meet the following special underwriting requirements:</p> <ul style="list-style-type: none"> – For newly constructed homes that are purchase transactions, the Borrower may not be affiliated with or related to the builder, developer or property seller. – The monthly housing expense related to the Borrower's current Primary Residence must be used in calculating the Borrower's monthly housing expense-to-income ratio. – Regardless of whether rental income from the Subject property is used in qualifying, the Reserves requirements must be met. – The aggregate negative rental income from all rental properties must be treated as an obligation and considered in calculating the Borrower's monthly debt payment-to-income ratio. – Borrower Funds must not include gifts from a Related Person or gifts or grants from an Agency as described in Gifts Funds. – If rental income is not used for qualifying, the monthly payment amount for the Subject property plus operating expenses must be used in calculating the monthly debt payment-to-income ratio. <p>» <u>Additional requirements for Borrowers owning more than one financed Investment Property</u></p> <p>Freddie Mac will purchase Investment Property Mortgages made to Borrowers who own more than one financed Investment Property, provided that the following additional requirements are met:</p> <ul style="list-style-type: none"> – Each Borrower individually and all Borrowers collectively must not own and/or be obligated on more than six (6) 1- to 4-unit financed properties, including the subject property. See Multiple Financed Properties for more details. – The Investment Property Mortgage being sold to Freddie Mac is: <ul style="list-style-type: none"> ▪ An eligible fixed-rate, level-payment Mortgage, and ▪ Not an A-minus Mortgage

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Secondary Financing	<p>General Requirements</p> <ul style="list-style-type: none"> » Terms of any secondary financing must be disclosed to the appraiser and to the MI. The terms of the secondary financing that must be disclosed include, but are not limited to, the Note Rate and the institution or individual providing the financing. REMN WS may not indicate a value needed to support the transaction, or provide any information to the appraiser about an expected loan-to-value (LTV) ratio. » Except as specifically stated in Secondary Financing – Affordable Seconds with respect to Affordable Seconds, the terms of secondary financing must not permit the provider or another party to share in the appreciation of the mortgaged premises (equity sharing). » Mortgages with PACE or HERO programs as a subordinate/secondary financing option are not eligible for financing (all states). <p>Requirements for New Secondary Financing</p> <p>Secondary financing originated concurrently with the First Lien Mortgage (i.e. the First Lien Mortgage and the junior lien are originated on the same day) must meet the following requirements:</p> <p>Maturity Date</p> <ul style="list-style-type: none"> » The maturity date or amortization basis of the junior lien must not be less than five (5) years after the Note Date of the First Lien Mortgage delivered to Freddie Mac, unless the junior lien is fully amortizing or a Home Equity Line of Credit (HELOC). In addition, the junior lien must not contain a call provision within the five year period, unless the junior lien is a HELOC. » If the secondary financing is an Employer Assisted Homeownership (EAH) Benefit, the terms of the secondary financing must permit the Borrower to continue making payments on the loan in the event the Borrower no longer works for the employer and may not require repayment in full unless: <ul style="list-style-type: none"> – The Borrower terminates his or her employment for any reason, or – The employer terminates the Borrower's employment for any reason other than long-term disability, the elimination of the employee's position or reduction-in-force <p>Scheduled Payments</p> <ul style="list-style-type: none"> » The terms of the secondary financing must provide for regular monthly payments sufficient to meet the interest due; interest may not accrue. » If the secondary financing is an EAH Benefit and the monthly payment of principal and interest or interest only begins on or after the 61st monthly payment under the First Lien Mortgage or if repayment of the principal is due only upon sale or default, the amount of the monthly payment may be excluded from the monthly housing expense-to-income ratio and monthly debt payment-to-income ratio. Otherwise, the required monthly payment must be included in both the ratios. <p>Documentation Requirements</p> <ul style="list-style-type: none"> » REMN WS must include a copy of the following documentation for the secondary financing in the Mortgage file: <ul style="list-style-type: none"> – Note or other evidence of subordinate lien terms – HUD-1 Settlement Statement or other equivalent closing statement that evidences the fees and costs paid by the Borrower at closing in connection with the secondary financing – For HELOCs, the HELOC agreement indicating all fees and costs paid by the Borrower at closing, and the maximum permitted credit advance <p>Requirements for Existing Secondary Financing:</p> <ul style="list-style-type: none"> » Freddie Mac will purchase First Lien refinance Mortgages with existing junior liens (including Home Equity Lines of Credit (HELOCs)) that are not paid off from the proceeds of the refinance Mortgage provided that: <ul style="list-style-type: none"> – Evidence of subordination of outstanding secondary financing is retained in the Mortgage file – The junior lien has scheduled payments sufficient to meet the interest due <p>If a junior lien is created concurrently with the refinance Mortgage (i.e., the refinance Mortgage and the junior lien are originated on the same day), the refinance Mortgage must comply with the Requirements For New Secondary Financing noted above.</p>

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PRODUCT OVERVIEW	
Secondary Financing – Affordable Seconds	<p>» Affordable Seconds must comply with the requirements listed in the Secondary Financing section, as well as the following requirements, regardless of whether they are originated concurrently (i.e. the First Lien Mortgage and the Affordable Second are originated on the same day) or are being subordinated to the First Lien Mortgage in a refinance transaction.</p> <ul style="list-style-type: none"> ▪ Source: The Affordable Second must be provided by an Agency under an established, ongoing, documented secondary financing or financial assistance program. The source of the Affordable Second must not be the property seller or another interested party to the transaction. ▪ Eligible First Lien Mortgages – The First Lien Mortgage must be: <ul style="list-style-type: none"> ○ Fixed Rate ○ Purchase or No Cash-Out Refinance transaction, and ○ Secured by a 1-4 unit Primary Residence ▪ Maturity Date: The terms of the Affordable Second must not require balloon payments due before the maturity or payment in full of the First Lien Mortgage. If the Affordable Second is an EAH Benefit, the terms of the secondary financing must permit the Borrower to continue making payments on the loan in the event the Borrower no longer works for the employer and may not require repayment in full unless: <ul style="list-style-type: none"> ○ The Borrower terminates his or her employment for any reason, or ○ The employer terminates the Borrower's employment for any reason other than long-term disability, the elimination of the employee's position or reduction-in-force ▪ Scheduled Payments: <ul style="list-style-type: none"> ○ The interest rate applicable to the Affordable Second must not be higher than the interest rate applicable to the First Lien Mortgage. Interest accruals, which are added to principal, may not increase the TLTV ratio beyond the maximum TLTV ratio allowed for the First Lien Mortgage at any time during the term of the First Lien Mortgage. ○ If monthly payments on the Affordable Second are required and begin before the 61st monthly payment under the First Lien Mortgage, such monthly payments must be included in the Borrower's monthly housing expense-to-income ratio and monthly debt payment-to-income ratio. If monthly payments on the Affordable Second begin on or after the 61st monthly payment under the First Lien Mortgage or if repayment of the entire Affordable Second amount is due only upon sale or default, the amount of the Affordable Second monthly payment may be excluded from both ratios. ▪ Participation in Appreciation: When the terms of an Affordable Second permit the Agency to share in the appreciation of the Mortgaged Premises, the following requirements must be met: <ul style="list-style-type: none"> ○ At the time of origination of the Affordable Second, the Agency's share of appreciation, as a percentage, must not exceed the principal amount of the Affordable Second divided by the value of the Subject property on the Note Date, except as stated below. For example, if the Affordable Second amount is five percent (5%) of value, the maximum appreciation share is five percent (5%). ○ The terms of the Affordable Second may permit the provider a share of appreciation exceeding the percentage of the Affordable Second if all of the following requirements are met: <ul style="list-style-type: none"> – The Agency must not charge interest on the Affordable Second – The Agency's share of appreciation must not exceed 75% – The Agency's share of appreciation must be reduced to a percentage of the Affordable Second, or below, within the first five (5) years – The terms of the Affordable Second must allow the Borrower to recover all of the following before the Agency is able to share in the appreciation: <ul style="list-style-type: none"> • The down payment paid from Borrower funds • Customary costs incurred by the Borrower for selling the property • Costs for improvements to the property that were allowed by the Agency or under the Agency's program. • The payment of principal of the First Lien Mortgage. ▪ Land Use Restrictions: Any Land Use Restrictions included in the Affordable Second documentation must: <ul style="list-style-type: none"> ○ Be subject to and subordinate to the First Lien Mortgage, and ○ Either terminate upon payment in full of the Affordable Second or satisfy the requirements of Re-Sale Restrictions. ▪ Financing Structure: The Affordable Second financing cannot be a Home Equity Line of Credit. ▪ Documentation Requirements: REMN WS must include a copy of the following documentation for the Affordable Second in the Mortgage file: <ul style="list-style-type: none"> ○ Note of other evidence of terms for the Affordable Second ○ Settlement/Closing Disclosure Statement that evidences the fees and costs paid by the Borrower at closing in connection with a new Affordable Second ○ For refinance transactions, evidence of subordination of an existing Affordable Second.

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BORROWERS	
Eligible Borrowers	<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 residence.
Types of Borrowers	<p>Borrower and Co-Borrower</p> <ul style="list-style-type: none"> » Owns property and is liable for the debt » Signs all documents <ul style="list-style-type: none"> – Application – Note – Mortgage/Deed of Trust and is on title (Deed) » Income, assets and debt used in qualification <p>Non-Occupant Co-Borrower</p> <ul style="list-style-type: none"> » Non-Occupant Co-Borrower income can be used/considered to qualify borrower. » Allowed up to maximum LTV/TLTV limit w/ LPA Accept findings and MI approval (if LTV > 80%). <ul style="list-style-type: none"> – For LTV > 80%, Borrower Funds, including down payment and reserves, may come from the occupant and/or the non-occupant co-borrower (see Minimum Borrower Contribution w/ Non-Occupant Co-Borrower). <p>Co-Signor</p> <ul style="list-style-type: none"> » Has no ownership interest in the property, but is liable for the debt » Signs all documents except the Mortgage/Deed of Trust (no ownership interest) <ul style="list-style-type: none"> – Application – Note » Income, assets and debt used in qualification » Do not have an interest in the property sales transaction; such as the property seller, builder or the real estate broker <p>Co-Mortgagor</p> <ul style="list-style-type: none"> » Has ownership interest in the property but, is not liable for the debt » Signs all <i>collateral</i> documents (Mortgage/Deed of Trust, TIL & Right to Rescind; as applicable) Signature is to subordinate their interest in the property to the lien » Income, assets and debts <u>not</u> used in qualification <p>Marital Rights</p> <ul style="list-style-type: none"> » Has no ownership interest in the property nor liable for the debt » Only used in States where they have an "interest" in the property due to marital status » Signature on <i>collateral</i> documents determined by State law
Non U.S. Citizens	<ul style="list-style-type: none"> » A non U.S. Citizen who is lawfully residing in the U.S. as a permanent or non-permanent resident alien is eligible for a mortgage on the same terms as a U.S. Citizen. » A mortgage to a non U.S. Citizen who has no lawful residency status in the U.S is not eligible.
Prior Mortgage Fraud	<ul style="list-style-type: none"> » HBFS will not lend to any borrower(s) who has been previously convicted of mortgage fraud. » For all other interested parties in the transaction, if any one of the parties has been previously convicted of mortgage fraud, the loan must be elevated to the Chief Credit Officer for review.

