

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION



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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	85.00%	Per LPA		2 Unit	75.00%	Per LPA	
3-4 Unit	80.00%	Per LPA		3-4 Unit	75.00%	Per LPA	
Manufactured Home	95.00%	Per LPA		Manufactured Home (15-20yr Fixed)	65.00%	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	90.00%	Per LPA		1 Unit	75.00%	Per LPA	
Manufactured Home	85.00%	Per LPA		N/A	N/A	N/A	
*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				
	2017	2018***	2017	2018***			
1 Unit	\$424,100	\$453,100	\$636,150	\$679,650			
2 Unit	\$543,000	\$580,150	\$814,500	\$870,225			
3 Unit	\$656,350	\$701,250	\$984,525	\$1,000,000**			
4 Unit	\$815,650	\$871,450	\$1,000,000**	\$1,000,000**			
Super Conforming Loan Amount ¹							
Units	Contiguous States, DC		Alaska, Hawaii				
	2017	2018***	2017	2018***			
1 Unit	\$636,150	\$679,650	\$954,225	\$1,000,000**			
2 Unit	\$814,500	\$870,225	\$1,000,000**	\$1,000,000**			
3 Unit	\$984,525	\$1,000,000**	\$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 ***Freddie Mac has updated Loan Product Advisor (LPA) to reflect the 2018 Loan Limits as of 12/3/2017. Mortgages meeting the higher 2018 limits are not eligible for sale to Freddie Mac until on or after 1/1/2018.							

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	
2017	2018*	2017	2018*	2017	2018*	2017	2018*
\$424,101	\$453,101	\$543,001	\$580,151	\$656,351	\$701,251	\$815,651	\$871,451
Minimum Loan Amount - Alaska & Hawaii							
1 Unit		2 Unit		3 Unit		4 Unit	
2017	2018*	2017	2018*	2017	2018*	2017	2018*
\$636,151	\$679,651	\$814,501	\$870,226	\$984,526	N/A	N/A	
* Freddie Mac has updated Loan Product Advisor (LPA) to reflect the 2018 Loan Limits as of 12/3/2017. Mortgages meeting the higher 2018 limits are not eligible for sale to Freddie Mac until on or after 1/1/2018.							
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 (3-4 unit Conforming in AK & HI, 3-4-unit Super Conforming in Continental US; 1-4-unit Super-Conforming in AK & HI), manual underwriting is required, which REMN does not allow for FHLMC loans.					
Super Conforming Appraisal Requirements		» REMN WS must obtain an appraisal with an interior and exterior inspection that meets Freddie Mac requirements, unless the last Loan Product Advisor (LPA) feedback certificate includes and automated collateral evaluation offer stating that the Mortgage is eligible for collateral representation and warranty relief with an appraisal waiver and REMN WS has accepted the offer. » See Automated Collateral Evaluation section for more information on automatic collateral evaluation.					

HomeOne		
Mortgage Purpose	Subordinate Financing	Max LTV/HTLTV/TLTV
Purchase	None	97%/97%/97%
	Affordable Second	97%/97%/105%
	Other Second	97%/97%/97%
Limited Cash-Out Refinance*	None	97%/97%/97%
	Affordable Second**	97%/97%/105%
	Other Second	97%/97%/97%

* Existing Mortgage(s) being refinanced MUST be owned or securitized by Freddie Mac

** Existing Mortgage(s) being refinanced DOES NOT need to be owned or securitized by Freddie Mac

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

Home One - 97% PRODUCT OPTION	
Home One	<ul style="list-style-type: none"> » Home One loans must receive Accept risk assessment from Loan Product Advisor (LPA) » Must be fixed rate mortgage » Must be secured by 1-unit properties – no manufactured homes allowed » All borrowers must occupy the property as their primary residence. » Maximum LTVs <ul style="list-style-type: none"> – Max LTV = 97% – TLTV for 2nd mortgages with Affordable Seconds = 105% <ul style="list-style-type: none"> ▪ TLTV capped at 97% for HELOCs or 2nd mortgages that are not Affordable Seconds » Loan Purpose: <ul style="list-style-type: none"> – Purchase – Limited Cash-Out Refinance <ul style="list-style-type: none"> ▪ For loans with LTV/TLTV greater than 95% and TLTV with secondary financing that is not an Affordable Second greater than 95%, the mortgage being refinanced must be owned in whole or in part or securitized by Freddie Mac ▪ For loans with TLTV greater than 95% with secondary financing that is an Affordable Second, the mortgage being refinanced does not have to be owned or securitized by Freddie Mac ▪ To identify if Freddie Mac owns the Mortgage, the Borrower can look up the loan in Freddie Mac's Loan Look-Up Tool » Borrower Eligibility: <ul style="list-style-type: none"> – For purchase transactions and limited cash-out refinance mortgages, at least one borrower on the transaction must have a usable credit score as determined by Loan Product Advisor (LPA) – For purchase transactions, at least one borrower must be a First-Time Homebuyer » Homeownership Education – For purchase transactions, when all borrowers are First-Time Homebuyers, at least one borrower must participate in a homeownership education program and complete it prior to the Note date. <ul style="list-style-type: none"> – Homeownership education must not be provided by an interested party to the transaction, the originating lender or by the Seller. – Homeownership education programs may use different formats and require different lengths of time to complete. The following are acceptable: <ul style="list-style-type: none"> ▪ Programs developed by HUD-approved counseling agencies, Housing Finance Agencies (HFAs) or Community Development Financial Institutions (CDFIs) ▪ Programs developed by mortgage insurance companies ▪ Programs that meet the standards of the National Industry Standards for Homeownership Education and Counseling (www.homeownershipstandards.com) ▪ As an alternative to the programs listed above, Freddie Mac's free financial literacy curriculum, CreditSmart®, meets the homeownership education requirements, provided: <ul style="list-style-type: none"> ➤ The Borrower completes the on-line Credit Smart – Steps to Homeownership Tutorial – With Certificate » A copy of Homeownership Education Certification or another document (such as the CreditSmart – Steps to Homeownership certificate of completion) containing comparable information must be retained in the Mortgage file » Mortgage Insurance is required <ul style="list-style-type: none"> – Standard rates apply – LPMI is allowed – Financed Mortgage Insurance is allowed – qualifying LTV must include MI

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

Comparison Chart – HomeOne vs. Home Possible			
	Freddie Mac HomeOne - 97%	Freddie Mac Home Possible*	Freddie Mac Home Possible Advantage*
Benefits	Higher LTVs No Income or Area eligibility	Reduced MI available	Higher LTVs Reduced MI available
Eligible Loan Type	Fixed Rate Only	Fixed Rate ARMs (1-2 unit only - no Manufactured Homes)	Fixed Rate Only
Loan Purpose	Purchase Limited Cash-Out Refinance	Purchase Limited Cash-Out Refinance	Purchase Limited Cash-Out Refinance
Property & Occupancy	1-unit Primary Residence (SFR, Warrantable Condo/PUD) No Manufactured Homes No Area Restrictions	1-4 Unit Primary Manufactured Homes allowed If income exceeds 100% AMI, then Property must be in Low Income Census Tract	1-4 Unit Primary If income exceeds 100% AMI, then Property must be in Low Income Census Tract
LTV/CLTV/CLTV Limits	97%/105%* * With Affordable 2 nd	95%	97%/105%* * With Affordable 2 nd
Borrower Eligibility	No Income Limits At least 1 Borrower must be First-Time Homebuyer on Purchases Homebuyer Education required for First-Time Homebuyer	Cannot own any other residential property - see guidelines for exceptions Income cannot exceed 100% AMI if property is located outside of a Low-Income Census Tract Homebuyer Education required on Purchases	
Underwriting Method	LPA Accept Manual UW not allowed	LPA Accept Manual UW not allowed	LPA Accept Manual UW not allowed
Temporary Buydowns	Not Allowed	Allowed	Only allowed on 1-Unit properties
*Please reference the Wholesale Freddie Mac Home Possible Product Description for additional program guidelines and criteria that apply to Freddie Mac Home Possible and Home Possible Advantage.			

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, CD, 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. – For certain LPA mortgage transactions, Freddie Mac may accept the "value" to be the REMN WS-provided estimate of value or the purchase price as the basis for the underwriting of the mortgage. See the Automated Collateral Evaluation section for more information on automated collateral evaluation. 		
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. 		
Land Trusts	<ul style="list-style-type: none"> » A Land Trust Mortgage is a mortgage secured by property for which the title is held by a land trust. » A land trust is a trust arrangement that meets all the following requirements: <ul style="list-style-type: none"> – The legal and equitable title to the trust property is held by a trustee; – The interest of any beneficiary of the trust is personal property, and – The beneficiary(ies) of the trust possesses (possess) the sole: <ul style="list-style-type: none"> o Power of direction and control over the trustee in dealing with title to the trust property; o Control of the management, operation, renting, and selling of the trust property; and o Right to the earnings and proceeds of the sale or rental of the trust property » At least one beneficiary of the land trust must be a borrower. » All beneficiaries of the land trust must be individuals. » A copy of the land trust agreement is retained in the mortgage file. » The property must be located in a state that by statute, recognizes and permits the use of Land Trusts, such as Illinois. » Each beneficiary of the land trust who is a borrower must execute a Collateral Assignment of Beneficial Interest (CABI). The requirements for the CABI can be found in The Seller Guide Section 5103.7(b)(ii). 		
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	
Temporary Buydown	» Not Permitted
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 2% fee limitation for all closing costs, fees and charges <ul style="list-style-type: none"> ○ Excluded: Prepaids, Appraisal Costs, Survey Costs, Title Insurance Premiums, Title Examination Report, & Bona fide discount points used to buy down the interest rate (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 CD for review a minimum of 24 hours prior to closing and send back to REMN 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 REMN for 12 days. ○ 24 Hours - must pass after the borrower(s) have signed their final CD 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. » 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 ○ Loans with Automated Collateral Evaluation (ACE) » 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 » ARM terms available: No assumptions and no buydowns allowed. Qualifying Payment: Initial fixed rate period of 5 years or less (6 Month to 5 Year ARM) – Borrower qualified at no less than the greater of the Note Rate plus two (2) percentage points or the fully indexed rate. <ul style="list-style-type: none"> ○ 3/1 LIBOR ARM – 2/2/6 Caps ○ 5/1 LIBOR ARM – 2/2/5 Caps (not eligible if HPML) ○ 7/1 LIBOR ARM – 5/2/5 Caps ○ 10/1 LIBOR ARM – 5/2/5 Caps » A power of attorney is 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) » Manufactured Homes – see Manufactured Home Product Compare on HomeBase for complete guidelines/criteria. » Rural Properties (in accordance with Agency guidelines; must be residential in nature) » Leasehold Estates - Lease term must exceed mortgage maturity date by five (5) years 						
LDP/GSA	<p>The following parties must be checked against the LDP & GSA (SAM) list (first, middle, last)</p> <table> <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"> » 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 » Property Condition Rating of C5/C6 or Quality Rating of Q6 » Properties located in Lava Zone 1
Lava Zone Properties	<ul style="list-style-type: none"> » Not eligible in Lava Zone 1 » No restrictions for properties located in Lava Zones 2 and 3 or higher.
Ineligible Transactions	<ul style="list-style-type: none"> » Manual Underwrite » A Minus LPA Finding Recommendation » MCC (Mortgage Credit Certificate) programs; allowed after closing (cannot be used for qualifying purposes) » Borrowers that receive Government/Public Assistance Income (commonly known as Section 8). » Non-Traditional Credit » 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. » Texas 50 (a)(6) » Temporary Buydowns » 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. » Loans where a borrower(s) has a Deferred Action for Childhood Arrivals (DACA) status
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 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 obligated on Notes, land contracts and/or any debt or obligation related to such 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 obligated on Notes, land contracts and/or any debt or obligation related to such 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"> – ARCH MI, Essent Guaranty, Genworth, Radian, National and MGIC are approved with REMN WS. » Genworth, Arch & Essent must be contacted to confirm eligibility and underwriting criteria. » Financed MI Premiums <ul style="list-style-type: none"> – Base LTV Ratio: The LTV Ratio calculated using the mortgage amount without the financed mortgage insurance premium. – Gross (higher) LTV Ratio: 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>

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

PRODUCT OVERVIEW	
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 CD 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>NOTE: Borrower(s) must own the property individually for the aforementioned 6 months to meet the above requirement. Prior ownership in the name of an LLC owned by the borrowers does not count towards the ownership seasoning. On the other hand, if prior ownership was held in an inter-vivos/revocable trust in the borrower's name and meets FHLMC criteria (as defined in FHLMC Selling Guide: 5103.05 Living Trust), this can be applied towards ownership seasoning if title had transferred from the trust to the borrower.</p> <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 CD 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 CD 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 Prepaids/Escrows as documented by the CD 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

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

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 Prepaids <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 of 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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PRODUCT OVERVIEW	
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

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

PRODUCT OVERVIEW	
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 – CD 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>

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

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. » If borrower(s) has a Deferred Action for Childhood Arrivals (DACA) status, the loan is not eligible for financing with REMN WS.
Prior Mortgage Fraud	<ul style="list-style-type: none"> » REMN WS 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, REMN WS will not provide financing for the transaction. » There are NO exceptions the aforementioned criteria.

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

CREDIT & UNDERWRITING									
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. <p>NOTE: Any debt not reported on the credit report must be documented as being repaid in a satisfactory manner.</p> <ul style="list-style-type: none"> – 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. 								
Determining Representative Credit Score	<table border="1"> <thead> <tr> <th colspan="2">Determining the Individual Borrower Representative Score when duplicate scores exist from three (3) repositories</th></tr> <tr> <th>Scores Received:</th><th>Freddie Mac Representative Score: (use the duplicate score)</th></tr> </thead> <tbody> <tr> <td>700, 700, 680</td><td>700</td></tr> <tr> <td>700, 640, 640</td><td>640</td></tr> </tbody> </table>	Determining the Individual Borrower Representative Score when duplicate scores exist from three (3) repositories		Scores Received:	Freddie Mac Representative Score: (use the duplicate score)	700, 700, 680	700	700, 640, 640	640
Determining the Individual Borrower Representative Score when duplicate scores exist from three (3) repositories									
Scores Received:	Freddie Mac Representative Score: (use the duplicate score)								
700, 700, 680	700								
700, 640, 640	640								
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 must be specifically addressed by the borrower AND they must indicate the disposition of <u>each</u> 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. 								