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CREDIT & UNDERWRITING	
Age of Credit Documents	<ul style="list-style-type: none"> » Must be dated within 120 days old on the note date, including credit reports and employment, income and asset documents. » Preliminary title policies must be no more than 180 days old on the date the note is signed.
Credit Reputation	<p>Establishing Borrower credit reputation through Loan Product Advisor®</p> <ul style="list-style-type: none"> » Borrowers with usable Credit Scores For Accept Mortgages Loan Product Advisor has determined that a Borrower's credit reputation is acceptable. » Borrowers without usable Credit Scores For Accept Mortgages where not all Borrowers have a usable Credit Score, the following requirements apply. All of the following requirements must be met in order for Loan Product Advisor to assess transactions when not all Borrowers have a usable Credit Score: <ul style="list-style-type: none"> – At least one (1) Borrower on the transaction has a usable Credit Score, as determined by Loan Product Advisor. – The transaction is a purchase or "no cash-out" refinance Mortgage. – The Mortgage is secured by a 1-unit property and all Borrowers occupy the property as their Primary Residence. – Borrowers with a usable Credit Score contribute more than 50% of the total monthly income. – Borrowers without a usable Credit Score are not self-employed. – For all Borrowers without usable Credit Scores, any debt that is not reported to the credit repositories must be verified to have a satisfactory payment history and the payment must be included in the monthly debt payment-to-income ratio. NOTE: Any debt not reported on the credit report must be documented as being repaid in a satisfactory manner. – Must pay off any existing judgments or tax liens. » Although credit scores may be generated if a repository's file includes only one (1) trade line, REMN WS may not use any credit score based on fewer than three (3) tradelines.
Credit Inquiries	<p>The borrower(s) must address ALL inquiries listed on their credit report within the past 120 days;</p> <ul style="list-style-type: none"> » A letter from the creditor, or if such letter is unobtainable, a signed statement from the borrower may be used to determine whether additional credit was obtained. » All inquiries listed on the credit report the borrower must specifically address them and indicate the disposition of each inquiry <ul style="list-style-type: none"> – Acceptable response; Chase, Wells & Bank of America credit pulled while searching for a mortgage on property located at 123 Main Street (no credit obtained) – Unacceptable response; We did not accept any credit for the inquiries listed on our credit report or we did not accept any credit from Chase, Wells & Bank of America (as neither specifically address both inquiry and disposition) » See Underwriting Consistency for further details on REMN WS credit inquiries.
Underwriting Consistency	<ul style="list-style-type: none"> » Inquiry explanation REMN WS Credit Report <ul style="list-style-type: none"> – If a credit report shows an inquiry from REMN WS; and the inquiry date is the same date as the credit report we are utilizing and the Processor does a certification that there are no other applications – no further explanation is required from the borrower.
Borrower Debt Certification	<ul style="list-style-type: none"> » Borrowers will be required to sign an affidavit at closing attesting that no new debt has been taken out since the initial 1003 and that the final 1003 is accurate.
Non Purchasing Spouse	<ul style="list-style-type: none"> » Only the debts of those who will be on the Note are required to be included in the debt-to-income ratio.
Child Support Delinquency	<p>REMN WS OVERLAY: Delinquent child support must be paid current or in a payment plan; or Management approval is required.</p>
Alimony, Child Support, Separate Maintenance Payments	<ul style="list-style-type: none"> » When the borrower is required to pay alimony, child support, or separate maintenance payments under a divorce decree, separation agreement or any other written legal agreement – and those payments must continue to be made for more than ten (10) months – the payments must be considered as part of the Borrower's recurring monthly debt obligations. However, voluntary payments do not need to be taken into consideration.
DTI Ratio	<ul style="list-style-type: none"> » Per LPA Accept Findings/Recommendation.

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CREDIT & UNDERWRITING	
Multiple SS Numbers	<p>» As soon as the credit report is received, but no later than the time of loan approval, the additional social security number(s) section located on the borrower's credit report must be reviewed. If any additional social security numbers (SSN) appear on the credit report, a clear CAIVRS search on the additional SSN(s) is required.</p> <ul style="list-style-type: none"> – If there are multiple additional SSN's appearing, a CAIVRS report must be obtained for each SSN. – If there are multiple borrowers with additional SSN's appearing, a CAIVRS report must be obtained for each SSN appearing for each borrower. <p>» W-2 Discrepancy: If a borrower's W-2 reflects a SSN other than the SSN legally issued to the borrower, the Underwriter should adequately document the file prior to proceeding with the loan (standard underwriting practice). If the Underwriter/Team Lead/Underwriting Manager is not able to sufficiently resolve and document the W2 SSN discrepancy, the matter may be elevated to QC for review.</p> <p>Procedure</p> <ol style="list-style-type: none"> 1. Review the credit report for additional SSN's. 2. If there are additional SSN's, order a CAIVRS report for each SSN. <p>CAIVRS Results</p> <p>» <u>Clear CAIVRS</u></p> <ul style="list-style-type: none"> – The file may proceed. – Upload the clear CAIVRS report to BlitzDocs, Social Security – Multiple Number <p>» <u>CAIVRS Hit (Reflects Claim or Default) – Confirmation Received that it is Not the Borrower</u></p> <ul style="list-style-type: none"> – Confirm with HUD the CAIVRS hit is not against the borrower – Send the file to the QC Department. Email QCEdison@HomeBridge.com, cc: the Chief Credit Officer for the respective division (Grace Currid/Noel Chapman) and Operations Manager. Provide the following: <ul style="list-style-type: none"> ▪ Borrower Name and Loan Number ▪ CAIVRS report ▪ Evidence from HUD that the CAIVRS is not associated with the borrower – Upload the CAIVRS report and evidence from HUD that the CAIVRS is not associated with the borrower to BlitzDocs, Social Security – Multiple Number. <p>» <u>CAIVRS Hit (Reflects Claim or Default) – Confirmation Not Received that it is Not the Borrower</u></p> <ul style="list-style-type: none"> – The loan may not proceed.
Mortgage (Housing) History	<p>» Per AUS findings; if any delinquencies allowed per determination, satisfactory explanation required subject to acceptance by the Underwriter.</p> <p>» Mortgage must be current and due for month of closing.</p>
Monthly Housing Expense-to-Income Ratio	<p>The monthly housing expense is the sum of the following monthly charges on the Borrower's Primary Residence:</p> <p>» Principal and interest payments on the Mortgage</p> <p>» Property hazard insurance premiums</p> <p>» Real estate taxes</p> <p>» When applicable:</p> <ul style="list-style-type: none"> – Mortgage insurance premiums – Leasehold payments – Homeowners association dues (excluding unit utility charges) – Payments on secondary financing <p>» Loan Product Advisor® calculates and assesses the Borrower's qualifying ratios based on input from REMN WS. For Accept Mortgages and A-minus Mortgages, Loan Product Advisor has determined that the Borrower's qualifying ratios are acceptable.</p>
Revolving Debt Pay Off	<p>» Payoff of Revolving Debt at/or Prior to Closing:</p> <ul style="list-style-type: none"> – When a borrower wants to pay off revolving debt in order to qualify, the file should be conditioned for the payoff of the debt at/or prior to closing. It is no longer a requirement for such accounts to be closed as a condition of excluding the payment from the DTI ratio. – If the Borrower pays off or pays down existing debts in order to qualify for the Mortgage, REMN WS must document the payoff or pay down of the debts and the source of the funds used in the Mortgage file (see Monthly Debt Payment-to-Income Ratio section for further details). – The account(s) must still be paid-in-full as of the date of closing, and the closing/settlement agent must verify the current balance on the day of closing (funding for Escrow states) to ensure that the account is paid-in-full. If the borrower has evidenced payoff prior to closing, the closing agent/settlement must still verify the actual payoff balance on the day of closing/funding. <p>» Payoff of debt at closing must be reflected on the HUD1 Settlement.</p>

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CREDIT & UNDERWRITING	
Monthly Debt Payment-to-Income Ratio	<p>» The Borrower's liabilities must be reflected on the mortgage application and considered when qualifying the Borrower. All of the Borrower's debts incurred through the Note Date must be considered when qualifying the Borrower. The monthly debt payment is the sum of the monthly charges for the following liabilities:</p> <ul style="list-style-type: none"> – Monthly housing expense, – Payments on all installment debts with more than ten (10) months of payments remaining, including debts that are in a period of either deferment or forbearance. If the credit report does not contain a required monthly payment, the monthly payment used must be based on documentation in the file, – Alimony, child support or maintenance payments with more than ten (10) months of payments remaining, – Monthly payments on revolving or open-end accounts, regardless of the balance. In the absence of a monthly payment on the credit report or direct verification, five percent (5%) of the outstanding balance will be considered to be the required monthly payment. Monthly payments on open-end accounts (accounts which require the balance to be paid in full monthly) are not required to be included in the monthly debt payment if the Borrower has sufficient verified funds to pay off the outstanding account balance. The funds must be in addition to any funds required for down payment, Closing Costs, Financing Costs, Prepaids/Escrows or reserves, as applicable, – Car lease payments, regardless of the number of payments remaining, – Aggregate net rental loss from all Investment Properties owned, – Monthly payment amounts for other properties, including principal and interest on the First Lien and any secondary financing, taxes and insurance and, when applicable, mortgage insurance premiums, leasehold payments, homeowners association dues. <p>» See Contingent Liabilities and Student Loans/Deferred Payments.</p> <p>» Payments on installment debts secured by financial assets, in which repayment may be obtained by liquidating the asset, may be excluded from the monthly debt payment-to-income ratio for qualifying purposes, regardless of the payment amount or number of payments remaining. The loan secured by the financial asset must have been made by a financial institution. REMN WS may only consider the assets in the account that exceed the loan balance to be available to the Borrower as Borrower Funds. See Required Borrower Funds for more information.</p> <p>» If the Borrower pays off or pays down existing debts in order to qualify for the Mortgage, REMN WS must document the payoff or pay down of the debts and the source of the funds used in the Mortgage file. A Borrower who increases debt and then periodically uses refinance or debt consolidation to reduce payments to a manageable level presents a higher degree of risk. REMN WS should consider the Borrower's short- term and long- term ability to repay the Mortgage.</p> <p>» If the Borrower uses a credit card or unsecured line of credit to pay fees associated with the Mortgage application process (origination fees, commitment fees, lock-in fees, appraisal, credit report and flood certification), the following must be met:</p> <ul style="list-style-type: none"> • The maximum amount charged or advanced may not exceed the greater of 2% of the mortgage amount or \$1,500.00, and • The Borrower must have sufficient verified funds to pay these fees (in addition to the funds needed for the down payment, prepaids/escrows, other closing costs, financing costs and reserves as required); however, the Borrower is not required to pay off these charges at closing; OR • The amount charged or advanced must be included in the Borrower's total outstanding debt and the repayment of such amount must be included when determining the Borrower's monthly debt-to-income ratio.
Student Loans/Deferred Payments	<p>» The credit report may show that an installment debt is in a period of deferment or forbearance. Examples of installment debts with deferred payments include:</p> <ul style="list-style-type: none"> – Debts on furniture, household items and automobiles on which the initial payment is delayed for a period of time as part of a promotional campaign by the merchant. – Student loans on which the repayment period has not yet started because the Borrower is still in school or payment has been suspended for a period of time with the approval of the creditor. <p>» When a monthly payment on an installment debt is not reported on the credit report or is listed as deferred, REMN WS must obtain documentation verifying the monthly payment amount included in the monthly debt-to-income ratio. If no monthly payment is reported on a student loan that is deferred or is in forbearance, and there is no documentation in the Mortgage file indicating the proposed monthly payment amount (e.g. the loan verification letter), one percent (1%) of the outstanding balance will be considered to be the monthly amount for qualifying purposes, with receipt of LPA Accept findings. Examples of documentation of the required payment amount include:</p> <ul style="list-style-type: none"> – A direct verification obtained from the creditor – A copy of the installment loan agreement obtained from the Borrower, or <p>» If payments are currently deferred, the payment amount that will be required once the deferment or forbearance period has ended, as stated in a copy of a financial institution's student loan certification or the installment loan agreement</p>

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CREDIT & UNDERWRITING		
Sale of Current Primary Residence	<p>» If the Borrower's current primary residence is pending sale and the sale will not close before the Note Date, the following requirements must be met:</p> <ul style="list-style-type: none"> – The monthly payment amount for the property pending sale and the monthly housing expense for the subject property must be included in the Monthly Debt Payment-to-Income Ratio. – The monthly payment amount for the property pending sale may be excluded from the monthly debt payment-to-income ratio if the file contains: <ul style="list-style-type: none"> ▪ An executed non-contingent sales contract for the property pending sale. If the executed sales contract includes a financing contingency, the Mortgage file must also contain evidence that the financing contingency has been cleared or a lender's commitment to the buyer of the property pending sale; OR ▪ An executed buyout agreement that is part of an employer relocation plan where the employer/relocation company takes responsibility for the outstanding Mortgage(s). 	
Payment Shock – REMN WS Policy	<p>» In order to provide clarity and consistency on both the calculation and how the result is displayed, REMN WS has adopted the following calculation:</p> <ul style="list-style-type: none"> – Proposed housing payment/present housing payment – Take that result and subtract 1.00 and then multiply by 100. – The result will show the actual percentage. <ul style="list-style-type: none"> ▪ Proposed Housing Payment = \$1,400 ▪ Present Housing Payment = \$950 ▪ $\\$1,400/\\$950 = 1.47$ ▪ $1.47 - 1.00 = .47$ ▪ $.47 \times 100 = 47$ (or a 47% increase) 	
Contingent Liability	<p>» For LPA Mortgages, if the Borrower is a cosigner/guarantor on a debt (which includes Mortgage debt) for another person, REMN WS must determine who actually makes the payments on the debt when deciding whether the contingent liability needs to be included in debts submitted to Loan Product Advisor.</p> <p>» REMN WS must obtain evidence that timely payments are being made by someone other than the Borrower and document that someone other than the Borrower makes the payments by obtaining copies of canceled checks or a statement from the lender. REMN WS may document that timely payments are being made through a reference on the Borrower's credit report or by obtaining a payment reference from the lender. If someone other than the Borrower has been making the payments for the most recent 12 months and the payments have been timely for the most recent 12 months, the contingent liability may be excluded.</p> <p>» If the payments on the contingent liability have not been timely over the most recent 12 months or if REMN WS is unable to document that someone other than the Borrower made the payments for the most recent 12 months, the liability must be included in the data submitted to Loan Product Advisor.</p> <p>» If the Borrower is listed as the Borrower on a Mortgage that has been assumed by another, REMN WS must obtain a copy of the documents transferring the property and any assumption agreement executed by the transferee. As long as the Borrower no longer owns the property, the contingent liability may be disregarded, without having to document the most recent 12 months' payment history.</p> <p>» The contingent liability (on a secured debt or Mortgage) may also be disregarded and the documentation of the most recent 12 months' payment history is not required, if the obligation to make the payments on a debt of the Borrower:</p> <ul style="list-style-type: none"> – Has been assigned to another by court order, such as a divorce decree, and – REMN WS documents the order (provides appropriate pages from the separation agreement or divorce decree) and documents the transfer of title 	
Derogatory Credit Waiting Period	Derogatory Event	Waiting Period Requirements
	Bankruptcy – Chapter 7 or 11	As determined by LPA Accept findings
	Bankruptcy – Chapter 13	As determined by LPA Accept findings
	Foreclosure	As determined by LPA Accept findings
	Deed-In-Lieu of Foreclosure	As determined by LPA Accept findings
	Short Sale	As determined by LPA Accept findings
	Waiting Period as indicated above is measured from; discharge, dismissal, completion or execution date to application date with REMN WS.	
Borrower with Prior Foreclosure with REMN WS – REMN WS Policy	<p>» In the event that a Borrower(s) on the loan application has a prior foreclosure with REMN WS, the following will apply:</p> <ul style="list-style-type: none"> – The loan must be elevated to the REMN WS Chief Credit Officer for consideration. A detailed memo explaining the reason(s) for the foreclosure will be required, including, but not limited to the following: <ul style="list-style-type: none"> • Factors that are considered the reasons for the foreclosure, as well as the monetary loss incurred by REMN WS, • Explanation should be for 'extraordinary' situations, such as prolonged serious medical condition and/or death of a household wage-earner. – The loan must otherwise meet all Agency/Investor guidelines that apply for foreclosure. 	

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INCOME & EMPLOYMENT	
Employment Income Verification	<p>» Employment and income documentation must comply with the requirements of Loan Product Advisor or the Freddie Mac Seller Guide if not addressed by LPA.</p> <p>» For salaried employees the verbal verification of employment must be completed within ten (10) business days prior to the Note date.</p> <p>» For self-employed borrower the verbal verification of employment must be completed within 30 days prior to the Note date.</p> <p>» For borrowers in the military, a military Leave and Earnings Statement dated within 30 days prior to the Note date is acceptable in lieu of a verbal verification of employment.</p> <p>» <u>Borrowers with Employment Contracts</u>: Borrowers must begin employment before REMN WS delivers the loan. REMN WS must obtain a paystub from the borrower that includes sufficient information to support the income used to qualify the borrower prior to delivering the loan.</p> <p>» Provide a written analysis of income used to qualify the borrower on the Transmittal Summary or like documents in the file.</p> <p>» An income analysis must be completed for self-employed borrowers.</p> <p>» <u>Assets as a Basis for Mortgage Qualification</u> is acceptable.</p> <p>» Rental income can only be considered only if the federal income tax returns reflect a two (2) year history of managing investment properties.</p> <p>Determining the Need for Federal Income Tax Returns</p> <p>» Although the Borrower may not meet the definition of self-employed, the Seller must obtain the Borrower's individual federal tax returns for certain types of income if using the income to qualify the Borrower. These include, but are not limited to:</p> <ul style="list-style-type: none"> • Commission Income • Income reported on a 1099 • Income from independent contracting • Income from employment by a family member, property seller or broker • Income from employment on a contract basis
Income from Primary Employment: Additional Income	<p>A Borrower may receive additional income from primary employment such as commission, bonuses, overtime pay and automobile allowances. If REMN WS includes additional earnings to qualify the Borrower, REMN WS must determine that the amount of additional income used to qualify the Borrower is stable and complies with the requirements below for each income type.</p> <p>Commission income</p> <p>The Borrower must have a two (2) year consecutive history of receiving commission income and the commission income must be likely to continue for the next three (3) years in order to consider the income for qualifying. Borrowers who receive commission income must provide federal tax returns for the previous two (2) year period that reflects at least six (6) months of commission income. Employee paid business expenses reflected on the Borrower's tax returns must be deducted from the Borrower's gross commission income when calculating income.</p> <p>Bonus income</p> <p>The Borrower must have a two (2) year consecutive history of receiving bonus income and the bonus income must be likely to continue for the next three (3) years in order to consider the income for qualifying. The following table is a guide for how to calculate monthly bonus and commission income. These income calculations may not apply in all situations or to income levels that fluctuate.</p> <p>Overtime</p> <p>The Borrower must have a two (2) year consecutive history of receiving overtime income and the overtime income must be likely to continue for the next three (3) years in order to consider the income for qualifying. REMN WS must consider the income trend by considering the hourly rate, the number of hours worked, and use the amount that is most likely to continue for the next three years. REMN WS must include an analysis of the income used to qualify the Borrower in the Mortgage file.</p> <p>Automobile allowance</p> <p>The Borrower must have a two (2) year consecutive history of receiving an automobile allowance and the automobile allowance must be likely to continue for the next three (3) years in order to consider the income for qualifying. REMN WS may add the full amount of the allowance to the Borrower's qualifying income, and when calculating the Borrower's debt payment-to-income ratio, REMN WS must include the full amount of the monthly automobile financing expense in the calculation of the Borrower's monthly debt payment. REMN WS may not subtract the automobile allowance from the monthly automobile financing expense.</p> <p>Tip income</p> <p>The Borrower must have a two (2) year consecutive history of receiving income from tips in order to consider the income for qualifying. For tip income that fluctuates, REMN WS must evaluate the income trend and use the amount that is most likely to continue for the next three (3) years.</p> <p>(Continued on following page)</p>

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INCOME & EMPLOYMENT	
	<p>Mortgage differential A payment from the Borrower's employer for all or part of the interest differential between the Borrower's present and proposed mortgage payment may be considered qualifying income if the documentation shows that the payments are pursuant to an established, ongoing and documented employer program. The employer must not be an interested party to the transaction and the payment must be likely to continue for the next three years. A history of receipt is not required for the income to be considered stable.</p> <p>Military income, entitlements and reserve duty income A Borrower who is a member of the United States Armed Forces may receive pay entitlements such as flight or hazard duty, rations, clothing allowance or quarters allowance in addition to base pay. REMN WS may consider entitlements qualifying income if documented and likely to continue for the next three (3) years. If the Borrower is a member of a reserve component of the United States Armed Forces, REMN WS may consider the reserve duty income for qualifying. A history of receipt is not required for the income to be considered stable</p>
Income from Secondary Employment	<ul style="list-style-type: none"> » Income from a second or additional job The Borrower must have a two (2) year consecutive history of receiving income from a second or additional job and income from the second or additional job must be likely to continue for the next three (3) years in order to consider the income for qualifying. REMN WS must evaluate the income trend and use the amount that is most likely to continue for the next three (3) years. » Seasonal employment and unemployment compensation The Borrower must have a two (2) year consecutive history of receiving income from seasonal employment and the seasonal employment income must be likely to continue for the next three (3) years in order to consider the income for qualifying. Unemployment compensation associated with seasonal employment may be considered qualifying income if the Borrower has a two (2) year history of receipt and the unemployment compensation is likely to continue for the next three (3) years. REMN WS must not use seasonal employment income or unemployment compensation to qualify the Borrower unless the income is reported on the Borrower's individual federal income tax returns for the most recent two (2) year period.
Newly Employed	<ul style="list-style-type: none"> » For a Borrower who has less than a two (2) year employment and income history, the Borrower's income may be qualifying income if the Mortgage file contains documentation to support that the Borrower was either attending school or in a training program immediately prior to their current employment history.
Re-Entering the Work Force	<ul style="list-style-type: none"> » For a Borrower who is re-entering the workforce and has less than a two (2) year employment and income history, the Borrower's income may be qualifying income if the Borrower has been at the current employer for a minimum of six (6) months and there is evidence of a previous employment history.
Significant Increase or Decrease in Income	<ul style="list-style-type: none"> » When the Borrower has experienced a significant decrease in income, REMN WS cannot average the Borrower's income using a previous higher level unless there is documentation of a one-time occurrence (e.g., injury) that prevented the Borrower from working or earning full income for a period of time and evidence that the Borrower is back to the income amount that they previously earned. REMN WS must focus its analysis on the most recent earnings and the income that is most likely to be received at the level used for qualifying. If a Borrower is currently on temporary leave, follow the guidance in Income While on Temporary Leave on the following page. When the Borrower has experienced a significant increase in income, and REMN WS qualifies the Borrower using the higher amount, REMN WS must obtain sufficient documentation to determine that the increase is stable and likely to continue at the level used for qualifying (e.g. that the income is not a one- time incentive payment).
Borrowers with Employment Contracts	<ul style="list-style-type: none"> » Eligible for 1 unit primary residence transactions only; » The borrower's employment offer must be non-contingent and the non-contingent offer letter must be obtained; » The borrower's written acceptance of the employment offer must be included in the file. » The borrower's employment must begin within 60 days of the Note Date; » The borrower must have a minimum of three (3) months PITIA reserves in addition to all other required reserves.
Union Workers	<ul style="list-style-type: none"> » If the borrower is a union member and employed full-time through the employer on a W-2 basis, then no additional verification of employment is required outside of what is requested by the LPA Accept findings. » For union members who are employed through the union/union hall (i.e. contract employees, tradesmen) and/or receive variable sources of income from assigned union jobs, than additional verification may be required to evidence stability of employment/income (i.e. two years Federal Income Tax Returns). See Determining the Need for Federal Income Tax Returns topic in the Employment Income Verification section for further reference.
Verbal VOE	<ul style="list-style-type: none"> » A Verbal Verification of Employment is required within ten (10) calendar days of the Note date; <ul style="list-style-type: none"> – Business License, CPA Letter or Federal Tax ID Certificate required for all Self-Employed Borrowers (3rd party verification required). – Minimum of two (2) years employment history must be verified. » Borrower's current employment status must be verified (not whether he/she is employed or on leave)

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INCOME & EMPLOYMENT	
Income While on Temporary Leave	<p>The following section provides guidance to Sellers for underwriting Borrowers on temporary leave from their current employment.</p> <ul style="list-style-type: none"> » Temporary leave from an employer may encompass various circumstances (e.g., family and medical, short-term disability, maternity, other temporary leaves with or without pay). Temporary leave is generally short in duration. The period of time that a Borrower is on temporary leave may be determined by various factors such as applicable law, employer policies and short-term insurance policy and/or benefit terms. » Leave ceases being considered temporary when the Borrower does not intend to return to the current employer or does not have a commitment from the current employer to return to employment. » Refer to Long Term Disability Income if REMN WS has knowledge the Borrower has applied for, is receiving or will be receiving long-term disability benefits or long-term insurance benefits. » Determining qualifying income and Borrower capacity to meet obligations while on temporary leave, a Borrower's income may be reduced and /or completely interrupted. REMN WS must determine that during and after the temporary leave the Borrower has capacity to repay the Mortgage and all other monthly obligations. REMN WS's determination must be based on required documentation, REMN WS knowledge and available information. <p>Borrowers returning to their current employer prior to or on the first Mortgage payment due date:</p> <ul style="list-style-type: none"> » REMN WS may use for qualifying income the Borrower's pre-leave gross monthly income. <p>Borrowers returning to their current employer after the first Mortgage payment due date:</p> <ul style="list-style-type: none"> » REMN WS may use for qualifying income the Borrower's gross monthly income amount being received for the duration of the temporary leave. » In the event that the income has been reduced or interrupted, REMN WS may use for qualifying income the monthly reduced income amount (this amount may be zero) being received for the duration of the leave combined with the Borrower's available liquid assets, as necessary. » Available liquid assets may be used as a partial or complete income supplement up to the amount of the income reduction. The Asset Calculation for Mortgage Qualification described in these guidelines does not apply to the calculation of assets as an income supplement when determining qualifying income and Borrower capacity to meet obligations while on temporary leave. <ul style="list-style-type: none"> – Assets that are required for the transaction (e.g., down payment, Closing Costs, Financing Costs, Prepays/Escrows and reserves) may not be considered as available assets. » The total qualifying income must not exceed the Borrower's pre-leave gross monthly income amount. <p>Documentation requirements</p> <p>The following documentation is required for all Borrowers on temporary leave:</p> <ul style="list-style-type: none"> » Documentation to verify the Borrower's pre-leave income and employment status, regardless of leave status. » Written statement from the Borrower confirming the Borrower's intent to return to the current employer and the intended date of return. » Documentation generated by current employer confirming the Borrower's eligibility to return to the current employer after temporary leave. <ul style="list-style-type: none"> – Acceptable forms of employer documentation that REMN WS may obtain from the Borrower include, but are not limited to: an employer-approved leave request, a Family Medical Leave Act document, or other documentation generated by the employer or a third (3rd) party verifier on behalf of the employer. <p>In addition, the following documentation is required for Borrowers returning to the current employer after the first Mortgage payment due date:</p> <ul style="list-style-type: none"> » Documentation evidencing amount, duration and consistency of all temporary leave income sources being used to qualify the Borrower (e.g., short-term disability benefits or insurance, sick leave benefits, temporarily reduced income from employer) that are being received during the temporary leave. » All available liquid assets used to supplement the reduced income for the duration of the temporary leave must meet the requirements of and be verified. » A written rationale explaining the analysis used to determine the qualifying income, regardless of the underwriting path.