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

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 – Follow internal procedure to send to REMN QC Department, CC: the Chief Credit Officer for the respective division 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 CD.</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> <p>» Student Loans</p> <ul style="list-style-type: none"> – In repayment status: <ul style="list-style-type: none"> o GREATER OF the amount on the credit report or 0.50%. o Includes income-based repayment option. – In deferment or forbearance – (not in repayment) <ul style="list-style-type: none"> o GREATER OF the amount on the credit report or 1.00%. o Since the debt is not in repayment, irrelevant if income based or fully amortizing. – In forgiveness, cancellation, discharge and/or employment contingent repayment <ul style="list-style-type: none"> o 10 or less payments – OR <p>» Evidence the borrower qualifies for and meets ALL REQUIREMENTS of forgiveness, cancellations, discharge and/or employment contingent repayment.</p>
IRS Payment Plan	<p>Allowed on a case by case basis:</p> <p>» Tax liens may remain unpaid if the Borrower has entered into a valid repayment agreement with the federal agency owed to make regular payments on the debt and the Borrower has made timely payments for at least one (1) month of scheduled payments. The Borrower cannot prepay scheduled payments in order to meet the required minimum of one (1) months of payments.</p> <p>» The payment amount in the agreement must be included in the calculation of the Debt-to-Income (DTI) ratio.</p> <p>Verification</p> <p>» REMN must check public records and credit information to verify that the Borrower is not presently delinquent on any Federal Debt and does not have a tax lien placed against their Property for a debt owed to the federal government.</p> <p>Required Documentation</p> <p>» REMN must include documentation from the IRS evidencing the repayment agreement and verification of payments made, if applicable.</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 with 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>» If the Borrower is a cosigner/guarantor on a debt (which includes Mortgage debt) for another person, REMN WS must determine who 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>» If the debt is NOT a mortgage debt, it can be excluded with evidence another party (who cannot be an interested party to the subject transaction) has made the payments on their own for 12 months in a timely manner. The person making the payments does not need to be legally obligated on the debt.</p> <p>» If the debt IS a mortgage debt it can be excluded with evidence another party (who cannot be an interested party to the subject transaction) has made the payments on their own for 12 months in a timely manner. The person making payments MUST ALSO BE LEGALLY OBLIGATED on the debt. In addition, the borrower cannot be on title to the property.</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. If 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) 	
Self-Employed Borrower's Debt Paid by the Business	<p>» When a self-employed borrower is obligated on a debt that has been paid by the borrower's business for twelve (12) months or longer, the monthly payment for the debt may be excluded from the monthly debt payment-to-income ratio if the following requirements are met:</p> <ul style="list-style-type: none"> – The Mortgage file contains evidence that the debt has been paid timely by the borrower's business for no less than the most recent twelve (12) months, and – The tax returns evidence that business expenses associated with the debt (e.g. interest, lease payments, taxes, insurance) have been reported and support that the debt has been paid by the business. 	
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	<ul style="list-style-type: none"> » Employment and income documentation must comply with the requirements of Loan Product Advisor or the Freddie Mac Seller Guide if not addressed by LPA. » For salaried employees the verbal verification of employment must be completed within ten (10) business days prior to the Note date. » For self-employed borrower the verbal verification of employment must be completed within 30 days prior to the Note date. » 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. » Provide a written analysis of income used to qualify the borrower on the Transmittal Summary or like documents in the file. » An income analysis must be completed for self-employed borrowers. » Assets as a Basis for Repayment of Obligations are acceptable. » Rental income can only be considered only if the federal income tax returns reflect a two (2) year history of managing investment properties. <p>Determining the Need for Federal Income Tax Returns</p> <ul style="list-style-type: none"> » 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: <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 	
	<ul style="list-style-type: none"> » Stable monthly income may be income from primary and secondary employment, including base earnings plus consistent secondary income, such as bonuses, commissions, overtime, additional part-time employment or seasonal employment. REMN WS must analyze all income documentation while taking into consideration the characteristics of the employed income (e.g. employment and income source, type, and stability of the employment history). » A borrower who has had different types of employment in the past may be considered to have stable income if the amount has remained at a consistent level. When evaluating a borrower who has changed jobs frequently, REMN WS must focus on whether the changes have affected the borrower's ability to pay the borrower's obligation. 	
General Requirements for All Employed Income	<ul style="list-style-type: none"> » Primary employment is considered as the borrower's primary source of employed income whether derived from employment such as full-time employment, part-time employment, full time and/or part-time seasonal employment. » Secondary employment is considered as any type of employment (e.g. second part-time job or multiple jobs) that is in addition to the borrower's primary employment. 	
Primary and Secondary Employment & Income	<ul style="list-style-type: none"> » In most instances, the Borrower should have at least a two (2) year history of primary employment documented on Uniform Residential Loan Application. » For borrowers who are active-duty members of the United States Armed Forces, a history of military employment is not required for the employment to be considered stable. » The tenure of the borrower's employment with the same employer or in the same or similar industry lends support to the analysis of employment stability » Under certain instances, when a borrower has less than two (2) year history of primary employment, REMN WS may be able to justify and determine that the employment is stable. Examples that may support less than two (2) year of primary employment include, but are not limited to the following: 	
	Returning to Workforce	For a borrower returning to the workforce after a period of extended absence, for any reason, documentation is provided to support a stable employment history that directly preceded the extended absence.
	New to the Workforce	For a borrower new to the workforce, documentation is provided that supports the borrower's recent attendance at school or in a training program prior to their current employment
	Recent Employment Gaps	For a borrower who experienced recent employment gaps (e.g. 30 days), documentation is obtained from the borrower explaining the circumstances surrounding the gap(s).
10 Day Pre-Closing Verification (10-day PCV)	<ul style="list-style-type: none"> » Verification of the Borrower's current employment (10-day PCV) must be obtained no more than ten (10) business days prior to the Note Date. 	
	Verbal VOE	<ul style="list-style-type: none"> » Name of borrower, employer's name, name & title of individual contacted at employer, date of contact, phone number used to contact the employer » Name of third-party source used to obtain the phone number for the employer (e.g. phone directory, reliable internet source, directory assistance, etc.) » Borrower's current employment status » Any additional information that was verified » Name, title and employer of the representative who contacted the borrower's employer and completed the Verbal VOE
	Military Leave & Earnings Statement	<ul style="list-style-type: none"> » A military Leave and Earnings Statement dated no more than thirty (30) days prior to the Note Date (or 31 days for longer months).

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INCOME & EMPLOYMENT			
Employment History Requirements – Secondary Employment	<p>» In most instances, the borrower should have at least a two (2) year history of secondary employment for the employment to be considered stable. Under certain circumstances, when a borrower has less than a two (2) year secondary employment history but has at least a twelve (12) month history, REMN WS may be able to justify and determine the employment is stable. Examples that may support less than a 2yr history of secondary employment include, but are not limited to, the following:</p> <ul style="list-style-type: none"> – The borrower previously held a job with base non-fluctuating earnings working 40 hours per week for multiple years; however, due to reasons such as position elimination, work force reduction, or illness, the borrower is no longer employed at this job and is now working at multiple part-time jobs that are similar in hours and pay, when combined, to the previous full-time job. Since the borrower's full-time employment ended 18 months ago, the length of employment at each part-time job is in the range of 13 to 15 months. In this scenario, REMN WS must be able to justify an employment history of less than two (2) years for the secondary and additional jobs provided the earnings are consistent and the borrower has exhibited the ability to repay obligations. – The borrower is employed in the educational system as a teacher. During the previous summer, the borrower taught summer school within the same educational system and is now starting summer school teaching for the current year. Although the two (2) year history is not yet fully developed, given the job type and current employment situation, REMN WS may be able to justify including the summer school income provided an accurate qualifying amount can be established and documented based on the previous and current earnings. Additional documentation to determine the stable monthly income may be appropriate (e.g. how many classes, how much, is it similar to prior year?). 		
	<p>» The following requirements and guidance apply to all primary and secondary employed income and all applicable employment characteristics including, but not limited to, full-time, part-time and seasonal employment</p>		
Earning Types – Requirements and Guidance	Earnings Type		Requirements and Guidance
	Base Non-Fluctuating Employment Earnings		<p>» For the purpose of determining stable monthly income, base non-fluctuating employment earnings are considered to be earnings with a pre-determined and agreed upon rate of pay and number of hours worked each pay period.</p> <ul style="list-style-type: none"> – The pay rate and number of hours worked must be reflected on an ongoing consistent basis for each pay period and be fully supported by the year-to-date income. In addition, if the annual salary is reported on the income verification documentation, that may be considered additional confirmation of base non-fluctuating earnings. – Base non-fluctuating earnings may include both exempt (salaried) and non-exempt earnings; however, the pay rate and number of hours worked must not fluctuate between pay periods – Base non-fluctuating earnings may include military base (basic) pay. For members of the United States Armed Forces, active-duty pay is considered base non-fluctuating earnings. – Base non-fluctuating earnings may include part-time earnings, provided the number of hours worked each pay period are pre-determined and the same, as outlined above. <p>» Base non-fluctuating earnings do not include additional employed income (e.g. bonus, overtime, tips). Refer to Additional Employed Income section for guidance pertaining to additional employed income.</p>
	Fluctuating Hourly Employment Earnings		<p>» For the purpose of determining stable monthly income, fluctuating hourly employment earnings are considered to be employment earnings with hours that may fluctuate each week or pay period. The hours are not pre-determined; however, the employer and the borrower may have a general expectation of weekly hours. The hourly pay rate is a pre-determined and agreed-upon fixed amount.</p> <ul style="list-style-type: none"> – Fluctuating hourly earnings may be determined by a review of the year-to-date (YTD) income verification documentation with analysis focused on hours per pay period and YTD earnings in relation to hours worked. – Fluctuating hourly earnings are not considered base or salaried earnings. – Fluctuating hourly employment earnings are typically representative of non-exempt earnings. <p>» Fluctuating hourly earnings do not include additional employed income (e.g. bonus, overtime, tips). Refer to Additional Employed Income section for guidance pertaining to additional employed income.</p>
	<p>» This chart contains documentation requirements pertaining to earning types for primary and secondary employment.</p>		
Earning Types – Documentation Requirements	Primary & Secondary Employment Earnings Types		Documentation Requirements
	Primary Employment Earnings:	» Base Non-Fluctuating Earnings and	<p>All the Following:</p> <ul style="list-style-type: none"> » YTD paystub(s) documenting all YTD earnings, W-2 form(s) for the most recent calendar year, and a ten (10) day pre-closing verification (10-day PCV) <p>Or All of the Following:</p> <ul style="list-style-type: none"> » Written Verification of Employment (VOE) documenting all YTD earnings and the earnings for the most recent calendar year and a 10-day PCV.
		» Fluctuating Hourly Earnings	
		» Military Base (Basic) Pay	<p>All the Following:</p> <ul style="list-style-type: none"> » YTD Military Leave and Earnings Statement, W-2 form(s) for the most recent calendar year, and a 10-day PCV. <p>Or All of the Following:</p> <ul style="list-style-type: none"> » Written Verification of Employment (VOE) documenting all YTD earnings and the earnings for the most recent calendar year and a 10-day PCV
	Secondary Employment Earnings:	<p>» Base Non-Fluctuating Earnings and</p> <p>» Fluctuating Hourly Earnings</p>	<p>All the Following:</p> <ul style="list-style-type: none"> » YTD paystub(s) documenting all YTD earnings, W-2 form(s) for the most recent calendar year, and a 10-day PCV <p>Or All of the Following:</p> <ul style="list-style-type: none"> » Written Verification of Employment (VOE) documenting all YTD earnings and the earnings for the most recent calendar year and a 10-day PCV.

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INCOME & EMPLOYMENT			
Employment Characteristics	» For all employment characteristics below, REMN WS must determine whether the employment represents primary or secondary employment and use the applicable requirements for history, continuance, earnings type, documentation and calculation in this section and in conjunction with Freddie Mac Selling Guide chapters 5301 and 5302, unless specifically stated otherwise. For certain employment characteristics, additional documentation and/or analysis may be needed, as described below.		
	Employment Characteristics		Additional Requirements
	Full-Time and Part-Time Employment	Full-time and part-time employment may be either primary or secondary employment, and may be comprised of base non-fluctuating earnings, fluctuating hourly earnings and/or additional employed income.	None
	Seasonal Employment	Seasonal employment may be primary employment (e.g. highway construction and road work in colder regions) or secondary employment (e.g. educators teaching summer school). The borrower's earnings may be comprised of base non-fluctuating earnings, fluctuating hourly earnings, and/or additional employed income.	When unemployment income associated with the seasonal employment is being used as stable monthly income: <ul style="list-style-type: none"> – A documented two (2) year history of seasonal employment and income receipt is required, and – The requirements for unemployment income associated with seasonal employment in Freddie Selling Guide Section 5303.3 must be met.
	Union Members	<ul style="list-style-type: none"> » Certain union members may work in industries where they may switch employers frequently and the union facilitates the next position. In that case, the borrower may have multiple YTD paystubs and W-2's, all of which can be used for the verification and calculation of stable monthly income. The borrower's earnings may be comprised of base non-fluctuating earnings, fluctuating hourly earnings and/or additional employed income. » A borrower may exhibit a stable and consistent employment and income history, regardless of the number of employers. » The borrower may be in between employers at the time of closing. If REMN WS determines that the borrower's employment and income history is stable, and it is documented that the borrower has multiple jobs as described above, it may be acceptable to obtain the ten (10) day pre-closing verification (PCV) through the union. REMN WS must make this determination based on a review of all employment and income characteristics. 	None* <p>*Except for union members who are employed through the union/union hall (i.e. contract employee, tradesmen) and/or receive variable sources of income from assigned union jobs. In such cases, 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 for further reference.</p>
	Borrower Employed by A Family Member or By the Property Seller, Real Estate Broker, or Other Interested Party to the Transaction	When a borrower is employed by a family member or by an interested party to the transaction, the employment and income is not arm's length. Due to the increased layering of risk inherent in non-arm's length transactions, further in-depth analysis is required to determine stability of the income.	Complete signed federal individual income tax return for the most recent year.
	Employed Income from a Foreign Source	<ul style="list-style-type: none"> » When a borrower receives employed income from a foreign source, the income may be considered for qualifying income provided the income is reported on the borrower's U.S. federal individual income tax return for the most recent year, in addition to meeting the requirements in Freddie Selling Guide Chapter 5303. » Refer to Freddie Selling Guide Chapter 5305 for all other non-employment/non-self-employment income from a foreign source. 	Complete signed U.S. federal individual income tax return for the most recent year.

(Continued on following page)

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INCOME & EMPLOYMENT			
Employment Characteristics (cont'd)	Employment Contracts	» Employment Contracts in the Educational Industry: – It is common for borrowers who work in the educational industry, such as teachers, to be employed under renewable or term employment contracts – For the educational field, if the borrower provides an annually renewable or term contract, it is reasonable to consider continuance of receipt, provided REMN WS does not have knowledge or documentation to the contrary.	None
		» Employment Contracts in Other Industries: – If an employment contract is provided, it may also be considered for the purposes of determining stable monthly income. – When making the determination of employment history, income stability and the monthly income amount, REMN WS must take into consideration factors such as whether or not employment contracts are reasonably common to the particular employment field and/or region, the pay structure outlined within the terms of the contract and whether the borrower has demonstrated the ability to maintain consistent employment and income with this form or a similar form of pay structure over the most recent two (2) years.	Obtain a documented two (2) year history of income and employment in the same or a similar employment field or industry when the terms of the employment contract do not include a base non-fluctuating pay structure.
	Temporary Services Employment	» Some contract firms and temporary staffing firms contract out the services of their employees to other employers. » When making the determination of employment history, income stability and the monthly income amount, REMN WS must take into consideration factors such as whether the borrower has demonstrated the ability to maintain steady and continuous employment and income with this employment structure over the most recent two (2) year period.	W-2 forms from the contract and/or temporary staffing firm for the most recent two (2) year period.
	Income Reported on IRS Form 1099	» At times, borrowers receive IRS Form 1099(s) for services performed; this pay structure is often referred to in terms such as contractor or contingent worker. » Income received on IRS Form 1099 for services performed may be reported on Schedule C and may represent a sole proprietorship. If REMN WS determines that the borrower is a sole proprietor, refer to the requirements and guidance in Freddie Selling Guide Chapter 5304. Factors REMN WS may consider when determining whether income reported on Schedule C is representative of a sole proprietorship include, but are not limited to, the principal business or profession, gross receipts or sales, cost of goods sold, and the type and level of expenses reported.	» All 1099's for the most recent two (2) year period, and » YTD paystubs or YTD earnings statements received by the borrower, and » Complete federal individual income tax returns covering the most recent one (1) year period, and » REMN WS must determine if more information and documentation is needed for determining stable monthly income.
Employment and Income Commencing After the Note Date	For borrowers starting new employment, income commencing after the Note Date may be considered a stable source of qualifying income, provided all requirements below are met.		
	Subject	Requirements	
	Employment and Earnings Type	» Primary employment » Base non-fluctuating salaried earnings	
	General Eligibility	» Purchase money mortgage » 1-unit Primary Residence » Borrower(s) employed by a family member or by an interested party to the transaction are NOT eligible.	

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INCOME & EMPLOYMENT		
Employment and Income Commencing After the Note Date (cont'd)	Subject	Requirements
	Offer Letter or Employment Contract	<p>» Copy of the employment offer letter or employment contract that:</p> <ul style="list-style-type: none"> – Is fully-executed and accepted by the borrower – Is non-contingent or provide documentation such as letter or e-mails, from the employer verifying all contingencies have been cleared – Includes the terms of employment, including but not limited to, employment start date and annual base non-fluctuating earnings. <p>» REMN WS's written analysis must confirm employment contracts are reasonably common to the particular employment field, industry and/or region.</p>
	Ten (10) Day Pre-Closing Verification (10-day PCV)	10-day PCV verifying the terms of the offer letter or employment contract have not changed.
Additional Employed Income	Additional Requirements	<p>» Prior to the Note Date, REMN WS must determine and document in its written analysis which of the following options is chosen:</p> <p>Option One</p> <ul style="list-style-type: none"> • REMN WS is not required to obtain the paystub for the new employment • The Note Date cannot occur more than sixty (60) days prior to the commencement of employment as documented on the offer letter or employment contract, and • REMN WS must: <ul style="list-style-type: none"> ○ Document adequate income and/or liquid assets to pay the monthly housing expense and other monthly liabilities between the Note Date and the employment start date, and ○ Document an additional six (6) months reserves <p>Option Two</p> <ul style="list-style-type: none"> • REMN WS is required to obtain the paystub for the new employment prior to the Delivery Date and retain it in the mortgage file. The paystub must validate the income used to qualify, and • REMN WS must document adequate income and/or income assets to pay the monthly housing expense and other monthly liabilities between the Note Date and the employment start date.
	General Overview	A borrower may receive additional income from employment such as commission, bonus and overtime pay. Generally, additional employed income is received in connection with the primary or secondary employment; however, there are instances where the income is received through separate sources, such as the military reserve or National Guard. If REMN WS includes additional employed income to qualify the borrower, REMN WS must determine that the amount of income used to qualify the Borrower is stable and complies with the requirements below for each income type. All income must be either expected to continue or have documented continuance for at least three (3) years as defined in the specific income types.
	Income History and Stability – Requirements and Guidance	Many additional employed income types are fluctuating income. The stability of fluctuating income is determined based primarily upon historical earnings, so it is imperative that a sufficient income history has been established. For this reason, most income types that fluctuate have a history requirement of two (2) years. In certain instances, a shorter history may still be considered stable if REMN WS provides a written analysis and sufficient supporting documentation justifying the determination of stability. When making this determination, REMN WS must take into consideration factors such as income and/or employment characteristics and the overall layering of risk factors, including the borrower's demonstrated ability to repay obligations. In no event may the history be less than twelve (12) months.
	Earnings Types for Additional Employed Income	<p>» Fixed Earnings</p> <ul style="list-style-type: none"> – For the purposes of determining stable monthly income, fixed additional employed income earnings are considered to be earnings that are based on a pre-determined/agreed-upon fixed amount of pay that is fully-documented, such as an automobile allowance, mortgage differential or military entitlement(s). <p>» Fluctuating Earnings</p> <ul style="list-style-type: none"> – For the purposes of determining stable monthly income, fluctuating additional employed income earnings are considered to be earnings that fluctuate on a regular basis, often based on factors such as hours worked, job type and performance. Fluctuating earnings may include, but are not limited to, income types such as commissions, overtime, bonus, tips, Reserve and National Guard, and unemployment compensation associated with seasonal employment.

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INCOME & EMPLOYMENT			
Stable Monthly Income & Documentation for Additional Employed Income	The chart below includes the stable monthly income and documentation requirements for additional employed income:		
	Income Type	Stable Monthly Income Requirements	Documentation Requirements
	Commission Income < 25%	<p>History of Receipt: Two (2) years consecutive</p> <p>Continuance: Must be likely to continue for at least the next three (3) years.</p> <p>Calculation: Refer to Fluctuating Employment Earnings section for calculation guidance and requirements.</p>	<p>All of the Following:</p> <ul style="list-style-type: none"> » YTD paystub(s) documenting all YTD earnings, W-2 forms for the most recent two (2) calendar years, and a ten (10) day pre-closing verification (10-day PCV) <p>Or All of the Following:</p> <ul style="list-style-type: none"> » Written VOE documenting all YTD earnings and the earnings for the most recent two (2) calendar years and a 10-day PCV.
	Commission Income > 25%	<p>History of Receipt: Two (2) years consecutive</p> <p>Continuance: Must be likely to continue for at least the next three (3) years.</p> <p>Calculation: Unreimbursed employee expenses reflected on Schedule A and IRS Form 2106 (if applicable) of the borrower's federal individual income tax returns must be deducted from the borrower's gross commission income when calculating income. Refer to Fluctuating Employment Earnings section for calculation guidance and requirements.</p>	<p>All of the Following:</p> <ul style="list-style-type: none"> » YTD paystub(s) documenting all YTD earnings, W-2 forms for the most recent two (2) calendar years, and a 10-day PCV » Complete federal individual income tax returns covering the most recent two (2) year period. <p>Or All of the Following:</p> <ul style="list-style-type: none"> » Written VOE documenting all YTD earnings and the earnings for the most recent two (2) calendar years and a 10-day PCV. » Complete federal individual income tax returns covering the most recent two (2) year period.
	Bonus Income	<p>History of Receipt: Two (2) years consecutive</p> <p>Continuance: Must be likely to continue for at least the next three (3) years.</p> <p>Calculation: Refer to Fluctuating Employment Earnings section for calculation guidance and requirements.</p>	<p>All of the Following:</p> <ul style="list-style-type: none"> » YTD paystub(s) documenting all YTD earnings, W-2 forms for the most recent two (2) calendar years, and a 10-day PCV <p>Or All of the Following:</p> <ul style="list-style-type: none"> » Written VOE documenting all YTD earnings and the earnings for the most recent two (2) calendar years and a 10-day PCV.
	Overtime Income		
	Tip Income Reported by the Employer		
	Tip Income – Cash & Charge Tips Reported on IRS Form 4137	<p>History of Receipt: Two (2) years consecutive</p> <p>Continuance: Must be likely to continue for at least the next three (3) years.</p> <p>Calculation: Refer to Fluctuating Employment Earnings section for calculation guidance and requirements</p>	<p>All of the Following:</p> <ul style="list-style-type: none"> » IRS Form 4137 for the most recent two (2) years » Complete federal individual income tax returns covering the most recent two (2) year period » 10-day PCV
	Automobile Allowance	<p>History of Receipt: Two (2) years consecutive</p> <p>Continuance: Must be likely to continue for at least the next three (3) years.</p> <p>Calculation: REMN WS may add the full amount of the allowance to the borrower's qualifying income, and when calculating the borrower's debt-to-income (DTI) ratio, REMN WS must include the full amount of the monthly automobile financing expense in the calculation of the borrower's total monthly debt payment. REMN WS may not subtract the automobile allowance from the monthly automobile financing expense.</p>	<p>All of the Following:</p> <ul style="list-style-type: none"> » YTD paystub(s) documenting all YTD earnings, W-2 forms for the most recent two (2) calendar years, and a 10-day PCV <p>Or All of the Following:</p> <ul style="list-style-type: none"> » Written VOE documenting all YTD earnings and the earnings for the most recent two (2) calendar years and a 10-day PCV.
	Mortgage Differential	<p>History of Receipt: A history of receipt is not required for the income to be considered stable.</p> <p>Continuance: Must continue for at least the next three (3) years.</p> <p>Calculation: Payments from the borrower's employer for all or part of the housing payment differential between the borrower's present and proposed mortgage payment. REMN WS may add the mortgage differential payments to the borrower's income. The payments may not be used to offset the monthly housing payment amount used for qualification.</p>	<ul style="list-style-type: none"> » Agreement from the employer stating the terms including, but not limited to, the scheduled amount and duration of the payments. » The documentation must show that the payments are pursuant to an established, ongoing and documented employer program. The employer must not be an interested party to the transaction.

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INCOME & EMPLOYMENT			
Stable Monthly Income & Documentation for Additional Employed Income (cont'd)	Income Type	Stable Monthly Income Requirements	Documentation Requirements
	Military Entitlements	<p>History of Receipt: A history of receipt is not required for the income to be considered stable.</p> <p>Continuance: Must be likely to continue for at least the next three (3) years.</p> <p>Calculation: Current fixed monthly amount.</p> <p>Examples of entitlements include flight or hazard duty, rations, clothing allowance, or quarters' allowance.</p>	<p>All of the Following:</p> <ul style="list-style-type: none"> » YTD Leave and Earnings Statement, W-2 form for the most recent calendar year, and a 10-day PCV. <p>Or, All of the Following:</p> <ul style="list-style-type: none"> » Written VOE documenting the current monthly fixed entitlement amount(s) and type(s) and the earnings for the most recent calendar year, and a 10-day PCV.
	Military Reserve and National Guard Income	<p>History of Receipt: One year</p> <p>Continuance: Must be likely to continue for at least the next three (3) years.</p> <p>Calculation: Twelve (12) month average</p>	<p>All of the Following:</p> <ul style="list-style-type: none"> » YTD Leave and Earnings Statement, W-2 form for the most recent calendar year, and a 10-day PCV. <p>Or, All of the Following:</p> <ul style="list-style-type: none"> » Written VOE documenting all YTD earnings and the earnings for the most recent calendar year, and a 10-day PCV.
	Unemployment Compensation Associated with Seasonal Employment	<p>History of Receipt: Two (2) years, consecutive</p> <p>Continuance: Must be likely to continue for at least the next three (3) years.</p> <p>Calculation: Refer to Fluctuating Employment Earnings section for calculation guidance and requirements.</p>	<ul style="list-style-type: none"> » Proof of receipt of unemployment compensation for the most recent two (2) year period (e.g. IRS Form 1099-G(s) and/or equivalent documentation)
	RS and RSU subject to Performance-Based Vesting Provisions	<p>History of Receipt:</p> <ul style="list-style-type: none"> » Two (2) years consecutive » To be considered for history of receipt, Restricted Stock (RS) and Restricted Stock Unit (RSU) used for qualifying must have vested and been distributed to the borrower from their current employer, without restriction. <p>Continuance: Must be continued for at least the next three (3) years.</p> <p>Calculation: Refer to ...for calculation guidance and requirements.</p>	<p>All of the Following:</p> <ul style="list-style-type: none"> » YTD paystub(s) documenting all YTD earnings, including payout(s) of RS or RSU, W-2 forms for the most recent two (2) calendar years and a 10-day PCV. Income verification obtained through a third-party verification service provider is not permitted. <p>Or, All of the Following:</p> <ul style="list-style-type: none"> » Written VOE documenting all YTD earnings (including payout(s) of RS or RSU) as well as earnings for the most recent two (2) calendar years, and a 10-day PCV. Income verification obtained through a third-party verification service provider is not permitted. <p>Additional Documentation Requirements:</p> <ul style="list-style-type: none"> » The Mortgage file must contain: <ul style="list-style-type: none"> – Evidence the stock is publicly traded – RS and/or RSU agreement – Most recent vesting schedule(s) detailing past and future vesting – Evidence of receipt of previous year(s) payout(s) of RS/RSU (e.g. year-end paystub, employer-provided statement paired with a brokerage or bank statement showing transfer of shares or funds) that must, at a minimum, include: <ul style="list-style-type: none"> ▪ Date(s) of the payout(s) ▪ The number of vested shares or its cash equivalent distributed to the borrower (pre-tax).

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Stable Monthly Income & Documentation for Additional Employed Income (cont'd)	Income Type	Stable Monthly Income Requirements	Documentation Requirements
	RS and RSU subject to Time-Based Vesting Provisions	<p>History of Receipt:</p> <ul style="list-style-type: none"> » One (1) year » To be considered for history of receipt, Restricted Stock (RS) and Restricted Stock Unit (RSU) used for qualifying must have vested and been distributed to the borrower from their current employer, without restriction. <p>Continuance: Must be continued for at least the next three (3) years.</p> <p>Calculation: Refer to ...for calculation guidance and requirements.</p>	<p>All of the Following:</p> <ul style="list-style-type: none"> » YTD paystub(s) documenting all YTD earnings, including payout(s) of RS or RSU, W-2 forms for the most recent calendar year and a 10-day PCV. Income verification obtained through a third-party verification service provider is not permitted. <p>Or, All of the Following:</p> <ul style="list-style-type: none"> » Written VOE documenting all YTD earnings (including payout(s) of RS or RSU) as well as earnings for the most recent calendar year, and a 10-day PCV. Income verification obtained through a third-party verification service provider is not permitted. <p>Additional Documentation Requirements:</p> <ul style="list-style-type: none"> » The Mortgage file must contain: <ul style="list-style-type: none"> – Evidence stock is publicly traded – RS and/or RSU agreement – Most recent vesting schedule(s) detailing past and future vesting – Evidence of receipt of previous year(s) payout(s) of RS/RSU (e.g. year-end paystub, employer-provided statement paired with a brokerage or bank statement showing transfer of shares or funds) that must, at a minimum, include: <ul style="list-style-type: none"> ▪ Date(s) of the payout(s) ▪ Number of vested shares or its cash equivalent distributed to the borrower (pre-tax).
Employed Income Calculation – Base Non-Fluctuating Employment Earnings	<ul style="list-style-type: none"> » Base non-fluctuating earnings may include both exempt (salaried) and non-exempt earnings; however, the pay rate and number of hours worked must not fluctuate between pay periods. The income documentation must support base non-fluctuating earnings. Refer to Earning Types – Requirements and Guidance section for additional information about base non-fluctuating earning types. » The following chart describes the calculation methods for base non-fluctuating employment earnings, taking into consideration the typical pay periods of weekly, bi-weekly, semi-monthly and monthly. 		
	CALCULATION OF BASE NON-FLUCTUATING EMPLOYMENT EARNINGS		
	Pay Period Type	Calculation	
	Weekly	Multiply the base non-fluctuating weekly gross pay by 52 pay periods and divide by 12 months.	
	Bi-Weekly	Multiply the base non-fluctuating bi-weekly gross pay by 26 pay periods and divide by 12 months.	
	Semi-Monthly	Multiply the base non-fluctuating semi-monthly gross pay by 24 pay periods and divide by 12 months.	
	Monthly	Use the base non-fluctuating monthly gross pay.	
	Annual Base Non-Fluctuating Salary Paid Out Over Less Than 12 Months per Year	For some borrowers, such as certain employees in the education field, the annual base non-fluctuating salary may be paid over a time period of less than twelve (12) months. For example, if the annual base non-fluctuating salary is paid out over ten (10) months of the year, multiply the monthly base salary by 10 months and divide by 12.	