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INCOME & EMPLOYMENT		
Self Employed Income	<p>» A Borrower who has an ownership interest of 25% or more in a business is considered to be self-employed. The business may be a sole proprietorship, a partnership (general or limited) or a corporation. A self-employed Borrower introduces an additional layer of risk to a mortgage request due to the uncertain nature of future income. Loan Product Advisor will take this additional risk into consideration in the overall risk evaluation.</p> <ul style="list-style-type: none"> – REMN WS must indicate to Loan Product Advisor that a Borrower is self-employed when the Borrower meets Freddie Mac's definition of self-employed as stated above. This is required in all cases whether or not REMN WS is using the self-employment income to qualify the Borrower. <p>» A two (2) year history of self-employment is required in all instances to ensure that income is stable. REMN WS's calculation of a self-employed Borrower's average monthly income must be based on a review of the Borrower's complete individual federal tax returns (Form 1040) including W-2's and K-1's (if applicable) as well as the Borrower's complete business tax returns (Forms 1120, 1120S and 1065), when applicable. REMN WS must analyze the tax returns and provide a written analysis of the Borrower's self-employed income on Form 91 or a comparable form.</p> <ul style="list-style-type: none"> – Non-cash items such as depreciation, depletion and amortization may be added back to adjusted gross income for the purpose of determining qualifying income. Documented nonrecurring losses, such as casualty losses, can also be added back to the adjusted gross income, as well as loss carry-overs from previous tax years. <p>» As part of the analysis, REMN WS must consider whether the Borrower's self-employed income has increased or decreased over the previous two (2) years. If the analysis reflects that the Borrower's income has significantly increased or decreased, REMN WS must provide sufficient documentation and justification to support their determination that the income used to qualify the Borrower is stable and likely to continue for the next three (3) years.</p> <ul style="list-style-type: none"> – It may be necessary to obtain additional years' tax returns when the Borrower's self-employment income fluctuates in order to determine the stability of the income. <p>» For certain loans that receive Streamlined Accept findings from LPA with one (1) year tax returns to verify self-employment, refer to Self-Employment Doc Requirements – LPA Streamlined Accept Findings for specific documentation requirements.</p> <ul style="list-style-type: none"> – REMN WS must still verify that the tax return reflects a full 12mos of self-employed income (cannot be less) <ul style="list-style-type: none"> ➢ 2014 1040: Accountant/CPA would need to verify business started on or before 12/31/2013. ➢ 2015 1040: Accountant/CPA would need to verify business started on or before 12/31/2014. <p>» If the Borrower is self-employed and the self-employment income is not used to qualify, REMN WS must obtain the Borrower's individual federal tax returns to determine if there is a business loss that may have an impact on the stable monthly income used for qualifying.</p> <ul style="list-style-type: none"> – If a business loss is reported on the Borrower's individual federal tax returns, REMN WS may need to obtain additional documentation in order to fully evaluate the impact of a business loss on the income used for qualifying. <p>» REMN WS must use caution when including additional income that the Borrower draws from the Borrower's corporation, partnership or S-corporation as qualifying income.</p> <p>» REMN WS must verify that the Borrower has a legal right to the additional income by obtaining a corporate resolution or other comparable document that establishes that right.</p> <ul style="list-style-type: none"> – REMN WS must also verify the Borrower's percentage of ownership of the business entity from a review of the business tax returns, letter from the account for the business or similar documents. The analysis of the business must support that the business is clearly capable of providing the Borrower with the additional income used to qualify. <p>» When business assets are used for down payment and Closing Costs, Financing Costs, Prepaids/Escrows and reserves, and must be related to the business that the Borrower owns that is documented in the Mortgage file.</p> <ul style="list-style-type: none"> – Because the Borrower's withdrawal of assets from a sole proprietorship, a partnership or a corporation may have a negative impact on the business' ability to continue operating, the impact of withdrawal must be considered in REMN WS's analysis of the Borrower's self-employed income. As part of the analysis, REMN WS must document a cash flow analysis for the Borrower's business using the individual and/or business tax returns, as applicable. <p>» REMN WS may perform the required analysis using any format that enables REMN WS to determine that the withdrawal of the funds for the down payment and Closing Costs, Financing Costs, Prepaids/Escrows and reserves will not have a detrimental effect on the business the file must contain REMN WS's written cash flow analysis and conclusions.</p>	
	<p>Sole Proprietor</p> <ul style="list-style-type: none"> • Complete signed individual federal tax return for the most recent year. The tax return must reflect at least 12mos of self-employed income. • Verification of existence of the business through a 3rd party source, obtained no more than 30 calendar days prior to the Note Date. • Completion of Freddie Income Analysis Form 91 or comparable form. 	
Self-Employment Income Doc Requirements w/ LPA Streamlined Accept Findings	<p>Partnership, S-Corp, Corporation</p> <ul style="list-style-type: none"> • Complete individual federal & business tax returns, including K-1's (Partnership,S-Corp) and W-2's (Corporation) for the most recent year. The tax return must reflect at least 12mos of self-employed income. • Verification of existence of the business through a 3rd party source, obtained no more than 30 calendar days prior to the Note Date. • Completion of Freddie Income Analysis Form 91 or comparable form. 	

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

INCOME & EMPLOYMENT	
Other Income	<p>» If a Borrower chooses to disclose non-employment/non-self-employment income such as alimony, child support or separate maintenance payments, public assistance payments, Social Security or retirement benefits, trust, investment, REMN WS should consider them as stable income consistent with the requirements of this chapter. As with all income, REMN WS must evaluate whether the non-employment/non-self-employment income has been consistently received for at least two (2) years and is likely to be consistently received for the next three (3) years based on the documentation required in this section, and any other documentation contained in the file. In some instances, as described below, a two (2) year history of receipt of the non-employment/non-self-employment income is not required. In other instances where the Borrower has less than a two (2) year history of receiving income, REMN WS may be able to use the income to qualify the Borrower but must provide a written analysis to justify the determination that the income that is used to qualify the Borrower is stable. REMN WS may consider non-employment/non-self-employment income for qualifying provided REMN WS does not have knowledge, information or documentation that contradicts a reasonable expectation of continuance or probability of consistent receipt for at least the next three (3) years. Factors that must be considered in determining the likelihood of consistent receipt of non-employment/non-self-employment income below include, but are not limited to, the following:</p> <ul style="list-style-type: none"> – Whether the payments are received pursuant to a written agreement, court decree or law – The length of time the payments have been received – The regularity of receipt of the income – The consistency of the amount of income – The availability of procedures to compel payment – Whether full or partial payments have been made – The age of each child for which child support payments are made (if applicable) – Eligibility criteria governing the continued receipt of the income, such as age of dependents or accumulation of assets <p>Notes Receivable Income Income from Notes Receivable may be considered qualifying income if the file contains a copy of the note and evidence that the Borrower has received payments on a regular monthly basis for the most recent 12 months. Notes Receivable income must be likely to continue for the next three (3) years.</p> <p>Dividend and interest income Dividend and interest income may be considered qualifying income if it has been received for the most recent two years. The file must contain documentation of sufficient assets remaining after closing to support continuance of the dividend and interest income at the level used for qualifying for at least the next three (3) years.</p> <p>Trust income Trust income may be considered qualifying income if evidence of the amount, frequency and duration of payments. A history of receipt is not required for the income to be considered stable; however, the trust income must be likely to continue for the next three (3) years.</p> <p>Capital gains Capital gains may be considered qualifying income if the Borrower's most recent two years' individual federal tax returns (including Capital Gains and Losses, Schedule D), show that the Borrower has realized capital gains. REMN WS must include documentation of sufficient assets remaining after closing to support continuance of the capital gain income, at the level used for qualifying, for at least the next three (3) years.</p> <p>Royalty payments income Income received from royalty payments may be considered qualifying income with evidence that the Borrower has received payments on a regular basis for the most recent 12 months and the royalty payments are likely to continue for the next three (3) years. REMN WS must provide a copy of the most recent individual federal tax returns including Supplemental Income and Loss, Schedule E.</p> <p>Retirement income Retirement income may be considered qualifying income if the file contains evidence of the type of retirement income (e.g., Social Security, pension, annuity), source, amount and consistent receipt for the most recent two (2) months. Retirement income must be likely to continue for at least the next three (3) years.</p> <p>(Continued on following page)</p>

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

INCOME & EMPLOYMENT

Survivor and dependent benefit income

Survivor and dependent benefit income may be considered qualifying income if the file contains evidence of the type of survivor and/or dependent benefit income (e.g., Social Security Survivor benefits, Survivors' Department of Veterans Affairs (VA) benefits, other similar benefits), source, amount and consistent receipt for the most recent two months. Survivor and dependent benefit income must be likely to continue for at least the next three (3) years.

Long-term disability income

Long-term disability income (e.g., Social Security disability benefits, VA disability compensation, worker's compensation, private disability insurance) may be considered qualifying income that has a reasonable expectation of continuance unless there is a pre-determined insurance and/or benefit expiration date that is less than three (3) years (e.g., stated termination of a private disability insurance policy). Pending or current re-evaluation of medical eligibility for insurance and/or benefit payments is not considered an indication that the insurance and/or benefit payment will not continue. Evidence of the source, amount, insurance and/or benefit type, and consistent receipt for the most recent two (2) months must be obtained.

Social Security Supplemental Security Income

Social Security Supplemental Security Income (SSI) may be considered as qualifying income that has a reasonable expectation of continuance unless there is evidence that the benefits will not continue. Pending or current re-evaluation of medical eligibility for benefit payments is not considered an indication that the insurance and/or benefit payment will not continue. Evidence of the source, amount, benefit type and consistent receipt for the most recent two (2) months must be obtained.

Public assistance income

Income from public assistance (e.g., Temporary Assistance for Needy Families (TANF)) may be considered qualifying income if the Mortgage file contains evidence that the income has been received for the most recent two months. REMN WS must obtain documentation from the applicable agency that indicates the amount and frequency of the benefit payments and the length of time the benefit payments will be received. Public assistance income must be likely to continue for the next three (3) years.

Foster-care income

Foster-care income may be considered qualifying income if the income is received from a state- or county-sponsored organization and the Borrower has a two (2) year history of providing foster-care services. Foster care income must be likely to continue for the next three (3) years.

Alimony, child support or separate maintenance payments

Income from alimony, child support or separate maintenance payments may be considered qualifying income if the documentation shows that the payor was obligated to make payments to the Borrower for the most recent six (6) months and is obligated to make payment to the Borrower for the next three (3) years. Evidence that the payments have been received for the most recent six (6) months is required. If the payor has been obligated to make payments for less than six (6) months, if the payments are not for the full amount or are not received on a consistent basis, the income must not be considered for qualifying.

Housing or parsonage allowance

A non-military housing or parsonage allowance may be considered qualifying income if the documentation shows that the income has been received for the most recent 12 months and the allowance is likely to continue for the next three (3) years. The housing allowance may not be used to offset the monthly housing payment.