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INCOME & EMPLOYMENT		
Employed Income Calculation – Fluctuating Employment Earnings	<ul style="list-style-type: none"> » These requirements apply to all employed income that fluctuates. » Refer to Earning Types – Requirements and Guidance section for information about fluctuating hourly earnings, as well as Additional Employed Income section for information about other types of additional employed fluctuating income (e.g. bonus, overtime). 	
	Subject	Requirements and Guidance
	Analysis of Income Fluctuation and Stability	<ul style="list-style-type: none"> » The foundation to the appropriate analysis and determination of income stability when evaluating fluctuating earnings is documenting and verifying an adequate length of historical earnings. In addition, the degree of volatility present within the income and/or irregularity of the income must be analyzed. REMN WS must evaluate the income trend and use the amount that is most likely to continue for the next three (3) years. » REMN WS must review all year-to-date (YTD) earnings and compare those earnings with the earnings from the last one or two years, depending upon the documentation requirements. If a significant degree of volatility or irregularity is present (e.g. year over year, quarter over quarter), additional analysis is required, and additional documentation may be necessary to determine income stability. The analysis and documentation must support the amount of income used to qualify the borrower.
	Declining Income Trends	<ul style="list-style-type: none"> » If the analysis of the income shows a declining trend, the underwriter must conduct further analysis (e.g. reason for the declining trend, documentation showing current income has stabilized) to determine whether the income is currently stable and can be used for qualification purposes. The written analysis must justify that the income is likely to continue at the level used for qualifying. » If the underwriter determines that the income is stable, the lower amount of the income must be used. 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 was previously earned.
	Additional Guidance for Restricted Stock (RS) and Restricted Stock Units (RSU) Income	<ul style="list-style-type: none"> » In addition to the above requirements, the determination of stability for RS and RSU income used to qualify must include analysis of changes in the company's stock price as well as past and future distributions detailed in a vesting schedule. » If the YTD earnings are consistent with the previous year(s) earnings or trending upward, then REMN WS must use the applicable calculation method(s) below to determine the monthly income. » If earnings are not consistent (i.e. the value of vested shares distributed decreases substantially year-over-year), additional analysis is required, and additional documentation may be necessary to determine income stability and develop an accurate calculation of qualifying income.
	Fluctuating Hourly Employment Earnings Calculation	<ul style="list-style-type: none"> » The earnings reflected on the YTD income verification documentation must fully support and be consistent with the most recent year's earnings. For instance, if the January YTD paystub reflects that for a weekly pay period the borrower worked 38 hours, the W-2 for the previous year must support a similar level of earnings based on the pay rate and hours worked. » If the earnings are consistent and supported, REMN WS must average the most recent year and YTD income over the applicable number of months documented. » If the earnings are not consistent (e.g. showing a high degree of volatility or an irregular pattern), additional analysis is required and additional documentation (e.g. additional year of income history, explanation from employer for inconsistency) will likely be necessary to determine income stability and develop an accurate calculation of qualifying income. » Refer to Earning Types – Requirements and Guidance section for fluctuating hourly employment earnings.
	Additional Employed Income – Fluctuating Earnings Calculation	<ul style="list-style-type: none"> » A documented split between the base non-fluctuating earnings or fluctuating hourly earnings and the additional employed income (e.g. bonus, overtime, tips) should be obtained for the most accurate analysis and calculation of stable monthly income. » For commissions, the split must be obtained to determine whether a two (2) year average of unreimbursed employee expenses must be deducted from the income. For commission income that represents greater than 25% of the income from the commissioned employment, the two (2) year average of unreimbursed employee expenses reflected on Schedule A and IRS Form 2106 (if applicable) must be deducted from the borrower's gross commission income. » If the YTD earnings are consistent with the previous year(s) earnings, then REMN WS must average the income over the number of months documented. If the earnings are not consistent (e.g. showing a high degree of volatility or an irregular pattern), additional analysis is required, and additional documentation may be necessary to determine income stability and develop an accurate calculation of qualifying income. » Refer to Earning Types – Additional Employed Income subsection for more information about additional employed income – fluctuating earnings.

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INCOME & EMPLOYMENT	
Temporary Leave Income	<p>» 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.</p> <p>» Refer to Disability Income section regarding long-term disability income if the underwriter has knowledge that the borrower has applied for, is receiving, or will be receiving long-term disability benefits or long-term insurance benefits.</p>
	<p>Determining Qualifying Income & Borrower Capacity to Meet Obligations While on Temporary Leave</p> <p>During a 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 the capacity to repay the mortgage and all other monthly obligations with Freddie Mac guidelines.</p> <p>» For 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 the borrower's pre-leave gross monthly income for qualifying income. <p>» For 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. <ul style="list-style-type: none"> ▪ Asset Calculation for Mortgage Qualification 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. ▪ Assets that are considered for the transaction (e.g. Down Payment, Closing Costs 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 in accordance with Freddie Mac income guidelines, 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. 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-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 and duration 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 in accordance with the LPA Streamlined Asset Documentation or Standard Documentation requirements. – A written rationale explaining the analysis used to determine the qualifying income, regardless of the underwriting path.

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Self-Employed Borrower Definition	<div>» 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.</div> <div>» The business structure determines the reporting method of the business and self-employment income to the Internal Revenue Service (IRS). The federal income tax returns for the business usually document the percentage of ownership interest in the business.</div> <div>» The following chart contains requirements and guidance for determining self-employment and verifying the borrower’s business ownership percentage:</div>									
	<table><tr><th>Business Structure</th><th>Self-Employment Verification of Ownership Interest Percentage</th></tr><tr><td>Partnerships, S-Corporations and Corporations</td><td>The ownership interest percentage must be verified by a review of the federal income tax returns for the business, including the IRS Schedule K-1(s) or IRS Form 1125-E, Compensation of Officers. If these documents do not provide this information, the ownership interest percentage must be verified with a letter from the accountant for the business or similar documents.</td></tr><tr><td>Sole Proprietorships</td><td>Sole proprietorships are unincorporated businesses. A sole proprietor owns 100% of the business and reports the income and expenses from that business on Schedule C of the federal individual income tax return. There is no associated federal business tax return.</td></tr></table>	Business Structure	Self-Employment Verification of Ownership Interest Percentage	Partnerships, S-Corporations and Corporations	The ownership interest percentage must be verified by a review of the federal income tax returns for the business, including the IRS Schedule K-1(s) or IRS Form 1125-E, Compensation of Officers. If these documents do not provide this information, the ownership interest percentage must be verified with a letter from the accountant for the business or similar documents.	Sole Proprietorships	Sole proprietorships are unincorporated businesses. A sole proprietor owns 100% of the business and reports the income and expenses from that business on Schedule C of the federal individual income tax return. There is no associated federal business tax return.			
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	<div>» Loan Product Advisor (LPA)<div><div>– 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.</div><div>– This is required in all cases where the self-employment income and/or loss is used to determine the borrower’s stable monthly income for qualifying.</div></div></div>									
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<table><tr><th>Subject</th><th>Requirements and Guidance</th></tr><tr><td>Length of History Requirement</td><td><div>» A two (2) year history of current self-employment is required in most instances to ensure that income is stable. The self-employment must be documented on Form 65 Uniform Residential Loan Application and verified in accordance with the guidelines.</div></td></tr><tr><td>Self-Employment < 2 Years</td><td><div>» In certain instances, a borrower may not have a current two (2) year history of self-employment; however, the income and employment may still be considered stable if REMN WS provides a written analysis justifying the determination of stability, and sufficient supporting documentation is obtained.</div><div>» When making this determination, REMN WS must take into consideration the overall layering of risk, including the borrower’s demonstrated ability to repay obligations.</div><div>» When the borrower has been self-employed for less than two (2) years, prior to considering the income for qualifying purposes, at a minimum REMN WS must:<div><div>– Document that the borrower has a two (2) year history of receipt of income at the same or greater level in the same or similar occupation</div><div>– Consider and evaluate the borrower’s experience in the business</div><div>– Consider and evaluate the acceptance of the company’s service or products in the marketplace.</div></div></div><div>» Analysis of current business activity through a review of the year-to-date (YTD) financial statement and/or the most recent three (3) months of business bank statements may provide support to this evaluation.</div></td></tr><tr><td>Minimum History of Receipt of Income</td><td><div>» The borrower’s federal income tax returns must reflect at least one (1) year of self-employment income.</div></td></tr><tr><td>Geographical Relocation</td><td><div>» If the borrower is relocating to a different geographic area, prior to considering the income for qualifying purposes, at a minimum REMN WS must:<div><div>– Consider and evaluate the acceptance of the company’s service or products in the marketplace. Additional information, such as market studies or relevant industry research, may support this evaluation.</div><div>– Provide a written analysis justifying the borrower’s income will continue at the same level at the new location.</div></div></div></td></tr></table>	Subject	Requirements and Guidance	Length of History Requirement	<div>» A two (2) year history of current self-employment is required in most instances to ensure that income is stable. The self-employment must be documented on Form 65 Uniform Residential Loan Application and verified in accordance with the guidelines.</div>	Self-Employment < 2 Years	<div>» In certain instances, a borrower may not have a current two (2) year history of self-employment; however, the income and employment may still be considered stable if REMN WS provides a written analysis justifying the determination of stability, and sufficient supporting documentation is obtained.</div> <div>» When making this determination, REMN WS must take into consideration the overall layering of risk, including the borrower’s demonstrated ability to repay obligations.</div> <div>» When the borrower has been self-employed for less than two (2) years, prior to considering the income for qualifying purposes, at a minimum REMN WS must:<div><div>– Document that the borrower has a two (2) year history of receipt of income at the same or greater level in the same or similar occupation</div><div>– Consider and evaluate the borrower’s experience in the business</div><div>– Consider and evaluate the acceptance of the company’s service or products in the marketplace.</div></div></div> <div>» Analysis of current business activity through a review of the year-to-date (YTD) financial statement and/or the most recent three (3) months of business bank statements may provide support to this evaluation.</div>	Minimum History of Receipt of Income	<div>» The borrower’s federal income tax returns must reflect at least one (1) year of self-employment income.</div>	Geographical Relocation	<div>» If the borrower is relocating to a different geographic area, prior to considering the income for qualifying purposes, at a minimum REMN WS must:<div><div>– Consider and evaluate the acceptance of the company’s service or products in the marketplace. Additional information, such as market studies or relevant industry research, may support this evaluation.</div><div>– Provide a written analysis justifying the borrower’s income will continue at the same level at the new location.</div></div></div>
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Self-Employment History Requirements										

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INCOME & EMPLOYMENT					
Business Income and Analysis (cont'd)	Use of Business Income Reported on the Borrower's Federal Individual Tax Returns <ul style="list-style-type: none">» For sole proprietorships, stable monthly income must be based on the income reported on Schedule C of the borrower's federal individual income tax returns.<ul style="list-style-type: none">– For Meal & Entertainment Exclusion, the additional 50% (that is not tax deductible) is included in the borrower's income calculation & further reduces the borrower's income.» For Partnerships and S-Corporations, stable monthly income may be based on the borrower's proportionate share of income (e.g. ordinary income, guaranteed payments) carried from the Form 1065 or 1120S, through the Schedule K-1 and onto the borrower's federal individual income tax returns. Although cash distributions reported on the Schedule K-1 may not be used as qualifying income, they may be used to establish business liquidity and access to business funds, provided they are reasonably consistent with the ordinary income.» For S-Corporations and corporations, stable monthly income may be based on the income reported on the borrower's W-2 from the business. The corporate tax returns and Form 1125-E if applicable, must be reviewed for confirmation of the borrower's W-2 income from the business.				
	Use of Business Income Not Reported on the Borrower's Individual Tax Returns <ul style="list-style-type: none">» Income reported on the business tax returns but not on the personal tax returns may be considered as stable monthly income, provided the underwriter's analysis confirms that based on the financial strength of the business, the use of these funds as personal income would not have a detrimental impact on the business.				
	Access to Business Income <ul style="list-style-type: none">» Documentation is not required to verify access to business income for the following:<ul style="list-style-type: none">– Sole Proprietorships– Ordinary income, net rental real estate income, other net rental income and guaranteed payments received from partnerships and S-Corporations,– W-2 income received from S-Corporations and corporations,– Corporations, if the borrower holds 100% ownership interest <p>If business income not reported on the borrower's federal individual income tax returns is being used to qualify and none of the categories above apply, then REMN WS must verify that the borrowers' legal right to the business income that is used as stable monthly income is not encumbered, restricted or prevented by the corporate resolution, partnership agreement, or other comparable document.</p>				
	Income Calculation <ul style="list-style-type: none">» The calculation of a self-employed borrower's average monthly income must be based on a review of the borrower's completed federal individual income tax returns (Form 1040), including W-2's and Schedule K-1's (if applicable) and the borrower's complete federal income tax returns for the business (Forms 1120, 1120 S, and 1065), when applicable.» The underwriter must analyze the tax returns and provide a written analysis of the borrower's self-employed income from Form 91, Income Analysis Form, or an alternative form that provides the same information.				
	Income Fluctuation <ul style="list-style-type: none">» 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 when the analysis includes a review of documentation covering a history greater than one (1) year.» If the analysis reflects that the borrower's income has significantly increased or decreased, REMN WS must provide sufficient documentation and justification to support the determination that the income used to qualify the borrower is stable and likely to continue for the next three (3) years.» 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.				
	Business Financial Statements <ul style="list-style-type: none">» Business financial statements typically consist of a profit and loss (P&L) statement and a balance sheet for the business that cover a specified period of time (e.g. YTD, annual).<ul style="list-style-type: none">– Financial statements for the business may be prepared by multiple parties, including but not limited to, the Certified Public Accountant (CPA), accountant or tax preparer that prepares the tax returns for the business, or the borrower.– Financial statements may not be used for the calculation of stable monthly income (unless audited); however, they may provide additional support for the underwriter's business and income analysis.– Financial statements for the business may be used to assist in evaluating and determining various components of self-employment analysis, including but not limited to, business liquidity, income stability when tax returns are on extension, evaluating a newer business and the impact of business fund withdrawals.				
Income Analysis – Adjustments (Examples)	The following list includes common examples of items that may be considered for the inclusion in income when performing the self-employed income analysis on Form 91, Income Analysis Form, or an alternative form that provides the same information.				
	<table><tr><td>Non-Cash Deductions</td><td>Non-cash items such as depreciation, depletion and amortization.</td></tr><tr><td>Non-Recurring Losses</td><td>Documented non-recurring losses, such as casualty losses & loss carry-overs from previous tax years</td></tr></table>	Non-Cash Deductions	Non-cash items such as depreciation, depletion and amortization.	Non-Recurring Losses	Documented non-recurring losses, such as casualty losses & loss carry-overs from previous tax years
	Non-Cash Deductions	Non-cash items such as depreciation, depletion and amortization.			
	Non-Recurring Losses	Documented non-recurring losses, such as casualty losses & loss carry-overs from previous tax years			
Mortgages and Notes Payable in Less than One Year	<ul style="list-style-type: none">» REMN WS must analyze the terms of the Mortgages and notes payable in less than one (1) year and determine whether the income should be reduced by the debt when performing the income analysis.» The analysis must include the factors such as whether the business has sufficient liquidity to pay off the debt without negative impact to the business, if the business type is indicative of debt that would continually roll-over, and/or if the debt is a line of credit that is consistently renewable. If these factors are present, the income does not need to be reduced by the debt when performing the income analysis.				
Borrower Debt Paid by the Business	<ul style="list-style-type: none">» Refer to Self-Employed Borrower's Debt Paid by the Borrower's Business section for requirements for self-employed borrower's debt paid by the borrower's business.				