Mortgage Credit Certificates (MCCs)

The amount of the MCC tax credit may be considered as qualifying income in accordance with the following requirements:

- The amount used as qualifying income must be calculated as follows: (Mortgage amount) x (Note Rate) x (Mortgage Credit Certificate rate %) divided by 12
- The amount used as qualifying income cannot exceed the maximum Mortgage interest credit permitted by the IRS
- The Mortgage file must contain a copy of the:
 - MCC
 - Seller's calculation of the amount used as qualifying income

A history of receipt of MCC tax credit is not required.

(Continued on following page)

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

INCOME & EMPLOYMENT	
	<p>Tax-exempt income</p> <p>REMN WS may gross up all tax-exempt income once it has been established and documented that such income is likely to continue (and remain untaxed) into the foreseeable future. REMN WS must provide documentation, such as but not limited to tax returns, in the file to verify that the income is not taxable in order to "gross up" the tax-exempt income for qualifying. If REMN WS is not able to provide documentation to evidence that the income is not taxable, REMN WS cannot "gross up" the tax-exempt income for qualifying. To gross up tax-exempt income, REMN WS may use either 25% or the current federal and State income tax withholding tables to determine an amount which can be prudently employed to adjust or "gross up" the Borrower's actual income.</p> <p>Assets as a Basis for Mortgage Qualification</p> <p>The assets described in this section may be used to qualify the Borrower for the Mortgage, provided that, regardless of the underwriting path of the Mortgage, the requirements of this section are met. The Borrower must not currently be using the eligible assets as a source of income.</p> <p>» The following assets may be used to qualify the Borrower for the Mortgage, provided that the assets meet the following requirements: Retirement assets</p> <ul style="list-style-type: none"> – The retirement assets must be in a retirement account recognized by the Internal Revenue Service (IRS) (e.g., 401(k), IRA) – Borrower(s) must be the sole owner – The account must be immediately accessible in its entirety – Account funds must not be subject to a penalty – The Borrower's rights to the funds in the account must be fully vested <p>Lump-sum distribution funds not deposited to an eligible retirement asset</p> <p>If the lump-sum distribution funds have been deposited to an eligible retirement asset, follow the requirements for retirement assets described above.</p> <p>» Lump-sum distribution funds must be derived from a retirement account recognized by the IRS (e.g., 401(k), IRA) and must be deposited to a non-retirement brokerage or depository account</p> <p>» A Borrower must have been the recipient of the lump-sum distribution funds</p> <p>» Parties not obligated on the Mortgage may not have an ownership interest in the account that holds the funds from the lump-sum distribution</p> <p>» The proceeds from the lump-sum distribution must be immediately accessible in their entirety</p> <p>» The proceeds from the lump-sum distribution must not have been or currently be subject to a penalty</p> <p>Assets from the sale of the Borrower's business</p> <p>» The Borrower(s) must be the sole owner(s) of the proceeds from the sale of the business that were deposited to the non-retirement brokerage or depository account</p> <p>» Parties not obligated on the Mortgage may not have an ownership interest in the account that holds the proceeds from the sale of the Borrower's business</p> <p>» The proceeds from the sale of the business must be immediately accessible in their entirety</p> <p>» The sale of the business must not have resulted in the following: retention of business assets, existing secured or unsecured debt, ownership interest or seller-held notes to buyer of business</p> <p>Asset calculation for Mortgage qualification</p> <p>» REMN WS may use 70% of the balance of the eligible asset less any funds required to complete the transaction (e.g., down payment, Closing Costs, Financing Costs, Prepaids/Escrows), divided by 360 months, regardless of loan term or account balance, to qualify the Borrower for the Mortgage.</p> <p>Mortgage eligibility requirements</p> <p>The assets described in this section may only be used to qualify the Borrower if the Mortgage meets all of the following requirements:</p> <p>» The Mortgage is secured by a 1-unit Primary Residence or second home</p> <p>» The Mortgage is either a purchase transaction Mortgage, "no cash-out" refinance Mortgage, or Relief Refinance Mortgage</p> <p>» The Mortgage has a maximum LTV/TLTV/HCLTV ratio of 70%</p>

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

INCOME & EMPLOYMENT	
Rental Income	<p>Rental income may be generated from:</p> <ul style="list-style-type: none"> – A subject 1 unit Primary Residence – A subject 2-4 unit Primary Residence – A subject 1-4 unit Investment Property – Investment property owned by the Borrower other than the subject property <p>» Whenever rental income is to be used, reasonable adjustments to gross rental income must be made to compensate for vacancies, operating and maintenance expenses and rental income received for furniture.</p> <p>» If the Borrower owned a rental property during the previous tax year, the Borrower's individual federal income tax returns must be obtained to determine the net rental income or loss for qualifying. In some instances, the income reported on the Borrower's individual federal tax returns may not reflect the property's current rental value (i.e., the tax returns show large one-time expenses or the property was under renovation). In these instances, individual federal tax returns must be obtained; however, Form 998, Operating Income Statement, may be used to determine rental income. REMN WS must explain the reasons for not using the income or loss from the individual federal tax returns to determine rental income, in the Mortgage file.</p> <p>Rental income from the subject 2-4 unit Primary Residence</p> <p>Rental income from unit(s) in the Borrower's 2-4 unit Primary Residence that are not occupied by the Borrower may be used to qualify the Borrower. If rental income from the subject 2-4 unit Primary Residence is being used to qualify the Borrower, the following requirements apply:</p> <ul style="list-style-type: none"> » REMN WS must obtain and use Form 998 unless the subject property has been owned for at least one (1) year and is reported on Schedule E of the Borrower's prior year individual federal tax return. If income from the subject property is reported on the Borrower's individual federal tax returns REMN WS must use Schedule E to determine the net rental income. If Form 998 is used to determine rental income, it must be completed up to the Monthly Operating Income (MOI) reconciliation. » REMN WS must substantiate the rental income using the income approach on the appraisal and copies of the present lease(s), if applicable, must support the rental income used to qualify the Borrower. <p>Form 998 is not required if rental income from the subject property is not considered in qualifying the Borrower. Regardless of whether rental income is used in qualifying the Borrower, the ULDD Data Point <i>Property Dwelling Unit Eligible Rent Amount</i> for each non-owner occupied unit in a 2-4 unit Primary Residence must be delivered.</p> <p>Monthly Operating Income from the Form 998 or net rental income from Schedule E is entered under "Gross Monthly Income" in Section V of the Uniform Residential Loan Application, and may be considered as stable monthly income in qualifying the Borrower, provided the Borrower meets the reserve requirement.</p> <p>If Monthly Operating Income or net rental income from Schedule E is a negative number, it must be included as a liability for qualification purposes.</p> <p>Rental income from investment property owned by the Borrower other than the subject property</p> <p>Rental income from investment properties that are owned by the Borrower, other than the subject property, must be shown in the "Schedule of Real Estate Owned".</p> <ul style="list-style-type: none"> » When rental income from other investment properties owned by the Borrower in the previous tax year is reported on the Borrower's individual federal tax returns, REMN WS must use Schedule E of the Borrower's tax returns to determine the net rental income. Signed leases may be used to determine the net rental income for an investment property not owned during the previous tax year. » Additionally, signed leases may be used to substantiate gross rents that are higher than the rental income documented on the tax returns; however, no more than 75% of the gross rental income from the signed leases may be used, unless the prior two (2) years' individual federal tax returns clearly support the use of a higher percentage. » The aggregate net rental loss must be considered a liability for qualification purposes. Aggregate net rental income may be counted as stable monthly income, provided the reliability of receipt is clearly supported by the documentation in the file. <p>(Continued on following page)</p>

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

INCOME & EMPLOYMENT	
	<p>Rental income from the subject 1-4 unit Investment Property</p> <ul style="list-style-type: none"> » If the Borrower qualifies with the full monthly payment amount plus operating expenses for the subject Investment Property included in the Borrower's monthly debt payment-to-income ratio, no further evaluation or calculation of rental income from the subject property is required and Form 998 is not required. » REMN WS must deliver the ULDD Data Point <i>Property Dwelling Unit Eligible Rent Amount</i> for each 1-unit Investment Property and each unit in a 2-4 unit Investment Property regardless of whether rental income from the subject Investment Property is being used to qualify the Borrower. » If rental income from the subject Investment Property is to be considered in qualifying the Borrower, the following requirements apply: <ul style="list-style-type: none"> – REMN WS must obtain and use Form 998 unless the subject property has been owned for at least one (1) year and is reported on the Schedule E of the Borrower's prior year individual federal tax return. If income from the subject property is reported on the Borrower's individual federal tax returns, REMN WS must use Schedule E to determine the net rental income. If Form 998 is used, it must be completed up to the MOI reconciliation. – The income approach on the appraisal and copies of the present leases, if applicable, must support the rental income used to qualify the Borrower. » If the Net Cash Flow shown on the Form 998 or net rental income from Schedule E of the Borrower's tax returns is a positive number, that figure may be entered as rental income in the "Gross Monthly Income" section of Form 65 and may be considered stable monthly income. » If the Net Cash Flow shown on the Form 998 or net rental income from Schedule E of the Borrower's tax returns is a negative number, it must be included as a liability for qualification purposes.
Unreimbursed Business Expense	<ul style="list-style-type: none"> » When a borrower has unreimbursed business expenses, such as classroom supplies, uniforms, meals, gasoline, automobile insurance and/or automobile taxes. REMN WS must determine the monthly debt obligation for such expenses by developing a twenty-four (24) month average of the expenses. Information from the borrower's IRS form 1040 (signed) including all schedules (A & Form 2106) and net out any automobile depreciation claimed on IRS Form 2106. <ul style="list-style-type: none"> – If the expenses were taken for both years – a two (2) year average is used; unless the most recent year is significantly higher. In that even a satisfactory letter of explanation is required or the higher amount must be used. – If the expenses were only taken in the most recent year, then a twelve (12) month average is used. » The result of this calculation must be deducted from the borrowers' monthly qualifying income.
1st Time Homebuyer Investment Purchase	<p>REMN Overlay – REMN WS will no longer allow first-time homebuyers (FTHB) to utilize rental income to qualify on an investment property purchase. Any FTHB that is purchasing an investment must qualify without the use of any rental income from the subject property. FTHB is defined as at least one borrower(s) responds "No" to the declaration M question: "Have you had an ownership interest in the last 3 years?"</p>
IRS 4506T Requirements	<ul style="list-style-type: none"> » All borrowers, whose income is used to qualify, must sign IRS Form 4506-T on the application date and again on the Note Date. <ul style="list-style-type: none"> – Borrowers with income that is derived from sources in Puerto Rico must sign the most recent version of Commonwealth of Puerto Rico Form 2907 "Request For Copy of the Return, Estate or Gift Certificate of Release" (Modelo SC 2907 "Solicitud De Copia De Planilla, Relevo De Herencia Y De Donacion) for submission to the Puerto Rico Department of the Treasury, Internal Revenue Area. – Borrowers with income that is derived from sources in Guam or the U.S. Virgin Islands must sign the Form 4506-T for submission to the Guam Department of Taxation and Revenue or Virgin Islands Bureau of Internal Revenue, as applicable. » Loans where LPA Feedback Certification requires evidence of the "most recent tax returns"; if a loan is closing on or after October 15, 2015 REMN WS will need evidence of 2014 1040 being filed. This is for all loans in which LPA requires the tax return. » Transcripts cannot be used to verify income.