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INCOME & EMPLOYMENT		
IRS Form 8825 – Rental Real Estate Income and Expenses of Partnership or S-Corp	<ul style="list-style-type: none"> » All rental real estate income and expenses reported on IRS Form 8825 for partnerships and S-corporations are to be treated as self-employment income, regardless of whether or not the Borrower is personally obligated on the Note. » Refer to Form 91 for the appropriate treatment and calculation of the borrower's proportionate share of the net rental real estate income or loss. 	
Self-Employment Income Not Used for Qualification	The following chart contains requirements and guidance pertaining to self-employment income not used for qualification:	
	Subject	Requirements and Guidance
	Self-Employment Disclosed on Loan Application (or other documentation), but Not Used to Qualify	<ul style="list-style-type: none"> » If the borrower is self-employed and the self-employment is not considered for qualification purposes, REMN WS must obtain pages 1 and 2 of the borrower's federal individual income tax returns and the applicable schedules (e.g. Schedule C, Schedule E), to determine if there is a business loss that may have an impact on the stable monthly income. <ul style="list-style-type: none"> – If a business loss is reported and the borrower qualifies with the loss, then REMN WS is not required to obtain any additional documentation relating to the business loan – If a business loss is reported and the borrower does not qualify with the loss, then REMN WS must perform a business and income analysis to determine whether depreciation adjustments or other factors such as business closure or evidence as a one-time non-recurring event justify a reduction of the reported loss when calculating the stable monthly income. REMN WS must obtain additional documentation needed in order to fully evaluate the loss and support the analysis (e.g. business tax returns [final or otherwise], evidence of a one-time non-recurring event). » If the tax returns or other documentation in the mortgage file (e.g. IRS tax transcripts, additional Schedule K-1's) reflect positive income from self-employment but that income is not used to qualify, additional documentation (e.g. complete business or federal individual income tax returns) is not required.
Business Assets Used for Closing	The following chart contains requirements and guidance pertaining to business assets for self-employed borrowers:	
	Subject	Requirements and Guidance
	Business Assets Used for Closing costs, financing costs, prepaids/escrows and reserves	<ul style="list-style-type: none"> » Business assets must be related to the business that the borrower owns. This must be the same business documented in the loan file as the borrower's self-employment. » Because the Borrower's withdrawal of assets from a sole proprietorship, a partnership, an S corporation or a corporation may have a negative impact on the ability of the business to continue operating, the impact of withdrawal must be considered in the Underwriter's analysis of the Borrower's self-employed income. » As part of the analysis, the Underwriter must document a cash flow analysis for the Borrower's business using the individual and/or business tax returns, as applicable. REMN WS must 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 factors contributing to the determination that the withdrawal will not negatively impact the business must be included on the written analysis of the income source and amount. » The business assets must be verified in accordance with Freddie Mac asset documentation requirements.
Verification of Current Existence of the Business	The following chart contains requirements and guidance pertaining to verification of current existence of the business:	
	Subject	Requirements and Guidance
	Verification of Current Existence of Business	<ul style="list-style-type: none"> » Verification of the current existence of the business is required when positive income from the business is used as stable monthly income.
	Acceptable Third-Party Sources	<ul style="list-style-type: none"> » Acceptable third-party sources include, but are not limited to: <ul style="list-style-type: none"> – Regulatory agency – Phone directory – Internet source (e.g. Better Business Bureau) – Directory assistance – Applicable licensing bureau » Verification of current existence of the business obtained verbally from an acceptable third-party source must be documented and include all of the following: <ul style="list-style-type: none"> – Name and address of the business – Name of individual and entity contacted to obtain the verification – Date information verified – Name and title of the individual who completed the verification for REMN
	Alternative Sources	<ul style="list-style-type: none"> » REMN WS may consider alternative sources if the above are not available, such as: <ul style="list-style-type: none"> – Preparer of the tax returns for the business (e.g. accountant), provided the preparer has an arm's length relationship with the borrower – At least one (1) months' business bank statement that supports the current existence of the business and the level and type of income and expenses reported on the business tax returns.
	Date Requirements	<ul style="list-style-type: none"> » The verification must be completed no more than 120 days prior to the Note Date.

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INCOME & EMPLOYMENT			
Self-Employed Documentation Requirements	<p>» REMN WS must establish and calculate the stable monthly income using at least the following required documentation. Additional documentation may be needed to support income stability, as described within this section.</p> <ul style="list-style-type: none"> Form 91, Income Analysis Form, or an alternative form that provides the same information Verification of the current existence of the business, as described in Verification of Current Existence of the Business section. Federal income tax returns, as required in the below chart, including all applicable schedules and forms must reflect at least twelve (12) months of self-employed income Verification of how long the business has been in existence: <ul style="list-style-type: none"> For partnerships, S-corporations and corporations, the federal income tax return(s) for the business must indicate the number of years that the business has been in existence For sole proprietorships, the federal individual income tax return(s) and any other documentation or information received must not contradict the number of years that the business has been in existence as documented on Form 65, Uniform Residential Loan Application Year-to-Date Profit & Loss Statement <ul style="list-style-type: none"> An unaudited year-to-date (YTD) Profit & Loss (P&L) statement with a balance sheet is not automatically required in all instances With regard to tax documentation, follow LP findings If the borrower is on extension for the current tax year due, please reference the Self-Employed Borrowers Profit & Loss Requirements policy to determine if an unaudited P&L is required for the specific loan transaction. 		
	Business Structure	Streamlined Accept and Standard Documentation Levels	
		Business in Existence >= Five (5) Years	Business in Existence < Five (5) Years
	Sole Proprietorship	Complete signed federal individual (Form 1040) income tax return for the most recent year.	Complete signed federal individual (Form 1040) income tax returns for the most recent two (2) years.
	Partnership	Complete signed federal individual and Partnership (Form 1065) income tax returns, including Schedule K-1(s) for the most recent year.	Complete signed federal individual and Partnership (Form 1065) income tax returns, including Schedule K-1(s) for the most recent two (2) years.
	S-Corporation	Complete signed federal individual and S-Corporation (Form 1120S) income tax returns, including the Schedule K-1(s), Form 1125-E and W-2(s) is applicable, for the most recent year.	Complete signed federal individual and S-Corporation (Form 1120S) income tax returns, including the Schedule K-1(s), Form 1125-E and W-2(s) is applicable, for the most recent two (2) years.
	Corporation	Complete signed federal individual and S-Corporation (Form 1120) income tax returns, including the Schedule K-1(s), Form 1125-E and W-2(s) is applicable, for the most recent year.	Complete signed federal individual and S-Corporation (Form 1120) income tax returns, including the Schedule K-1(s), Form 1125-E and W-2(s) is applicable, for the most recent two (2) years.
General Requirements for All Other Income (Non-Employment/Non-Self-Employment)	<p>» Factors that must be considered in determining the likelihood of continued consistent receipt of all other 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, government program, law and/or regulation 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 support and/or benefit payments are made (if applicable) Applicable eligibility criteria governing the continued receipt of the income 		
Specific Requirements for Other Income Types	This section contains stable monthly income and documentation requirements for the following income types:		
	Income Type	Stable Monthly Income Requirements	Documentation Requirements
			Streamlined Accept & Standard Doc Levels
	Notes Receivable	<p>History of Receipt: Receipt of payments for the most recent twelve (12) months on a regular monthly basis.</p> <p>Continuance: Note must have a remaining term of at least three (3) years.</p> <p>Calculation: Use the full scheduled payment amount documented on the note.</p>	Copy of the note evidencing the terms including, but not limited to, the scheduled amount and duration of payments, and proof of receipt of payments for the most recent twelve (12) months.
	Dividend & Interest	<p>History of Receipt: Most recent two (2) years</p> <p>Continuance: Document that sufficient assets remain after closing to support the continuance of the dividend and interest income, at the level used for qualifying, for at least the next three (3) years.</p> <p>Calculation: 24mos average.</p>	<p>Copy of either:</p> <ul style="list-style-type: none"> » Complete federal individual income tax returns for the most recent two (2) year period; or » Year-end asset account statements for the most recent two (2) years evidencing all dividend & interest income for each year for the income-producing assets; <p>AND</p> <ul style="list-style-type: none"> » Evidence of sufficient assets to support the qualifying income.

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INCOME & EMPLOYMENT			
Specific Requirements for Other Income Types (cont'd)	Income Type	Stable Monthly Income Requirements	Documentation Requirements
			Streamlined Accept & Standard Doc Levels
	Capital Gains	<p>History of Receipt: Most recent two (2) years of realized capital gains</p> <p>Continuance: Document that sufficient assets remain after closing to support continuance of the capital gain income, at the level used for qualifying, for at least the next three (3) year.</p> <p>Calculation: 24mos average</p>	<ul style="list-style-type: none"> » Copy of complete federal individual income tax returns for the most recent two (2) year period reflecting capital gain income, and » Evidence of sufficient assets to support the qualifying income.
	Royalty Payments	<p>Borrowers < 2 Year History:</p> <p>History of Receipt: Most recent one (1) year receipt of payments on a regular basis.</p> <p>Continuance: Royalty contract(s) and/or lease agreements must evidence eligibility for payment continuance for at least the next three (3) years.</p> <p>Calculation: 12mos average</p>	<p>Borrowers < 2 Year History:</p> <ul style="list-style-type: none"> » Copy of completed federal individual income tax return for the most recent one (1) year period, and » Copy of royalty contract(s) or lease agreement(s) evidencing the terms including, but not limited to, the duration of payment eligibility
		<p>Borrowers >= 2yr History</p> <p>History of Receipt: Most recent two (2) year receipt of payments on a regular basis.</p> <p>Continuance: Must be likely to continue for at least the next three (3) years.</p> <p>Calculation: 24mos average</p>	<p>Borrowers >= 2yr History</p> <ul style="list-style-type: none"> » Copy of completed federal individual income tax returns for the most recent two (2) year period,
	Trust Income	<p>History of Receipt:</p> <ul style="list-style-type: none"> » Most recent two (2) years if the income is based on historical fluctuating payments from a trust asset (e.g. dividends & interest) » A history of receipt is not required if the trust specifies pre-determined fixed payment amounts occurring at regular intervals for a duration of at least three (3) years. <p>Continuance: Document that sufficient assets remain after closing to support continuance of the trust income for at least the next three (3) years.</p> <p>Calculation:</p> <ul style="list-style-type: none"> » Fluctuating Payments – 24mos average » Pre-Determined Fixed Payments – Use the fixed payment amount documented in the trust agreement, 	<p>Trust Income Based on Historical Fluctuating Payments from a Trust Asset:</p> <ul style="list-style-type: none"> » Copy of fully-executed trust agreement outlining payment terms, and » Copy of complete federal individual income tax returns for the most recent two (2) year period, and » Evidence of sufficient assets to support the qualifying income (e.g. letter from trustee, bank statements) <p>OR</p> <p>Trust Income Based on Pre-Determined Fixed Payment Amount:</p> <ul style="list-style-type: none"> » Copy of fully-executed trust agreement specifying fixed payment amount occurring at set intervals (e.g. monthly, quarterly) and duration of payments, and » Document current receipt with a copy of a bank statement or other equivalent documentation, and » Evidence of sufficient assets to support the qualifying income (e.g. letter from trustee, bank statements).
	Retirement Income – Social Security, Pension, Annuity, etc.	<p>Existing & Established Retirement Income:</p> <p>Evidence of the type, source, pre-determined payment amount, payment frequency and current receipt must be obtained:</p> <ul style="list-style-type: none"> » History of Receipt: A history of receipt is not required for the income to be considered stable. » Continuance: Must be likely to continue for at least the next three (3) years. » Calculation: Use the documented fixed monthly payment amount. 	<ul style="list-style-type: none"> » Document income, type, source, payment frequency and pre-determined payment amount with a copy of a benefit verification letter, award letter, pay statement, 1099 or other equivalent documentation. Age of documentation requirements do not have to be met. » Document current receipt with a copy of a bank statement, pay statement, benefit verification letter, award letter, or other equivalent documentation. Age of documentation requirements must be met.

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INCOME & EMPLOYMENT			
Specific Requirements for Other Income Types (cont'd)	Income Type	Stable Monthly Income Requirements	Documentation Requirements
			Streamlined Accept & Standard Doc Levels
		<p>Newly Established Retirement Income</p> <ul style="list-style-type: none"> » If the retirement income is newly established, verification of current receipt is not required; however, the finalized terms of the new income must be documented. The income must commence prior to or on the first Mortgage payment due date. » The terms that must be verified include, but are not limited to, the source, type, effective date of income commencement, payment frequency and pre-determined payment amount that will commence prior to or on the first Mortgage payment due date. 	<ul style="list-style-type: none"> » Document the finalized terms of the newly established income, including, but not limited to the source, type, effective date of income commencement, payment frequency and pre-determined payment amount with a copy of the benefit verification letter, notice of award letter or other equivalent documentation from the payor that provides and establishes these terms. » The income must commence prior to or on the first Mortgage payment due date. » The documentation must be dated no more than 120 days prior to the Note Date. » Verification of current receipt is not required.
	<p>Retirement Account Distributions as Income (e.g. 401(k), IRA)</p>	<p>Eligibility Requirements: Distributions from retirement accounts recognized by the IRS (e.g. 401(k), IRA) that are not subject to penalty (e.g. early withdrawal penalty) may be considered stable monthly qualifying income. Evidence of the income source, type, distribution frequency, distribution amount(s), current receipt (as applicable) and history of receipt (as applicable), must be documented.</p> <p>Required Minimum Distributions: If distributions are being taken in accordance with certain IRS rules, such as the Required Minimum Distributions (RMD) rule (i.e. excise tax penalty applies if distributions are not taken), and evidence of current receipt of the required minimum distribution amount is obtained, history of receipt is not required for the income to be considered stable.</p> <p>History & Stability Requirements & Guidance: REMN WS must determine that the source and amount of the income are stable. Factors that must be considered when determining that the borrower's qualifying income is stable, and when determining the history of receipt necessary to justify a stable monthly qualifying income include, but are not limited to the following:</p> <ul style="list-style-type: none"> » Frequency and regularity of receipt of the distributions » Length of time the distributions have been taken and whether or not they establish a stable pattern of receipt over a given period of time » Rules governing distributions (e.g. IRS rules governing exception to early withdrawal penalties and Required Minimum Distributions [RMD], employer retirement plan rules and designs governing scheduled distribution terms). Certain rules may provide support for the frequency and regularity of receipt as well as continued receipt, thereby enabling a lesser amount of history to justify a stable monthly qualifying income amount. <p>Continuance: Document that sufficient assets remain in the retirement account(s) after closing to support continuance of the retirement account distributions as income for at least the next three (3) years.</p>	<ul style="list-style-type: none"> » Copy of most recent retirement account statement(s), documentation from financial institution holding retirement account that verifies regularly scheduled distribution arrangements, 1099(s) and/or other equivalent documentation showing income source, type, distribution frequency, distribution amounts and history of receipt (as applicable), AND » Copy of bank statement(s) or other equivalent documentation evidencing current receipt (as applicable), AND » Evidence of sufficient assets to support the qualifying income <p>If the retirement distributions are not scheduled monthly payments (e.g. annual, semi-annual, quarterly), the most recent distribution verified through a copy of the retirement account statement, 1099 and/or other equivalent documentation, as applicable, is sufficient in lieu of a current receipt; however, verification of receipt of multiple distributions may be necessary to determine frequency of distributions, history of receipt and amount of stable monthly qualifying income.</p>

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INCOME & EMPLOYMENT			
Specific Requirements for Other Income Types (cont'd)	Income Type	Stable Monthly Income Requirements	Documentation Requirements
			Streamlined Accept & Standard Doc Levels
	Survivor and Dependent Benefit Income	Existing & Established Survivor and Dependent Benefit Income	
		<p>Evidence of the type, source, pre-determined payment amount, payment frequency and current receipt must be obtained.</p> <ul style="list-style-type: none"> » History of Receipt: A history of receipt is not required for the income to be considered stable » Continuance: Must be likely to continue for at least the next three (3) years » Calculation: Use the documented fixed monthly payment amount <p>Examples include Social Security Survivor benefits, Department of VA benefits, etc.</p>	<ul style="list-style-type: none"> » Document income type, source, payment frequency and pre-determined payment amount with a copy of the benefit verification letter, award letter, 1099 or other equivalent documentation. Age of documentation requirements do not have to be met. » Document current receipt with a copy of the bank statement, benefit verification letter, notice of award letter or other equivalent documentation. Age of documentation requirements must be met.
	Long-Term Disability Income	Existing & Established Long-Term Disability Income	
		<p>Evidence of the source, insurance and/or benefit type, pre-determined payment amount, payment frequency and current receipt must be obtained.</p> <ul style="list-style-type: none"> » History of Receipt: A history of receipt is not required for the income to be considered stable » Continuance: Long-term disability income may be considered to have a reasonable expectation of continuance without obtaining any additional documentation unless there is a pre-determined insurance and/or benefit expiration date that is < 3yrs. Pending/current re-valuation of medical eligibility for insurance and/or benefit payments is not considered an indication that the insurance/benefit payment will not continue » Calculation: Use the documented fixed monthly payment amount 	<ul style="list-style-type: none"> » Document income type, source, payment frequency, and pre-determined payment amount with a copy of the benefit verification letter, award letter, pay statement, 1099, W-2 or other equivalent documentation. Age of documentation requirements do not have to be met. » Document current receipt with a copy of the bank statement, pay statement, benefit verification letter, notice of award letter or other equivalent documentation. Age of documentation requirements must be met. » If the disability policy has a pre-determined expiration date, obtain a copy of the certificate of coverage, or other equivalent documentation evidencing the policy term.
		Newly Established Long-Term Disability Income	
		<ul style="list-style-type: none"> » Verification of current receipt is not required; however, the finalized terms of the new income must be documented. The income must commence prior to or on the first Mortgage payment due date. » The terms that must be verified must include, but are not limited to the source, type, effective date of income commencement, payment frequency and pre-determined payment amount that will commence prior to or on the first Mortgage payment due date. » Documentation must be dated no more than 120 days prior to the Note Date. 	<ul style="list-style-type: none"> » Document the finalized terms of the newly established income including, but not limited to the source, type, effective date of income commencement, payment frequency and pre-determined payment amount with a copy of the benefit verification letter, notice of award letter or equivalent documentation from the payer that provides and establishes these terms. » The income must commence prior to or on the first Mortgage payment due date. The documentation must be dated no more than 120 days prior to the Note Date. Verification of current receipt is not required.