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

ASSETS	
Eligible Sources of Borrower Funds	<p>» Depository accounts include the following may be used for down payment, closing costs and financial reserves (including when evidence of liquidation is required*):</p> <ul style="list-style-type: none"> – Funds held in a checking, savings, money market, certificate of deposit or other depository account – Stocks, vested stock options, bonds, mutual funds US Government Securities and other securities that are traded on an exchange or marketplace generally available to the public provided that the value of the funds or securities can be readily verified through financial publications and the security is owned by the Borrower – US Savings Bonds, owned by the Borrower, used at 100% of face value if mature. If the bonds are not mature, the redeemable value at the time of underwriting must be used. – Personal IRA and SEP-IRA accounts that are owned by the Borrower – 401(k), KEOGH, 403(b) and other IRS-qualified employer retirement plan accounts owned by the Borrower, valued at the vested amount of the account less any outstanding loans secured by the account funds. – *When assets that are invested in stocks, bonds mutual funds, US government securities or other securities are needed for closing, evidence of liquidation is required unless the combined value of the assets is at least 20% greater than the amount from these assets needed for closing. <p>» Unverified funds are not acceptable for down payment, closing costs or financial reserves.</p> <p>» REMN WS must investigate any indication of borrowed funds.</p> <p>Note: REMN WS will only accept a fully completed VOD to <u>supplement</u> asset accounts where only an annual or semi-annual report is issued, in order to verify the current balance.</p> <p>Bank Statements (Evaluating Large Deposits)</p> <p>» Except as stated below, REMN WS is not required to document the sources of unverified deposits for purchase or refinance transactions. However, when qualifying the borrower, REMN WS must consider any liabilities resulting from all borrowed funds.</p> <p>Refinance Transactions</p> <p>» Documentation or explanation for large deposits is not required; however, REMN WS remains responsible for ensuring that any borrowed funds, including any related liability, are considered.</p> <p>Purchase Transactions</p> <p>» REMN WS 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 meeting the requirements for Borrower Funds and/or reserves.</p> <p>» When a large deposit is not documented and is not needed for Borrower Funds and/or required reserves, REMN WS must reduce the funds used for qualifying purposes by the amount of the unverified deposit.</p> <ul style="list-style-type: none"> – REMN WS must enter the reduced amount of assets into LPA. <p>» When a single deposit consists of both verified and unverified portions, REMN WS may use just the unverified portion when determining whether the deposit exceeds the 50% requirement.</p> <p>» When the source of funds can be clearly identified from deposit information on the account statement (i.e. direct payroll deposits) or other documented income or assets source in the file (i.e. tax refund amounts appearing on the tax returns in file), REMN WS is not required to obtain additional documentation.</p> <p>» REMN WS must document the source of a deposit of any amount regardless of the transaction type if we have any indication that the funds are borrowed or not from an eligible source.</p> <p>» REMN WS must document the source of funds when an account is opened within 90 days and/or the current balance in an account is significantly greater than the average balance.</p>
Required Borrower Funds	<p>Borrower Funds are all funds paid by the Borrower in connection with the property purchase or Mortgage financing. Borrower Funds must be from Borrower Personal Funds or Other Borrower Funds as outlined in this section.</p> <p>» REMN WS must verify sufficient Borrower Funds, including:</p> <ul style="list-style-type: none"> – Down payment (including an earnest money deposit) – Prepays/Escrow items, if paid by the Borrower – Closing Costs, if paid by the Borrower – Financing Costs, if paid by the Borrower <p>» When someone other than the Borrower is paying any of the items listed above, the file must contain documentation showing the amount being paid and who paid it. If the payments are made by an interested party to the transaction or funds from Premium Financing are being used, the requirements of Interested Party Contributions must be met.</p> <p>» See Assets As a Basis for Mortgage Qualification for additional information and requirements if business assets are used for the down payment or Closing Costs, Financing Costs and Prepays/Escrows.</p> <p>» Proof of liquidation must be provided for any non-liquid asset that is used for the down payment or Closing Costs, Financing Costs and Prepays/Escrows.</p> <p>» When verifying an earnest money deposit for a purchase transaction, REMN WS must determine that the source of the cash deposit is an eligible source of Borrower funds.</p>

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

ASSETS	
Down Payment Assistance	<ul style="list-style-type: none"> » Down payment assistance is allowed as long as the assistance is provided by a government entity. Evidence of the terms and provider must be included in the loan files and must meet Freddie Mac requirements. » Employer assistance is acceptable in accordance with Freddie Mac guidelines.
Minimum Borrower Contribution w/ Non-Occupant Co-Borrower	<ul style="list-style-type: none"> » For loan transactions with a Non-Occupant Co-Borrower, including LTV/CLTV's > 80%, Borrower funds (down payment and post-closing reserves may come from the occupant borrower and/or the non-occupant co-borrower.
Gift Funds	<ul style="list-style-type: none"> » Eligible for primary residence and second home transactions only. A gift or gift of equity are not allowed on investment properties » For second home transactions, if a gift from a related person is used with a mortgage that has a LTV/TLTV ratio greater than 80%, the gift is a permitted source of funds only if the borrower has made a down payment of at least 5% from borrower personal funds. The minimum borrower contribution is no longer required for primary residence transactions with > 80% LTV and an eligible gift or gift of equity used as a source of funds. » Documentation supporting a gift or gift of equity from a related person that does not have to be repaid must include a gift letter signed by the donor and contain the following information: <ul style="list-style-type: none"> – Donor's name and that funds are given by a related person – Donor's mailing address and telephone number – Amount of the gift – Establish that the funds are a gift that does not have to be repaid – If the gift funds are not verified in the borrower's account, provide evidence of transfer from the donor to the borrower. – Gift of equity must be reflected on the HUD-1.
Gift or Grant from an Agency	<ul style="list-style-type: none"> » A gift or grant from an Agency that does not have to be repaid, is an eligible source of borrower funds, provided that: <ul style="list-style-type: none"> – The gift or grant is given pursuant to an established program; – The Agency is not an interested party; and – The funds were not obtained from an interested party either directly or through a third (3rd) party. – Gifts and grants from Agencies are not eligible for borrower funds on investment properties.
Reserves – Eligible Assets	<p>Reserves may include assets eligible as Borrower Personal Funds and Other Borrower Funds (refer to Eligible Sources of Borrower Funds for eligible assets). In addition, the following are eligible for reserves:</p> <ul style="list-style-type: none"> » The Borrower's portion of undistributed trust funds » Cash Value of a Life Insurance policy (not the face value) that is verified. <ul style="list-style-type: none"> – The Borrower must be the owner of the policy and not the beneficiary. <p>Examples of assets that are not eligible to be reserves include:</p> <ul style="list-style-type: none"> » Nonfinancial assets such as collectibles, coins, stamps, and art work that would require appraisal and/or liquidation » Stocks issued by, or notes/loans receivable from, a privately held company » In connection with cash-out refinance Mortgages, the cash proceeds from the refinance transaction

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

ASSETS	
Reserves	Reserves are eligible assets, as described below, remaining after the loan closing. Reserves are measured by the number of months of the monthly payment amount for the property.
	» Reserves must be based upon the full monthly payment amount for the property. Monthly payment amount is defined as the sum of the following; Principal and Interest, hazard insurance, real estate taxes and when applicable; mortgage insurance, leasehold payments, HOA dues and payments on secondary financing.
	» REMN WS must verify all reserves used in the evaluation of the mortgage loan and must be entered in LPA. The minimum reserve requirements as described below must be met, as they apply to Loan Product Advisor (LPA) mortgages, regardless of Risk Class.
	Reserves required for Primary Residence
	Subject Property Required Reserves
	Primary Residence – 1 Unit None
	Primary Residence – 2-4 Unit Six (6) Months for the subject property
	Reserves required for Second Home and Investment Property
	Subject Property Required Reserves
	Second Home
	Two (2) Months for the subject property; and, Two (2) Months for each additional second home and/or 1-4 Unit Investment Property in which: » The borrower has an ownership interest or on which the borrower is obligated, and » That is financed.
	Investment Property
	Six (6) Months for the subject property; and, Two (2) Months for each additional second home and/or 1-4 Unit Investment Property in which: » The borrower has an ownership interest or on which the borrower is obligated, and » That is financed.

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

ASSETS		
Interested Party Contributions	Types of interested party contributions and eligibility requirements	
	» Freddie Mac will purchase Mortgages that include interested party contributions under the terms of the Purchase Documents and this section. Interested parties include, but are not limited to, the builder, developer, seller of the property and real estate agent. Interested party contributions may include either financing and/or sales concessions. Freddie Mac considers the following to be interested party contributions:	
	– Funds from REMN WS, originating lender, an employer, a municipality, a nonprofit organization and, except as stated below, a Related Person are subject to the interested party contributions requirements if the contributing party is affiliated with any of the interested parties as stated in the paragraph above	
	– Funds from an interested party that flow through a third-party organization or a nonprofit agency to the Borrower	
	– Funds from an interested party, including a third-party organization or a nonprofit agency, used to pay costs associated with the Mortgage transaction on the Borrower's behalf	
	– Funds that are donated to a third party, which in turn provides the funds to pay some or all of the Borrower's Closing Costs, Financing Costs and/or Prepaids/Escrows	
	– If Borrower is a realtor and is purchasing a home, his/her commission funds earned from the transaction is considered an acceptable interested party contribution, subject to the standard limits below. Like all other IPC's, these are not eligible to meet down payment, post-closing reserves and minimum borrower contribution requirements. Only allowed to cover closing costs and pre-paid items and it must be included on the HUD at closing.	
	» A gift, including a gift of Equity, from a Related Person who is also seller of the subject property is not subject to the requirements of this section, provided that:	
	– The Related Person is not, and has no affiliation with, the builder, real estate agent or any other interested party to the transaction and	
	– All of the requirements pertaining to gifts are met.	
» Funds from Premium Financing may be used by the lender to pay the Borrower's Closing Costs, Financing Costs and Prepaids/Escrows, but may not be used to fund a temporary subsidy buydown plan on a "no cash-out" refinance Mortgage. Funds from Premium Financing are not included in the maximum financing concession limitations below.		
Sales concessions		
» Sales concessions include:		
– Financing concessions in excess of the maximum financing concession limitations.		
– Any contributions such as vacations, furniture, automobiles, securities or other giveaways granted by any interested party to the transaction		
– Interested party contributions used to reimburse the Borrower for payment of fees charged to process or negotiate a short sale (commonly referred to as short sale processing fees, short sale negotiation fees, buyer discount fees, or short sale buyer fees)		
» For purposes of determining the value of the subject property, the dollar amount of any excess financing concessions, the value of any contributions and/or the dollar amount of any short sale fee reimbursements granted by an interested party to the transaction must be deducted from the purchase price. The LTV ratio is then calculated using the lower of the reduced purchase price (after the reduction for all sales concessions has been made) or the appraised value of the Subject property.		
Special documentation requirements		
» The amount and the source of all interested party contributions must be documented in the Mortgage file and be clearly shown on the HUD-1 Settlement Statement, as appropriate. Mortgages with interested party contributions paid outside of closing and not disclosed on the HUD-1 Settlement Statement are not eligible.		
Maximum IPCs	Primary Residence & Second Home	
	Investment	
	LTV/TLTV ≤ 75% = 9%	
	LTV/TLTV >75% - 90% = 6	
	LTV/TLTV ≥90.01% = 3%	
	2% regardless of LTV/TLTV	
» Seller cannot pay for future HOA Dues.		
» The amount in excess of the limitations above will be considered sales concessions.		
» Funds paid by the seller that are fees or costs customarily paid by the property seller according to local convention are not subject to the maximum concessions above.		
» Mortgages with any abatement (that is, funds provided to a lender or third party by an interested party to pay or reimburse in whole or in part a certain number of monthly payments of principal, interest, taxes, insurance and other assessments on the Borrower's behalf in excess of Prepaids/Escrows associated with the Mortgage closing) are not eligible.		
» The payment of no more than twelve (12) months of homeowners association (HOA) dues by an interested party is not considered an abatement but is considered an interested party contribution, subject to the requirements for interested party contributions. The funds for the payment of the HOA dues must be collected at closing and transferred directly to the HOA, as documented on the Settlement/Closing Disclosure statement.		

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

OTHER REAL ESTATE OWNED	
Number of Properties Financed with REMN WS	<p>» The preferred method for processing multiple mortgages for the same borrower, but on different properties is to process, underwrite and close them at the same time. Essentially once all of the mortgages are closed, they would "mirror" one another, with each property reflecting the new mortgages on the other properties.</p> <p>» However, we cannot always control when a borrower can close and it might not be possible to close the loans simultaneously. In this instance, the file has to be uniquely underwritten, as we must consider the "worst case" scenario. In other words, even though the final 1003 can only show what the borrower is legally obligated for on the day of closing, there must be a memo to the file showing what the anticipated ratios, etc., will be, once the other loan(s) close.</p> <p>» REMN WS realizes that the other loan(s) ultimately may not close; however, since the borrower has applied for another mortgage, the terms and conditions of that proposed mortgage must be considered.</p> <p>REMN WS Overlay: More than 4 REMN WS Mortgages - Exception must be approved by Chief Credit Officer after review by Underwriting/Operations Manager or Retail Underwriting Helpdesk Manager.</p>
Properties Owned Free & Clear	<p>» Properties owned free and clear must be verified by REMN WS; listed below are the requirements to verify. Note: All 4 items are required to be obtained.</p> <ol style="list-style-type: none"> 1. 1040's. 2. IRS Tax Transcripts- Showing no mortgage interest. If the borrower owns multiple properties and have other mortgages; copy of 1098 would be required to match up the lien on the 1003 with the IRS Form 1098. 3. MERS Report- for property showing no lien. 4. Inquiries on Credit Report- Must be addressed to insure that they have not taken out a recent mortgage loan (as required by LQI). <p>» The satisfactory receipt of the above items will satisfy the requirement verifying a property is owned free and clear.</p>

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

APPRAISAL, PROPERTY, SALES CONTRACT	
Appraisal Management Companies (AMC)	<p>All appraisal orders must be placed through REMN Wholesale's approved appraisal management companies:</p> <ul style="list-style-type: none"> » ACT Appraisal Management (AR, AZ, CA, IL, MN, MT, NE, NM, NV, OK, PA, WY) » Momentum Appraisal Group (TX) » Mortgage Management Consulting (All other states) » Nationwide Property and Appraisal Services (ID) <p>Please refer to the Order an Appraisal page on the Broker Portal for further instruction.</p>
Appraisal	<ul style="list-style-type: none"> » Photographs must be original photographs or electronic images that are in color and illustrative of the property. » The photographs must be clear, appropriately identified and must clearly show the improvements, including any physical deterioration of the property, amenities, conditions and external influences that have a material effect on the market value or marketability of the subject property. » For any comparable sale, if an original photograph cannot be obtained, a clear copy of the photograph of the comparable sale from a multiple listing service (MLS) is acceptable. The appraiser must have provided a reasonable justification for using the MLS source. » Photographs must include at least the following: <ul style="list-style-type: none"> » Front view of the subject property, » Rear view of the subject property, » Street scene identifying the location of the subject property and showing neighboring improvements, » Kitchen, » All bathrooms, » Main living area; and » Additional photographs, as needed, to show any physical deterioration, improvements, amenities, conditions and external influences that materially impact market value or marketability. » Property Inspection Alternative – Ineligible. » Free standing stoves/ovens and refrigerator are not required. » Air conditioning is not required; however, if window unit is installed it must be functional or removed. » A conventional heating source is required and must maintain a temperature of 50° in areas where there is plumbing. » Floor covering is not required as long as the flooring does not cause a health or safety issue. » Cracked glass is not required to be repaired; however, broken glass that is a health hazard must be removed and the opening closed to the weather. » Must be residential in nature as defined by the characteristics of the property and surrounding market area, » Must be safe, sound and structurally secure, » Must be adequately insured per FHLMC guidelines for hazard and flood insurance, » Must be the highest and best use of the property as improved (or as proposed per plans and specs), and the use of the property must be legal or legal non-conforming use, » Must be readily accessible by roads that meet local standards, » Must be served by utilities that meet community standards; and, » Must be suitable for year-round use. » Termite inspection is only needed if required by contractor or by the appraiser due to evidence indicating infestation. » Well inspection is only needed if required by state or local regulations or if the well is thought to be contaminated. <p>Septic inspection is only needed if required by the appraiser due to evidence indicating the septic system may be failing.</p>
Minimum Property Standards	<ul style="list-style-type: none"> » Free standing stoves/ovens and refrigerator are not required. » Air conditioning is not required; however, if window unit is installed it must be functional or removed. » A conventional heating source is required and must maintain a temperature of 50° in areas where there is plumbing. » Floor covering is not required as long as the flooring does not cause a health or safety issue. » Cracked glass is not required to be repaired; however, broken glass that is a health hazard must be removed and the opening closed to the weather.
Property Requirements	<ul style="list-style-type: none"> » Must be residential in nature as defined by the characteristics of the property and surrounding market area, » Must be safe, sound and structurally secure, » Must be adequately insured per FHLMC guidelines for hazard and flood insurance, » Must be the highest and best use of the property as improved (or as proposed per plans and specs), and the use of the property must be legal or legal non-conforming use, » Must be readily accessible by roads that meet local standards, » Must be served by utilities that meet community standards; and, » Must be suitable for year-round use.
Termite / Well / Septic Inspections	<ul style="list-style-type: none"> » Termite inspection is only needed if required by contractor or by the appraiser due to evidence indicating infestation. » Well inspection is only needed if required by state or local regulations or if the well is thought to be contaminated. » Septic inspection is only needed if required by the appraiser due to evidence indicating the septic system may be failing.

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

APPRAISAL, PROPERTY, SALES CONTRACT	
Property Flips	<ul style="list-style-type: none"> » REMN WS must pay particular attention and institute extra due diligence for those loans in which the appraised value is believed to be excessive or where the value of the property has experienced significant appreciation in a short time period since the prior sale. » The HPMI Appraisal Rule has specific requirements for Property Flips
Field Review	<ul style="list-style-type: none"> » A Field Review (Form 1032) is required when property value is \geq \$1,000,000 and the LTV/TLTV exceeds 75.00%. » The appraiser performing the initial appraisal and the appraisal field review report must be qualified to perform appraisals without oversight or supervision by a "supervisory" appraisal.
Additions without Permits	<ul style="list-style-type: none"> » Properties with unpermitted structural additions are acceptable under the following conditions: <ul style="list-style-type: none"> – The subject addition complies with all investor guidelines. – The quality of work is described in the appraisal and deemed acceptable (workmanlike quality) by the appraiser. – The addition does not result in a change of the number of units comprising the subject property (i.e. a 1 unit converted into a 2 unit). » If the appraiser gives the unpermitted addition value, the appraiser must be able to demonstrate market acceptance by the use of comparable sales with similar additions and state the following in the appraisal: <ul style="list-style-type: none"> – Non-Permitted additions are typical for the market area and a typical buyer would consider the "unpermitted" additional square footage to be part of the overall square footage of the property. – The appraiser has no reason to believe the addition would not pass inspection for a permit.
Comparable Selection (REMN WS POLICY)	<ul style="list-style-type: none"> » The source of the closed comparable sales utilized to establish value must be from the Multiple Listing Service (MLS), Metropolitan Regional Information Systems, Inc. (MRIS), Midwest Real Estate Data (www.mredllc.com) and North Texas Real Estate Information System (www.ntreis.net), San Antonio Board of Realtors (www.sabor.com), Geo Data or Comps Inc. a. MLS/MRIS will provide additional information on the property not found on other public sources (i.e., Days on Market, Interior Conditions and/or any specific terms or conditions to the transaction that are all found within the MLS/MRIS data and not found in other public sources such as a HUD-1 and/or tax record). b. This applies to all of the comparable sales used to establish value, not just the first three (3). If the appraiser is providing more than three (3) comparable sales to support the value, those additional comparable sales are subject to the same rule. » There are three (3) States; Vermont, Maine & New Hampshire, where MLS is not common and customary and therefore it will be acceptable to accept comparable sales from a public source other than the MLS/MRIS <ul style="list-style-type: none"> a. Although the comparable sales do not need to be through MLS, they do need to be through a public independent source. » If the appraiser elects to use comparable sales not verified through the MLS, the appraisal report must be elevated the REMN WS's Chief Appraiser, Mike Turriziani, for his review and approval. <ul style="list-style-type: none"> a. Mike's review and approval of the appraisal must occur BEFORE an approval decision can be communicated. This cannot be a "condition" of the loan approval. » In the case of new construction, it is not uncommon that the builder may not list sales on the MLS/MRIS. The use of builder supplied comparable sales will be acceptable provided; <ul style="list-style-type: none"> a. The appraiser comments in the appraisal report that the builder marketed the project in an "open" or "public" environment such as newspaper; bill-boards near the project, builder web site, etc. b. At least one (1) of the comps must be outside the subject project and from the MLS or MRIS. c. At least two (2) of the comps must be sources other than the builder. The appraiser is permitted to provide more than three (3) comparable sales in order to support the value.
Condominiums	<ul style="list-style-type: none"> » Must follow Freddie Mac published Condominium Eligibility Guidelines. » Streamlined condo review allowed in accordance with Freddie Mac Guidelines » Streamlined review for attached condo units in established condo projects NOT located in Florida: <ul style="list-style-type: none"> – Owner Occupied up to 90.00% LTV – Second Homes up to 75.00% LTV – Investment properties are NOT eligible. » Condo or PUD projects involved in litigation, arbitration, mediation or other dispute are eligible, 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 part to current litigation, arbitration, mediation or other dispute resolution process and the reason for the dispute involved 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 covered by the insurance policy. – The matters involve non-monetary neighbor disputes regarding rights of enjoyment, or – The Homeowners Association is a plaintiff in the litigation and REMN WS has determined that the matter is minor with insignificant impact on the financial status of the condominium project.

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

APPRAISAL, PROPERTY, SALES CONTRACT	
Florida Condominiums	<ul style="list-style-type: none"> » Newly converted condo project are NOT eligible » PERS is required for new condo projects » Established review allowed » Streamlined review allowed: <ul style="list-style-type: none"> – Owner Occupied up to 75.00% LTV – Second Homes up to 70.00% LTV – Investment properties are NOT eligible
Re-Sale Restrictions	<ul style="list-style-type: none"> » Freddie Mac will purchase Mortgages secured by properties subject to resale restrictions including, but not limited to, income-based restrictions (also referred to as inclusionary zoning) and age-based restrictions (such as senior housing or units restricted to one or more occupants age 55 or over), if the requirements of this section are met and the re-sale restrictions are in compliance with all federal, State and local laws, rules and regulations. » The income-based restrictions referenced above are typically imposed by State or local governments to require a specified number or percentage of properties in a designated area to be dedicated as housing for low- or moderate-income individuals. These income-based resale restrictions are stated in an easement, covenant or condition in a deed or other instrument executed by or on behalf of the owner of the land, and they may be in effect for a certain number of years or continue in perpetuity. <p>General purchase requirements for all Mortgages secured by Resale Restricted Properties Freddie Mac purchase requirements, including, but not limited to, all applicable Condominium Project and Planned Unit Development (PUD) requirements must be met.</p> <p>Length of Resale Restrictions; Effect of Foreclosure or Deed-in-Lieu of Foreclosure A mortgage secured by a property subject to a resale restriction is eligible for purchase if the resale restriction:</p> <ul style="list-style-type: none"> – Survives foreclosure or completion of a deed-in-lieu of foreclosure, or – Terminates upon foreclosure or completion of a deed-in-lieu of foreclosure <p>Right of first refusal For properties subject to resale restrictions, any right of first refusal must run to the enabling authority or jurisdiction that imposed the resale restrictions, with a time period not exceeding 90 days from the date of written notice to the authority or jurisdiction that the restricted property is being offered for sale.</p> <p>Resale Restrictions controls Properties subject to resale restrictions controls, except for those relating to age-based restrictions, must have resale controls for a fixed period of time. The controls must be administered by a duly authorized authority of State, local or municipal government or an agent of the authority that has established mechanisms to provide applicant screening and processing on an ongoing basis. The resale restriction controls may not be administered by the developer.</p> <p>Public land records Agreements or requirements, i.e., enacted ordinances, statutes, published policies or imposed restrictions, must appear in the public land records for the project in a manner discoverable by a routine title search.</p> <p>Payment of financial obligations Any requirement in the deed restrictions requiring the owner of the property to make payments under certain circumstances or requiring repayment of financial subsidies must state that the payment obligation is subordinate to the lien of the First Lien Mortgage.</p> <p>Appraisal requirements for properties with resale restrictions The appraisal report must include at least two (2) comparable sales with similar resale restrictions, an analysis of the comparable sales and reflect impact of the resale restrictions on the property's value and marketability.</p> <p>Additional Requirements applicable only to Mortgages secured by Properties subject to Income-Based Restrictions</p> <ul style="list-style-type: none"> » Eligible property types, mortgage products and mortgage purpose requirements <ul style="list-style-type: none"> – <u>Property Type & Occupancy</u> – Mortgage must be secured by 1 unit primary residence. The property must be an attached or detached dwelling unit, located on an individual lot or in a Condominium project or Planned Unit Development (PUD). – <u>Mortgage Products</u> – Mortgage must be a First Lien Conventional Mortgage that is not a Construction Conversion Mortgage or Renovation Mortgage (neither are currently offered by REMN WS). – <u>Mortgage Purpose</u> – Mortgage must be either be a (i) purchase transaction or (ii) a "no cash-out" refinance.