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INCOME & EMPLOYMENT			
Specific Requirements for Other Income Types (cont'd)	Income Type		Documentation Requirements
			Streamlined Accept & Standard Doc Levels
	Social Security Supplemental Income (SSI)	Existing & Established SSI Benefits Income	
		<p>Evidence of the source, benefit type, pre-determined payment amount, payment frequency and current receipt must be obtained.</p> <ul style="list-style-type: none"> » History of Receipt: A history of receipt is not required for the income to be considered stable. » Continuance: SSI may be considered to have 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/benefit payment will not continue » Calculation: Use the documented SSI benefit amount. 	<ul style="list-style-type: none"> » Document source, benefit type, payment frequency and pre-determined payment amount with a copy of the benefit verification letter, award letter, 1099 or other equivalent documentation. Age of documentation requirements do not have to be met. » Document current receipt with a copy of the bank statement, benefit verification letter, notice of award letter or other equivalent documentation. Age of documentation requirements must be met.
		Newly Established SSI Benefits	
		<ul style="list-style-type: none"> » Verification of current receipt is not required; however, the finalized terms of the new income must be documented. The income must commence prior to or on the first Mortgage payment due date. » The terms that must be verified include, but are not limited to the source, benefit type, effective date of income commencement, payment frequency and pre-determined payment amount that will commence prior to or on the first Mortgage payment due date. 	<ul style="list-style-type: none"> » Document the finalized terms of the newly established income including, but not limited to the source, benefit type, effective date of income commencement, payment frequency and pre-determined payment amount with a copy of the benefit verification letter, notice of award letter or other equivalent documentation from the payer that provides and establishes these terms. » The income must commence prior to or on the first Mortgage payment due date. The documentation must be dated no more than 120 days prior to the Note Date. Verification of current receipt is not required.
	Public Assistance Income	Existing & Established Public Assistance Income	
		<p>Evidence of the source, benefit type, payment frequency, amount, duration of benefit of eligibility and current receipt must be obtained.</p> <ul style="list-style-type: none"> » History of Receipt: A history of receipt is not required for the income to be considered stable. » Continuance: All public assistance income must be likely to continue for the next three (3) years. » Calculation: Use the documented public assistance benefit amount 	<ul style="list-style-type: none"> » Document income source, benefit type, payment frequency, pre-determined payment amount and duration of benefit eligibility with a copy of the benefit verification letter or other equivalent documentation from the applicable agency. Age of documentation requirements do not have to be met. » Document current receipt with a copy of the bank statement, benefit verification letter from applicable agency or other equivalent documentation. Age of documentation requirements must be met.
		Newly Established Public Assistance Income	
		<ul style="list-style-type: none"> » Verification of current receipt is not required; however, the finalized terms of the new income must be documented. The income must commence prior to or on the first Mortgage payment due date. » The terms that must be verified include, but are not limited to the source, benefit type, effective date of income commencement, payment frequency and pre-determined payment amount that will commence prior to or on the first Mortgage payment due date. 	<ul style="list-style-type: none"> » Document the finalized terms of the newly established income including, but not limited to the source, benefit type, effective date of income commencement, payment frequency and pre-determined payment amount with a copy of the benefit verification letter or other equivalent documentation from the applicable agency that provides and establishes these terms. » The income must commence prior to or on the first Mortgage payment due date. The documentation must be dated no more than 120 days prior to the Note Date. Verification of current receipt is not required.

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INCOME & EMPLOYMENT			
Specific Requirements for Other Income Types (cont'd)	Income Type	Stable Monthly Income Requirements	Documentation Requirements
			Streamlined Accept & Standard Doc Levels
	Homeownership Voucher Programs Payments	<p>History of Receipt: A history of receipt is not required for the income to be considered stable.</p> <p>Continuance: Homeownership Voucher Program assistance term limit must have a remaining term of at least three (3) years.</p> <p>Calculation: Use the fixed monthly payment amount documented by the public housing agency that issued the voucher. The payments may not be used to offset the monthly housing payment amount used for qualification.</p>	Copy of documentation from the public housing agency that issued the homeownership voucher verifying the terms, including, but not limited to the source, benefit type, payment frequency, payment amount and the duration of the term limit for assistance.
	Foster-Care Income Received from State or County-Sponsored Organization	<p>History of Receipt: Most recent two (2) years</p> <p>Continuance: Must be likely to continue for at least three (3) years.</p> <p>Calculation: 24mo average.</p>	Documentation to evidence receipt of foster-care income for the most recent two (2) year period.
	Alimony, Child Support or Separate Maintenance Payments	<p>History of Receipt: Most recent six (6) months</p> <ul style="list-style-type: none"> – If the payer 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. <p>Continuance: Document and verify the payer is obligated to make the payment to the borrower for at least the next three (3) years</p> <p>Calculation: Use the documented fixed monthly payment amount.</p>	<ul style="list-style-type: none"> » Documentation to evidence receipt of the alimony, child support and/or separate maintenance payment amount for the most recent six (6) months, AND » Copy of the signed court order, legally binding separation agreement and/or final divorce decree verifying the payer's obligation for the previous six (6) months, including the amount and the duration of the obligation, AND » For child support income, proof of the ages for which child support is received.
	Housing or Parsonage Allowance	<p>History of Receipt: Most recent twelve (12) months</p> <p>Continuance: Must be likely to continue for at least the next three (3) years.</p> <p>Calculation: Use the documented monthly payment amount</p> <ul style="list-style-type: none"> » The housing allowance may not be used to offset the monthly housing payment. » Please refer to the Military Entitlements subsection for military housing entitlements. 	<ul style="list-style-type: none"> » Written verification of employment (VOE), a letter from the employer or paystubs documenting the amount of the housing or parsonage allowance and the terms under which it is paid, AND » Documented evidence of the most recent twelve (12) months' receipt of the housing or parsonage allowance.
	Income from a Foreign Source (Non-employment/Non-self-employment income)	<ul style="list-style-type: none"> » The income must be reported on the borrower's most recent U.S. federal individual income tax return » Refer to the income types listed in this section for the requirements applicable to the income type received from the foreign source (e.g. history of receipt, continuance, calculation, documentation). 	<ul style="list-style-type: none"> » Copy of the borrower's most recent complete signed U.S. federal individual income tax return, AND » Documentation for the applicable income type in accordance with the Freddie Mac requirements
	Tax-Exempt Income	<p>History of Receipt: A history of receipt is not required</p> <p>Continuance: Must be likely to continue to remain tax exempt</p> <p>Calculation: To determine the amount to adjust (i.e. "gross-up") the borrower's income, use:</p> <ul style="list-style-type: none"> » 25% of the tax-exempt portion of the income, or » The current federal and state income tax withholding tables 	Copy of complete federal individual income tax return for the most recent one (1) year period or other documentation evidencing that the income, or a portion of the income, is tax exempt.

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INCOME & EMPLOYMENT			
Assets as a Basis for Repayment of Obligations	Assets that will be used by the Borrower for the repayment of their monthly obligations 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 loan application (Form 65) should include information pertaining to the Borrower's employment and income, even if the Borrower qualifies for the Mortgage solely based on assets.		
	Eligibility Requirements	<ul style="list-style-type: none"> » The Mortgage is secured by a 1 or 2-unit primary residence or a second home » The Mortgage is either a purchase transaction, no cash-out refinance transaction, or a Freddie Mac LP Open Access Refinance mortgage » The Mortgage has a maximum LTV/TLTV/HTLTV ratio of 80% 	
	Asset Calculation for Establishing the DTI Ratio	<ul style="list-style-type: none"> » To determine the amount used to establish the DTI ratio, REMN WS must use the net eligible assets (as described below), divided by 360 months, regardless of the loan term. » The amount of net eligible assets is calculated by subtracting the following from the total eligible assets: <ul style="list-style-type: none"> – Any funds required to be paid by the Borrower to complete the transaction (e.g. Down Payment and Closing Costs) – Any gift funds and borrowed funds, and – Any portion of assets pledged as collateral for a loan or otherwise encumbered. 	
	Asset Eligibility and Documentation Requirements	The assets described below may be used to qualify the borrower for the Mortgage, provided that the assets meet the following requirements:	
		Asset Type	Asset Eligibility Requirements
		Documentation Requirements	
	Retirement Assets	<ul style="list-style-type: none"> » The retirement assets must be in a retirement account recognized by the IRS (e.g. 401K, IRA, etc.) » The asset must not currently be used as a source of income by the Borrower. » As of Note Date, the Borrower must have access to withdraw the funds in their entirety, less any portion pledged as collateral for a loan or otherwise encumbered, without being subject to a penalty or an additional early distribution tax » The borrower's rights to the funds in the account must be fully-vested. 	<ul style="list-style-type: none"> » Most recent retirement asset account statement(s) » Documentation evidencing asset eligibility requirements are met.
	Lump Sum Distribution Funds Not Deposited to the Eligible Retirement Asset	<ul style="list-style-type: none"> » Lump-sum distribution funds must be derived from a retirement account recognized by the IRS (e.g. 401K, IRA, etc.) and must be deposited to a non-retirement brokerage or depository or non-retirement securities account » Borrower must have been the recipient of the lump-sum distribution funds » Parties not obligated on the Mortgage may not have an ownership interest in the account that holds the funds from the lump-sum distribution » The proceeds from the lump-sum distribution must be immediately accessible in their entirety » The proceeds from the lump-sum distribution must not have been or currently be subject to a penalty or early distribution tax. 	<ul style="list-style-type: none"> » Most recent three (3) months personal depository or brokerage account statements » Employer distribution letter(s) and/or check-stub(s) evidencing receipt and type of lump-sum distribution funds; IRS 1099-R (if it has been received) » Satisfactorily documented evidence of the following: <ul style="list-style-type: none"> – Funds verified in the non-retirement account and used for Mortgage qualification must have been derived from eligible retirement assets. – Lump-sum distribution funds must not have been, or current be subject to a penalty or early distribution tax.

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INCOME & EMPLOYMENT				
Assets as a Basis for Repayment of Obligations (Cont'd)	Asset Eligibility and Documentation Requirements (Cont'd)	The assets described below may be used to qualify the borrower for the Mortgage, provided that the assets meet the following requirements:		
		Asset Type	Asset Eligibility Requirements	Documentation Requirements
		Depository Accounts and Securities	<ul style="list-style-type: none"> » The borrower must solely own assets or, if asset is owned jointly, each asset owner must be a borrower on the Mortgage and/or on the title to the subject property. » At least one borrower who is an account owner must be at least 62 years old » As of the Note Date, the borrower must have access to withdraw the funds in their entirety, less any portion pledged as collateral for a loan or otherwise encumbered, without being subject to a penalty » Account funds must be located in a United States – or State-regulated financial institution and verified in US dollars. 	<ul style="list-style-type: none"> » LP Accept Findings – Provide an account statement covering a one (1) month period or direct account verification (i.e. VOD). OR If the borrower does not receive a stock/security account statement: <ul style="list-style-type: none"> – Provide evidence the security is owned by the Borrower, and – Verify value using stock prices from a financial publication or web site » Documentation evidencing asset eligibility requirements are met » Sourcing deposits: <ul style="list-style-type: none"> – REMN WS must document the source of funds for any deposit exceeding 10% of the borrower's total eligible assets in depository accounts and securities and verify the deposit does not include gifts or borrowed funds, or reduce the eligible assets used to qualify the borrower by the amount of the deposit. – When the source of funds can be clearly identified from the deposit information on the account statement (e.g. direct payroll deposits) or other documented income or asset source in the Mortgage file, REMN WS is not required to obtain additional documentation.
		Assets from the Sale of the Borrower's Business	<ul style="list-style-type: none"> » The borrower(s) must be the sole owner(s) of the proceeds from the sale of the business that were deposited to the depository or non-retirement securities account. » 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. » The proceeds from the sale of the business must be immediately accessible in their entirety » 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-help notes to buyer of business. 	<ul style="list-style-type: none"> » Most recent three (3) months personal depository or brokerage account statements » Fully-executed closing documents evidencing final sale of business to include sales price and net proceeds » Contract for sale of business » Most recent business tax return prior to sale of business » Satisfactorily documented evidence of the following: <ul style="list-style-type: none"> – Funds verified in the non-retirement account and used for Mortgage qualification must have been derived from the sale of the borrower's business.

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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 1 unit Primary Residence</p> <p>Rental income is only allowed if the borrower is disabled and rental income is generated from a live-in-aide. This is also true when a 1 unit primary residence has an Accessory Dwelling Unit.</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> <p>» 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.</p> <p>» 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> <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> <p>» 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.</p> <p>» 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.</p> <p>» 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> <p>(Continued on following page)</p>

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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 owed 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"> » Unreimbursed employee expenses reported on Schedule A of the borrower's federal individual income tax returns (e.g. uniforms, educational supplies, union dues), and if applicable, on IRS Form 2106, Employee Business Expenses, are not required to be deducted from the borrower's income unless the expenses are associated with commissions that are greater than or equal to 25% of the income from the commissioned employment. 										
1st Time Homebuyer Investment Purchase	<p>REMN Overlay – For First Time Homebuyers (FTHB) purchasing an investment property, the following table represents the rental income from the subject property that can be utilized (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> <table border="1"> <thead> <tr> <th>Property Type</th><th>Allowed Rental Income to be Utilized*</th></tr> </thead> <tbody> <tr> <td>1 Unit</td><td>No rental income can be used</td></tr> <tr> <td>2 Unit</td><td>Rental income from one (1) unit can be used</td></tr> <tr> <td>3 Unit</td><td>Rental income from two (2) units can be used</td></tr> <tr> <td>4 Unit</td><td>Rental income from three (3) units can be used</td></tr> </tbody> </table> <p>*The unit(s) with the lesser rental income will be the unit(s) considered for qualifying purposes.</p>	Property Type	Allowed Rental Income to be Utilized*	1 Unit	No rental income can be used	2 Unit	Rental income from one (1) unit can be used	3 Unit	Rental income from two (2) units can be used	4 Unit	Rental income from three (3) units can be used
Property Type	Allowed Rental Income to be Utilized*										
1 Unit	No rental income can be used										
2 Unit	Rental income from one (1) unit can be used										
3 Unit	Rental income from two (2) units can be used										
4 Unit	Rental income from three (3) units can be used										
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, Relevé De Herencia Y De Donación) 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, 2017 REMN WS will need evidence of 2016 1040 being filed. This is for all loans in which LPA requires the tax return. » Transcripts cannot be used to verify income. 										

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Requirements for Asset Account Statements		<ul style="list-style-type: none"> » Asset account statements used to verify the borrower's accounts held in financial institutions must meet the following requirements: <ul style="list-style-type: none"> – Identify the financial institution – Identify the account owner(s) – Identify the account number, which at a minimum must include the last – Show all transactions – Show the period covered – Show the ending balance – Show any outstanding loans secured by the asset » A transaction history that is computer-generated and downloaded by the borrower from the internet or by a financial institution representative from the institution's system is acceptable. The transaction history must identify the name of the institution and the source, and includes the information required above for asset account statements, unless: <ul style="list-style-type: none"> – It is used in combination with other asset verifications containing the missing information, and – It can clearly establish that the transaction history pertains to the same account. » Note: In regard to the allowance of direct Verification of Deposit (VOD) forms for asset verification, 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.
Evaluation of Deposits in the Borrower's Accounts	Deposits Requiring Verification	<ul style="list-style-type: none"> » Except as stated below, REMN WS is not required to document the sources of unverified for purchase or refinance transactions. However, when qualifying the borrower, REMN WS must consider any liabilities resulting from all borrowed funds. » For purchase transactions, when evaluating deposits in the borrower's accounts, the following requirements apply: <ul style="list-style-type: none"> – REMN WS must document the source of funds for any "large deposit", as described below, if the deposit is needed to qualify the borrower for the Mortgage transaction (i.e. any funds required to be paid by the borrower and borrower reserves) <ul style="list-style-type: none"> ▪ A "large deposit" is any single deposit exceeding 50% of the sum of: <ul style="list-style-type: none"> • The total monthly qualifying income for the Mortgage and • The amount derived from the asset calculation for establishing the debt-to-income (DTI) ratio in accordance with the requirements as detailed in Assets as a Basis for Repayment of Obligations section, if applicable. – When a single deposit consists of both verified and unverified portions, REMN WS may use just the unverified amount when determining whether the deposit is a large deposit as described above. – When a large deposit is not verified and is not needed to qualify the borrower for the Mortgage transaction (i.e. any funds required to be paid by the borrower and borrower reserves), REMN WS must reduce the funds used for qualification purposes by the amount of the unverified deposit. REMN WS must enter the reduced amount of the asset into Loan Product Advisor (LPA). – When the source of funds can be clearly identified from the deposit information on the account statement (e.g. direct payroll deposits) or other documented income or asset source in the Mortgage file (e.g. tax refund amounts appearing on the tax returns in the file), REMN WS is not required to obtain additional documentation.
	Acceptable Sources of Deposit	<ul style="list-style-type: none"> » When a deposit requires verification as stated above, REMN must determine: <ul style="list-style-type: none"> – Whether the source of the deposit is acceptable – That the funds belong to the borrower, and – That the funds are eligible for the transaction » Acceptable sources include, but are not limited to: <ul style="list-style-type: none"> – The borrower's income – Funds awarded to the borrower (e.g. disaster relief funds, lottery winnings, court-awarded settlement) provided the source is not an interested party to the real estate or Mortgage transaction – Funds derived from eligible asset types as detailed in Eligible Asset Types and Documentation Requirements for Borrower Personal Funds section.

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Minimum Borrower Contribution	For a purchase transaction mortgage, the borrower must make a minimum contribution from the borrower’s personal funds when specifically required, as summarized below:		
	Minimum Contribution from Borrower Personal Funds		
	Mortgage Type	LTV/TLTV/HTLTV ≤ 80%	LTV/TLTV/HTLTV > 80%
	1 Unit Primary Residence	None	
	2-4 Unit Primary Residence	None	N/A
	1 Unit Second Home	None	5% of value, when gift funds or grants are used for the transaction
	1-4 Unit Investment Property	All funds used for the transaction must be Borrower’s personal funds	
	» 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.		
Eligible Asset Types and Documentation Requirements for Borrower Personal Funds	» Asset types that are considered Borrower personal funds and the applicable documentation requirements are described in the chart below. The eligibility and documentation requirements apply to all funds used to qualify the borrower for the mortgage transaction, including reserves. Any limitations on the use of an asset type are specified in the chart.		
	» All accounts held in financial institutions must be owned by the borrower and the borrower must have access to the funds. Funds in accounts that are owned jointly by the borrower and a non-borrower are considered borrower personal funds.		
	» For Loan Product Advisor (LPA) mortgages, the documentation level shown on the Feedback Certificate indicates the minimum level of documentation acceptable for a LPA mortgage.		
	Asset Type and Eligibility Requirements		LPA Streamlined Accept Documentation Requirements
	Depository Accounts		» Provide an account statement covering a one (1) month period or direct account verification (i.e. VOD). » 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.
	» Accounts used to deposit and withdraw cash, such as: Checking, Savings, Money Market, Certificate of Deposit (CD), other depository accounts		
	Securities		» Provide an account statement covering a one (1) month period or direct account verification (i.e. VOD). » 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. » If the borrower does not receive a stock/security account statement: – Provide evidence the security is owned by the borrower, and – Verify the value using current stock prices from a financial publication or web site. » See ** below for when evidence of liquidation is required.
	» Securities that are traded on an exchange or marketplace, generally available to the public such as: Stocks, Vested Stock Options, Bonds, Mutual Funds, US Government Securities, other securities		
	» Value must not include margin accounts » Stock with limitations on its accessibility (e.g. restricted stock which has not vested and been distributed to the recipient) is not eligible		
	Retirement Accounts		» Provide an account statement covering a one (1) month period or direct account verification (i.e. VOD). » 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. » See ** below for when evidence of liquidation is required. » When evidence of liquidation is not obtained: » In order to use the vested amount of an IRS-qualified employer retirement account to qualify the borrower for the Mortgage transaction, the Mortgage file must include documentation confirming that the borrower is permitted to make withdrawals, and severance from the borrower’s current employment is not required.
	» Independent retirement accounts and Internal Revenue Service (IRS)-qualified employer retirement plan accounts such as: 401K, 403b, IRA’s (traditional and Roth), SEP-IRA, SIMPLE-IRA, KEOGH, MyRA, State retirement savings plans, Other independent and IRS-qualified employer retirement plan accounts.		
Government Bonds (Federal, State or Municipal)		» Provide documentation verifying the ownership and the value. » See ** below for when evidence of liquidation is required.	
» The value used must be based on the lower of the purchase price or current redeemable value.			
** When assets that are invested in stocks, bonds, mutual funds, US Government securities, retirement accounts 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.			
Proceeds from a Loan Fully-Secured by the Borrower’s Assets Other than Real Property		» Provide the following:	
» The loan must not be provided by an interested party to the transaction. When the loan is secured by a financial asset used to qualify the borrower for the mortgage transaction, the value of the asset must be reduced by the amount of the loan proceeds and any associated fees.		– Documentation verifying the value and ownership of the asset used to secure the loan as well as the amount and terms of the loan. – Evidence of receipt of the loan proceeds	

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Eligible Asset Types and Documentation Requirements for Borrower Personal Funds (cont'd)	Asset Type and Eligibility Requirements	LPA Streamlined Accept Documentation Requirements
	Proceeds from the Sale or Refinance of the Borrower's Real Property (including Proceeds from a 1031 Exchange or a Bridge Loan) » For refinance mortgages, the cash-out proceeds from the subject cash-out refinance transaction and any cash back received on the subject "no cash-out" refinance transaction are not eligible sources of funds for reserves .	» Provide the following: <ul style="list-style-type: none"> – The Settlement/Closing Disclosure Statement verifying the proceeds from the sale or refinance of the Borrower's real property – For Mortgages with Application Received Dates prior to October 3, 2015, the Settlement/Closing Disclosure Statement must be signed by the buyer and the seller, or their authorized agents, and/or – An executed buy-out agreement that is part of an employer relocation plan that takes responsibility for the outstanding Mortgages(s).
	Proceeds from the Sale of the Borrower's Assets Other Than Real Property or Exchange-Traded Securities » The purchaser of the borrower's asset must not be an interested party to the mortgage transaction.	» Provide the following: <ul style="list-style-type: none"> – A signed bill of sale documenting the asset and transfer of ownership. – Evidence of receipt of the proceeds.
	Borrower's Real Estate Commission » Borrower's real estate commission is an eligible source of funds for Down Payment and/or Closing Costs when he borrower is a licensed real estate agent that is due to receive a sales commission from their purchase of the subject property.	» The Settlement/Closing Disclosure Statement must reflect the commission earned by the borrower and credited toward the Mortgage transaction.
	Funds from a Trust » The borrower must be the beneficiary and have access to the funds as of the date of the loan closing. » The borrower's portion of undistributed trust funds may be used as reserves only.	» Provide a copy of the trust agreement or a signed statement from the trustee or trust manager that documents the following information: <ul style="list-style-type: none"> – Identifies the borrower as the beneficiary – Confirms that the borrower has access to all or a certain specific amount of the funds – Confirms that the trust has sufficient assets to disburse funds needed by the borrower » When trust funds are needed for closing, evidence of receipt of the disbursed funds from the trust is required.
	Individual Development Account (IDA) – Agency Matching Funds not subject to Recapture » Any matching funds may be considered borrower personal funds » A maximum of a 4 to 1 match by an Agency's funds is permitted » The borrower must satisfy any vesting requirements of the matching IDA program	» Providing documentation of the IDA program verifying: <ul style="list-style-type: none"> – The matching funds are not subject to Recapture – The ratio of matching funds by the Agency – Regular payments made to the IDA by the borrower and the matching organization – The vested balance or the percentage of vesting
	Community Savings Systems Accounts – Borrower Contributions » Funds on deposit in a Community Savings System that are deposited by the borrower. » A non-profit community organization must administer the savings system.	» Provide Community Savings System account statements or a direct account verification identifying the non-profit community organization as the administrator and showing all borrower contributions.
	Pooled Funds » Pooled funds are funds on deposit provided by the borrower and other member(s) of a group of Related Persons who: <ul style="list-style-type: none"> – Have resided together for at least 1 year, and – Will continue residing together in the new residence, and – Are pooling their funds to buy a home. » Funds provided by Related Persons who do not reside with the borrower are subject to the requirements for gift funds.	» Provide the following: <ul style="list-style-type: none"> – Evidence that the borrower and the Related Person have resided together for at least one (1) year – Documentation verifying the pooled funds per the requirements for the applicable asset type contained in this chart, or Gift funds as applicable – A written statement from the borrower, executed at application attesting to all of the following: <ul style="list-style-type: none"> ▪ The source of the pooled funds ▪ The fact that the pooled funds were not borrowed by the contributing Related Person ▪ The relationship between the contributing Related Person and the borrower. (For example, the affidavit might state that the Related Person is the borrower's uncle or that the Related Person is the cousin of the borrower's spouse). ▪ That the Related Person has resided with the borrower for the past year and intends to continue residing with the borrower in the new residence for the foreseeable future » The written statement need not be notarized or acknowledged but must be kept in the Mortgage file.

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Eligible Asset Types and Documentation Requirements for Borrower Personal Funds (cont'd)	Asset Type and Eligibility Requirements	LPA Streamlined Accept Documentation Requirements
	Borrower's Revolving Credit Card (charges/cash advances) or Unsecured Line of Credit » Borrower's revolving credit card (charges/cash advances) or unsecured line of credit used to pay fees associated with the Mortgage application process (e.g. origination fees, commitment fees, lock-in fees, appraisal, credit report and flood certifications) are subject to the following requirements: <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, AND <ul style="list-style-type: none"> – The borrower must have sufficient verified funds to pay these fees (in addition to the funds needed to qualify for the Mortgage transaction; 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 DTI ratio 	» Provide the following: <ul style="list-style-type: none"> – A copy of the account statement or receipt showing the amount charged or advanced, and – Verification of sufficient funds to pay the amount charged or advanced if the amount charged or advanced is not included in the monthly DTI ratio.
	Cash Value of a Life Insurance Policy (not the face value) » The borrower must be the owner of the policy and not the beneficiary.	» Provide documentation from the life insurance company verifying the following information: <ul style="list-style-type: none"> – Policy owner(s) – Period covered and current cash value, and – Any outstanding loans » When cash value of the life insurance policy is needed for closing, evidence of liquidation is required.
	Rent Credits » The portion of rental payments paid by the Borrower credited towards the Down Payment and/or Closing Costs under a documented rental/purchase agreement. » The credit must not exceed the difference between the market rent and actual rent paid. » The rental/purchase agreement must have an original term of at least twelve (12) months and the rent must be based on a minimum of 12 months rental payments.	» Provide the following: <ul style="list-style-type: none"> – A copy of the rental/purchase agreement – Evidence of rental payments reflecting acceptable documentation for rental verification. – Appraiser's determination of the market rent for the subject property.
	Trade Equity – Net proceeds of the Trade-In of the Borrower's Previously Owned Residence » The borrower's equity in the previously-owned residence is determine by subtracting any outstanding liens on the previously-owned residence, plus any transfer costs, from the lesser of the appraised value of the previously-owned residence or its trade-in price as shown in the trade-in contract.	» Provide the following: <ul style="list-style-type: none"> – The appraisal of the borrower's previously-owned residence – A copy of the trade-in contract
Earnest Money Deposit (EMD)	» When an EMD for a purchase transaction is used to qualify the borrower for the Mortgage transaction, REMN WS must obtain evidence that the EMD check cleared the Borrower's account (e.g. copy of the cancelled check, asset account statement or written statement from the EMD holder verifying receipt of the funds). » When the EMD is needed to meet the minimum contribution from the Borrower personal funds, REMN WS must: <ul style="list-style-type: none"> – Verify that the source of the EMD is an eligible asset type and document it in accordance with the applicable requirements – Provide account statement(s) (based on LPA Accept findings) or a direct account verification (i.e. VOD) that covers the period up to and including the date the EMD funds cleared the account. » The EMD must not counted twice in the evaluation of the Mortgage (i.e. deducted from the funds to close and counted in assets)	
Business Assets	» Funds from a borrower's business account may be used to qualify the borrower for the Mortgage transaction, provided they meet the standard eligibility requirements, except as stated below: <ul style="list-style-type: none"> – Documentation of large deposits is not required, provided that REMN WS: <ul style="list-style-type: none"> ▪ Reviews a minimum of the most recent two (2) months of the business account statements, and ▪ Determines the deposits are typical for the borrower's business – See Business Assets Used for Closing for additional requirements when self-employed income from the business is used for qualifying. 	