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

APPRAISAL, PROPERTY, SALES CONTRACT	
Escrow Holdbacks	» Escrow holdbacks are not eligible under this program (REMN WS overlay).
Recently Listed Properties	<p>No Cash-Out / Rate Term</p> <p>» Subject property must not currently be listed for sale.</p> <p>» Borrowers must confirm their intent to occupy the subject property (for principal residence transactions).</p> <p>Cash-Out</p> <p>» Subject property must not currently be listed for sale.</p>
Corporate Resolution	<p>There have been discrepancies and inconsistencies regarding what documentation should be requested by an underwriter to verify who is authorized to sign the contract of sale on behalf of a seller, when seller is not an individual. When seller of a property is a “business” and not an individual person, the following guidance is provided.</p> <p>The following groups do not require any unique documentation:</p> <p>» HUD, VA, FNMA, FHLMC, USDA and any other Government agencies</p> <p>» Banks</p> <p>» Relocation firms</p> <p>» Builders</p> <p>All other institutions, including LLC’s, partnerships and/or corporations:</p> <p>» If you have the articles of incorporation or other public record obtained from the state.gov site reflecting the sole member’s name, and that is the person who signed the contract as seller, no additional information is needed. Please print that page and upload it into Blitz. You can label it as part of the Contract of Sale and in the comments section note that it is seller’s signature authorization.</p> <p>» If you have the articles of incorporation or other public record obtained from the state.gov site reflecting several members’ name and the person who signed the contract as seller is designated within the articles as authorized to sign on behalf of the business, no additional information is needed. Follow the same Blitz instructions noted for a sole owner.</p> <p>» If these two options are not available, then you need the corporate resolution verifying the person who signed the contract of sale is authorized to do so.</p>

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

PROPERTY INSURANCE																					
Hazard Insurance Coverage	Single Family & Individual PUD Unit	Flood Insurance	Condominium & PUD (Common Areas)																		
	<p>Amount of Coverage (A or B)</p> <p>A. LESSER of loan amount (must equal minimum 80% of the insurable value) or 100% of the insurable value – OR –</p> <p>i. Insurable value can be determined by either the property insurer or by utilizing the appraisal “Total Estimate of Cost-New”.</p> <p>B. Guaranteed Replacement Cost – provided it specifically guarantees replacement regardless of cost. Declaration page must reflect: <u>Full Replacement Cost Coverage or 100% Replacement Cost Coverage</u> (Cost Approach - land value if using appraisal to determine insurable value).</p>	<p>Amount of Coverage (A,B or C)</p> <p>1-4 Unit Properties, PUD, Ground Lease Community Units</p> <p>A. LESSER of 100% replacement cost of insurable improvements; or</p> <p>B. Maximum amount of coverage currently sold under the Regular Program of NFIP (if community participates in Regular NFIP), or Emergency Program of NFIP (if community participates in Emergency NFIP) for the type of improvements insured; or</p> <p>C. The unpaid principal balance of the mortgage.</p> <p>Condominium Units</p> <p>See Flood Insurance – Condo Units for details.</p>	<p>Master Insurance Policy</p> <p>A. Must cover all general & limited common elements.</p> <p>B. 100% insurable replacement cost of the projects improvements.</p> <p>i. Guaranteed Replacement Cost- the insurer agrees to replace the insurable property regardless of the cost,</p> <p>ii. Extended Replacement Cost- the insurer agrees to pay more than the property’s insurable replacement cost, or</p> <p>iii. Replacement Cost- the insurer agrees to pay up to 100% of the property’s insurable replacement cost.</p> <p>HO-6 (Walls in Coverage)</p> <p>A. Required unless Master Policy includes “walls-in” coverage.</p> <p>B. 20% of the Appraised value; or, Coverage amount determined by insurer; must be sufficient to repair unit to its condition prior to loss claim event.</p> <p>In the event the insurer is not willing to provide a statement indicating that coverage is sufficient to restore the property to its original condition and will not provide 20% coverage, REMN WS will not be able to proceed with the loan.</p>																		
	<table><tr><td>OPINION OF SITE VALUE</td><td>= \$</td><td>20,000</td></tr><tr><td>DWELLING 1,419 Sq.Ft. @ \$ 100.00</td><td>= \$</td><td>141,900</td></tr><tr><td>693 Sq.Ft. @ \$ 25.00</td><td>= \$</td><td>17,325</td></tr><tr><td>Open Porch/Fireplace</td><td>= \$</td><td>5,500</td></tr><tr><td>Garage/Carport Sq.Ft. @ \$</td><td>= \$</td><td></td></tr><tr><td>Total Estimate of Cost-New</td><td>= \$</td><td>164,725</td></tr></table>	OPINION OF SITE VALUE	= \$	20,000	DWELLING 1,419 Sq.Ft. @ \$ 100.00	= \$	141,900	693 Sq.Ft. @ \$ 25.00	= \$	17,325	Open Porch/Fireplace	= \$	5,500	Garage/Carport Sq.Ft. @ \$	= \$		Total Estimate of Cost-New	= \$	164,725		
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Total Estimate of Cost-New	= \$	164,725																			
Coverage Requirements	<p>HURRICANE, WIND, HAIL</p> <p>A. FHLMC requires that a policy cannot exclude hurricane, hail or windstorm. Therefore on FHLMC loans the individual clearing insurance will be required to insure that there is no exclusion for these types of issues.</p> <p>i. The following States do not allow for an exclusion. Therefore it is not necessary to check for an exclusion in the following States: AR, MA, NY, NC, RI, SC, TX & WA.</p> <p>ii. Sometimes the issue of hurricane, wind and/or hail will be listed on the “dec” page as to whether it is included or not. In other instances it will not be on the “dec” page and therefore a review of the actual policy will be required.</p>																				
Maximum Deductible	<p>A. 5% of the face value of the policy; including any separate or endorsement policy.</p> <p>NOTE: Some investors (such as Bond Loans through US Bank) require either a maximum of \$1,000 deductible OR 1% face value of the policy.</p>	<p>A. 1-4 Family: \$10,000</p> <p>B. Condo / PUD: \$25,000</p>	<p>A. 5% of the face value of the policy; including any separate or endorsement policy.</p>																		
Completion of the HUD1	<p>a. The only premium(s) noted in the “900” series of the HUD are those premium that will be PAID at or prior to closing. Funds noted in this area of the HUD are not transferred to the Servicing Departments as they are not escrowed and are disbursed at or prior to closing.</p> <p>b. Any premiums that are being collected and NOT disbursed at or prior to closing should be placed in the “1000” series of the HUD. This includes any anticipated new premium (based upon 100% of the existing premium) if the closing/operation manager has approved an exception to the 45 day rule noted in item # 3 above.</p>																				

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

PROPERTY INSURANCE			
Policy Period	Single Family & Individual PUD Unit	Flood Insurance	Condominium & PUD (Common Areas)
	<p>A. Purchases: coverage can begin no later than date of closing (Wet State) or loan disbursement date (Dry State). The coverage must be for a minimum of 12 months from the effective date.</p> <p>B. Refinances: coverage should end no earlier than when the second mortgage payment is due. On an exception basis, the closing manager can approve a policy that has a minimum of 45 days remaining. In no event can a loan close with less than 45 days coverage from the closing date (Wet State) or loan disbursement date (Dry State), unless an exception has been approved by the Closing Manager or Operations Manager.</p> <p>ii. If the closing manager approves the exception, they must notify servicinghelpdesk@homebridge.com, so that servicing can manually track the loan.</p> <p>iii. An e-mail must always be sent to servicing help desk (e-mail address noted below) specifically explaining the circumstances.</p> <p>iv. Exceptions can only be approved by either the Closing Manager or the Operations Manager.</p> <p>v. The closer should collect the anticipated new premium (based upon 100% of the existing premium) and not paying it at closing. The amount should be entered in the "1000" series of the HUD as appropriate AND – the anticipated disbursement date entered on aggregate escrow screen.</p>		<p>A. Purchase & Refinance – Master Policy cannot expire earlier than 14 calendar days prior to the loan disbursement date.</p>
Paid Receipt	<p>A. Purchases: Where possible, policies should be paid in full prior to closing. If the market area dictates that it is common and customary for the premium to be paid at settlement, this is permitted. In all instances the premium must be properly reflected on the HUD-1 Settlement Statement. In addition, even if the policy is by the closing agent at time of closing, it must be reviewed and approved by REMN WS prior to settlement.</p> <p>B. Refinances: A paid receipt through the policy period (as defined in 3b above) is required.</p> <p>ii. If the premium is due sooner than when the second payment is due, the closer should NOT PERMIT the premium to be paid based upon last year's invoice. The closer should escrow a sufficient amount of funds (consistent with standard aggregate escrow policy) so that Servicing can pay the premium when the new bill is due. Since Servicing would have already been made aware of the exception (policy period) they can manually track the loan.</p> <p>iii. If the existing policy will end before the second payment is due, but a new policy and invoice has been made available, then the closer should have the <u>new</u> premium paid at closing.</p>		<p>A. Master Policy – Paid through policy period.</p> <p>B. Individual Coverage on purchase and refinance transactions (as applicable) – same as single family requirements.</p>
Insurance Company Rating	<p>A. A.M. Best & Company: "B" or "6" Rating</p> <p>B. Demotech: "A" Rating</p> <p>C. Lloyds of London</p> <p>D. FAIR Plan (only if coverage is available)</p>	Not Applicable	<p>A. A.M. Best & Company: "B" or "6" Rating</p> <p>B. Demotech: "A" Rating</p> <p>C. Lloyds of London</p> <p>D. FAIR Plan (only if coverage is available)</p>
Other Acceptable Insurance Underwriters	<p>A. Policies underwritten by a state's Fair Access to Insurance Requirements (FAIR) plan, if it is the only coverage that can be obtained,</p> <p>B. Policies obtained through state insurance plans – such as the Hawaii Property Insurance Association (HPIA), Florida's Citizens Property Insurance Corporation, or other state-mandated windstorm and beach erosion insurance pools – if that is the only coverage that is available; and,</p> <p>C. A separate hurricane insurance policy issued by the Hawaiian Hurricane Relief Funds (for properties located in Hawaii), as long as the companion non-catastrophic fire and extended coverage (or homeowner's) policy is obtained from a property insurer that satisfies the Insurance Company Rating as indicated above..</p>		
Insured Name & Property Address	<p>A. All names on Title must be on policy.</p> <p>B. Legal address must match appraisal and title. If a/k/a is used due to mailing address; zip code must match.</p>		<p>A. Master Policy – Homeowners Association.</p> <p>B. Individual - All names on Title must be on policy.</p>

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

PROPERTY INSURANCE	
Mortgagee Clauses	<p><u>For Homeowners Insurance (including Hazard, Flood, Wind, Hail, etc.):</u> Homebridge Financial Services, Inc., DBA Real Estate Mortgage Network its successors and/or assigns as their interest may appear P.O. Box 7047 Troy, MI 48007-7047</p> <p><u>For Title Insurance and Closing Protection Letter:</u> Homebridge Financial Services, Inc., DBA Real Estate Mortgage Network its successors and/or assigns as their interest may appear 194 Wood Avenue South, 9th Floor Iselin, NJ 08830</p>
	<p><u>Flood Insurance – Condo Units</u></p> <p><u>Detached Condo Units:</u> Flood insurance requirements for 1-4 unit properties apply to similar residential properties in a Detached Condominium Project.</p> <p><u>Attached Condo Units:</u> The following flood insurance coverage, as applicable, is required: <u>Condominium Owners Association's Coverage</u></p> <ul style="list-style-type: none"> » The condominium owners association must maintain building coverage on the building for the lower of: <ul style="list-style-type: none"> – The building's replacement cost, or – \$250,000 multiplied by the number of residential units in the building. <p><u>NOTE:</u> Stand-alone flood insurance dwelling policies for an attached individual condo unit are not acceptable</p> » The condominium owners association must maintain contents coverage on the building for the lower of: <ul style="list-style-type: none"> – The actual cash-value of the contents in the building that are owned in common by the association members, or – The maximum amount of contents coverage sold by the NFIP for a condominium building. » The deductible of the condominium owners association's coverage may not exceed the maximum deductible amount currently allowed under the NFIP for condominium association building coverage. The deductible for association building contents may not exceed the maximum deductible amount currently allowed under NFIP for association building contents. <p><u>Unit Owners Coverage</u></p> <ul style="list-style-type: none"> » To the extent the condominium owners association's building coverage does not meet the above requirements, the Borrower must maintain supplemental coverage on the unit in an amount at least equal to the difference between the condominium association's building coverage allocated to that unit and the amount required on a 1-4 unit property and with a deductible not exceeding the maximum deductible allowed for a 1-4 unit property. <p>If the condominium owners associations' building coverage is not at least equal to the lower of 80% of the building's replacement cost or \$250,000 multiplied by the number of units in the building, the Mortgage is not eligible for sale to Freddie Mac, with the exception of Freddie Mac Open Access loans, which remain eligible with supplemental coverage if applicable.</p>