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Joint Access Letters	» When an individual(s), other than the borrower(s), are on a bank account, a joint access letter is NOT required.											
Source of Funds from Outside the United States and its Territories	<p>» When the source of funds needed for closing is, or otherwise originates from, asset(s) located outside the United States and its territories:</p> <ul style="list-style-type: none"> – Funds must be transferred into a United States or State regulated financial institution and verified in U.S. dollars prior to the closing of the Mortgage transaction, or – Combined value of the assets must be at least 20% greater than the amount from these assets needed for closing <p>» All documents of foreign origin must be filled out in English or the originator must provide a translation, attached to each document, and warrant that the translation is complete and accurate. All foreign currency must be converted to U.S. dollars.</p>											
Special Requirements for Other Eligible Sources of Funds	<p>» Other sources of funds eligible to be used to qualify the borrower for the Mortgage transaction and the applicable documentation requirements are described in the below chart. The eligibility and documentation requirements apply to all funds used to qualify the borrower of the Mortgage transaction, including reserves. Any limitations on the use of an asset type are specified in the chart.</p> <p>» The minimum level of documentation acceptable to qualify will be indicated on the Loan Product Advisor (LPA) Feedback Certificated.</p>											
	<table> <tr> <th>Asset Type and Eligibility Requirements</th><th>Documentation Requirements</th></tr> <tr> <td> Gift Funds or a Gift of Equity <p>» Gift funds or a gift of equity is an eligible source of funds for a Mortgage secured by a Primary Residence or Second Home, provided that:</p> <ul style="list-style-type: none"> – The funds are from a related person, and – The funds do not have to be repaid <p>» When a mortgage is secured by a Second Home and the LTV/TLTV/HTLTV ratio > 80%, the gift is only permitted if the borrower has made a Down Payment of at least 5% from his/her personal funds.</p> <p>» Gift funds or a gift of equity is not an eligible source of funds for an investment property transaction.</p> </td><td> <p>» Provide a gift letter signed by the donor. Information provided in the gift letter must include:</p> <ul style="list-style-type: none"> – State the donor's name and that the funds are given by a related person – Include the donor's mailing address and telephone number – State the amount of the gift funds or the gift of equity – Establish that the gift funds or gift of equity are a gift that does not have to be repaid. <p>» Gift Funds – If the verifications provided in the Mortgage file do not show evidence that the gift funds have been deposited in the borrower's account, the borrower must provide evidence of the transfer of funds from the donor to the borrower.</p> <p>» Gift of Equity – A gift of equity must be reflected on the Settlement/Closing Disclosure Statement</p> </td></tr> <tr> <td> Gift Funds Received as a Wedding Gift <p>» Gift funds received as a wedding gift from unrelated persons and/or related persons is an eligible source of funds for a Mortgage secured by a Primary Residence.</p> <p>» The gift funds must be on deposit in the borrower's depository account within 60 days of the date of the marriage license or certificate.</p> </td><td> <p>» Provide the following:</p> <ul style="list-style-type: none"> – Copy of the marriage license or certificate – Verification of the gift funds in the borrower's depository account. </td></tr> <tr> <td> Gift or Grant from an Agency <p>» A gift or grant from an Agency that does not have to be repaid is an eligible source of funds provided that:</p> <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 party <p>» Gifts or grants from agencies are not eligible sources of funds for Second Home or Investment Property transactions (Primary Residence only)</p> </td><td> <p>» Provide documentation supporting a gift or grant from an agency. 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REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

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Employer Assisted Homeownership (EAH) Benefit	<ul style="list-style-type: none">» An Employer Assisted Homeownership (EAH) Benefit may be used as a source of funds to qualify the borrower for the Mortgage transactions if the terms of the EAH Benefit comply with the following:<ul style="list-style-type: none">– The EAH Benefit is provided to an employee from the employer pursuant to an established, ongoing and documented employer benefit program, provided<ul style="list-style-type: none">▪ The employer is not an interested party, and▪ The funds were not obtained from an interested party either directly or through a third party– The Mortgage is secured by a 1-to-4-unit primary residence» The EAH Benefit may be any of the following structures meeting the applicable requirements													
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Reserves	<ul style="list-style-type: none">» Reserves are borrower’s eligible assets, as described below, remaining after the loan closing. The source of funds used for reserves, when needed to qualify the borrower for the Mortgage transaction, must meet the eligibility and documentation requirements in Eligible Asset Types and Documentation Requirements for Borrower Personal Funds section. Reserves are measured by the number of months of the monthly payment amount for the property.» The monthly payment amount is defined as the sum of the following:<ul style="list-style-type: none">– Principal and Interest,– Property hazard insurance premiums– Real estate taxes– When applicable:<ul style="list-style-type: none">▪ Mortgage insurance▪ Leasehold payments▪ HOA dues (excluding unit utility charges)▪ Payments on secondary financing.» When calculating reserves for the subject property, the principle and interest payment of the monthly payment amount must be based, at a minimum, on the Note Rate. When calculating reserves for other properties, the monthly payment amount for the property must be no less than the current monthly payment amount.» REMN WS must verify all reserves used in the evaluation of the mortgage loan and the amount must be entered in LPA. The minimum reserve requirements as described in the LPA findings 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	Per LPA findings
	Primary Residence – 2-4 Unit	Per LPA findings
	Reserves required for Second Home and Investment Property	
	Subject Property	Required Reserves
	Second Home	Per LPA findings
	Investment Property	Per LPA findings
	<p>*For Loan Product Advisor (LPA) Mortgages, the additional required reserves stated in the chart above are included in the amount of reserves to be verified on the LPA Feedback Certificate.</p> <p><u>Ineligible Sources of Reserves:</u></p> <ul style="list-style-type: none">» Examples of assets that are not eligible to be reserves include:<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 and any cash back received on the subject “no cash-out” refinance transaction	
Lender Credit	<ul style="list-style-type: none">» Lender credit may be used for the Mortgage transaction provided it meets all of the following requirements:<ul style="list-style-type: none">– When the amount of lender credit exceeds the Borrower’s Closing Costs, any excess lender credit can be applied as a principal curtailment toward the Mortgage. This includes situations where regulatory requirements do not permit reduction of the amount of the lender credit without re-disclosure to the Borrower, which may delay closing.<ul style="list-style-type: none">• The lender credit must be derived from an increase in the interest rate (i.e., premium pricing)• The lender credit must not require repayment• No third-party funds can be used to provide a lender credit– Lender credit derived from an increase in the interest rate must not be used as a credit towards funding a temporary subsidy buydown plan on a No-Cash Out Refinance mortgage.	

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

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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
- » Gift funds or 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 donor has no affiliation with the builder, real estate agent or any other interested party to the transaction and
 - All of the requirements pertaining to gift funds or gift of equity from a Related Person (as detailed in [Special Requirements for Other Eligible Sources of Funds](#)) are met.
- » When REMN WS is affiliated with an interested party to the transaction, a lender credit is not considered an interested party contribution when it is derived from an increase in the interest rate.
- » Mortgages with abatements (that are 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/or other assessments on the borrower's behalf in excess of Prepaid/Escrows associated with the Mortgage closing) are not eligible for sale to Freddie Mac.
- » The payment of no more than twelve (12) months of HOA dues by an interested party is not considered an abatement, but is considered an interested party contribution, subject to the requirements of this section. 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.

Financing Concessions

- » Financing concessions are funds that originate from an interested party to the transaction that are used to:
 - Reduce permanently the interest rate on the Mortgage
 - Fund a buydown plan to temporarily subsidize the Borrower's monthly payment on the Mortgage
 - Make contributions in any way related to the Borrower's Closing Costs, including up to twelve (12) months of HOA dues
- » Based on value, the maximum permitted financing concessions are as follows:

Occupancy	LTV/TLTV > 90%	LTV/TLTV 75.01 – 90%	LTV/TLTV ≤ 75%
Primary Residences & Second Homes	3%	6%	9%
Investment Properties	2%	2%	2%

- » The amount of any financing concessions in excess of the limitations set forth above will be considered a sales concession.
- » Funds paid by the property seller that are fees or costs customarily paid by the property seller according to local convention are not subject to the maximum financing concession limitations above.

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 Settlement/Closing Disclosure Statement.
- » Mortgages with interested party contributions paid outside of closing and not disclosed on the Settlement/Closing Disclosure Statement are not eligible.
- » REMN WS must ensure that the data submitted to Loan Product Advisor (LPA) accurately reflects the presence of any financing and sales concessions.

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

OTHER REAL ESTATE OWNED	
Number of Properties Financed with REMN WS	<ul style="list-style-type: none"> » 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. » 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. » 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. 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.
Properties Owned Free & Clear	<ul style="list-style-type: none"> » 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. <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 ensure that they have not taken out a recent mortgage loan (as required by LQI). » The satisfactory receipt of the above items will satisfy the requirement verifying a property is owned free and clear.

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 of the subject property 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. <ul style="list-style-type: none"> – Photographs of the comparable sales must be clear electronic images. Copies of multiple listing service (MLS) photographs are acceptable » 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	
Automated Collateral Evaluation	<p>» For certain Loan Product Advisor (LPA) mortgages, the automated collateral evaluation (ACE) provides the option to accept an appraisal waiver and originate the mortgage without an appraisal. To qualify for an ACE appraisal waiver the loan must receive LPA Risk Classification of ACCEPT.</p> <p>» When the appraisal waiver option is accepted, the estimated value submitted by REMN WS will be accepted for the purposes of underwriting the Mortgage, and will not exercise its remedies, including the issuance of repurchase requests in connection with a breach of REMN WS's selling representations and warranties related to value, condition and marketability of the Mortgage premises.</p>
	<p><u>Process for Qualifying for and Accepting the Appraisal Waiver Offer</u></p> <p>» For a Mortgage to qualify for an appraisal waiver:</p> <ul style="list-style-type: none"> – REMN WS must submit the Mortgage to Loan Product Advisor (LPA) – Upon evaluation by LPA, the Last Feedback Certificate must indicate that the Mortgage is eligible for collateral representation and warranty relief with an appraisal waiver (this represents the "offer"); and – The final submission of the Mortgage to the Selling System must indicate the collateral representation and warranty relief status is "Y" or "Yes". <p>» For Mortgages that receive the appraisal waiver offer, in order to accept the offer, REMN WS must deliver the Mortgage with the ULDD Data Points.</p>
	<p><u>Eligible Mortgages</u></p> <p>» The following requirements must be met for Mortgages to be eligible to receive an appraisal waiver offer:</p> <ul style="list-style-type: none"> – The Mortgage must be secured by a 1 unit (SFR & PUD) Primary Residence or Second Home – The Mortgage must have a loan-to-value (LTV) ratio/total LTV (TLTV) ratio of less than or equal to 80% – The Mortgage must be a purchase transaction or a no cash-out refinance transaction.
	<p><u>Ineligible Mortgages</u></p> <p>» The following Mortgages are NOT eligible for an appraisal waiver:</p> <ul style="list-style-type: none"> – Mortgages for which an appraisal has been obtained in connection with the Mortgage – Texas Equity Section 50(a)(6) Mortgages (a/k/a Texas Cash-Out) – Mortgages supplied by one of the following: <ul style="list-style-type: none"> ▪ A Condominium Unit ▪ A Manufactured Home, or ▪ A leasehold estate – Mortgages secured by mortgaged premises subject to resale restrictions – Construction Conversion and Renovation Mortgages – Freddie Mac Relief Refinance Mortgage – Open Access – Mortgages with Freddie Mac Settlement Dates more than 120 days from the Note Date – Non-arm's length transactions – Purchases of REO properties (as identified in the sales contract) – Mortgages with an estimate of value or purchase price greater than \$1,000,000 <p>» In addition, the appraisal waiver is not acceptable if any of the following apply:</p> <ul style="list-style-type: none"> – An appraisal is required to be obtained by law or regulation – REMN WS is aware of conditions it believes it believes warrant an appraisal being obtained. Examples include, but are not limited to: <ul style="list-style-type: none"> ▪ The property is located in an area recently impacted by a disaster ▪ A contaminated site or hazardous substance exists affecting the property or the neighborhood in which the property is located ▪ Adverse physical property conditions that are apparent based on the review of the sales contract, property inspection, disclosure from the borrower, etc.
	<p><u>Maintaining Appraisal Waiver Eligibility</u></p> <p>» The appraisal waiver offer is valid for 120 days. If the offer is more than 120 days old on the Note Date, a resubmission to Loan Product Advisor (LPA) is required to determine ongoing appraisal waiver eligibility.</p> <p>» Note: If the loan date is changed (e.g. address of the property, loan amount, purchase price, estimate of value, loan type, property type, occupancy of the property) in a subsequent submission, the original offer will be invalidated and Loan Product Advisor (LPA) may provide a different appraisal waiver eligibility determination.</p>
	<p><u>Seller Representation of Property Review or Valuation</u></p> <p>» REMN WS, if accepting the appraisal waiver offer in connection with a Mortgage, must not make any representation that Freddie Mac has performed a property review or obtained a valuation of the Mortgaged Premises.</p>

REM N 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 HPML Appraisal Rule has specific requirements for Property Flips
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 (REM N 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. <ul style="list-style-type: none"> 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 CD/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 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	<ul style="list-style-type: none"> » The maximum amount of the repairs is limited to \$5,000. » Repairs <u>cannot</u> impact the habitability or safety of the subject property. » An estimate from a licensed contractor (or other qualified professional) listing all repairs required. » REMN will hold 1.5 times the amount of the estimate. The borrower must use their own funds (or approved gift) to establish the escrow account and complete the repairs. Consequently, they must verify assets of 2.5 times the amount of the estimate in addition to those assets needed for the down payment and closing costs. » The repairs are not paid for with the funds in the escrow account, the borrower must pay for the repairs directly. » The repairs must be completed within 14 calendar days of loan disbursement - and the final inspection within 72 hours of completion. » The underwriter must approve the escrow request, list it as a closing condition of loan approval & properly complete the repair escrow form in encompass. » If the request is made, the loan must be re-disclosed within 72 hours of the request as a "changed circumstances" and a final inspection fee added to the LE. » The underwriter is responsible for having the escrow agreement completed by an UW Team Lead and sent to the closing table to be executed. » Upon completion of the repairs, the borrower may contract RenoDraw@Homebridge.com to schedule a final inspection and with questions regarding release of escrow funds
Property with an Accessory Unit	<ul style="list-style-type: none"> » 1 unit attached or detached property that has only one (1) accessory unit. » Eligible if the accessory unit is either legal or legal non-conforming based on the zoning and land use requirements, and any applicable covenants or restrictions including Condominium Project or PUD homeowners' association (HOA) requirements. If the accessory unit is illegal based on the zoning and land-use requirements, a Mortgage is eligible according to the requirements below. <ul style="list-style-type: none"> – 2-to-4-unit property with one or more accessory units is not eligible » The accessory unit must include a kitchen and bathroom. Examples of such properties include a dwelling with a unit above a detached garage, a dwelling with an attached or detached guest apartment, or a dwelling with a basement unit. Some characteristics that may indicate a 2-unit property rather than a 1-unit property with an accessory unit include the zoning and land-use requirements, covenants or HOA requirements, the existence of separate meters, separate ingress/egress or separate addresses for the units. » For a 1-unit property with an accessory unit (legal or illegal zoning compliance), the appraiser must describe the accessory unit and appraise the property based on its current use. Any effect the accessory unit has on the market value or marketability of the subject property must be analyzed and reported. » If the subject property accessory unit complies with the zoning and land use requirements (legal or legal non-conforming compliance), the appraisal report must include at least one (1) comparable sale with only 1 accessory unit. The accessory unit of the comparable sale must also comply with the zoning and land use requirements to demonstrate the conformity and marketability of the subject property to its market area. » If the subject property accessory unit does not comply with the zoning and land use requirements, the Mortgage is eligible if: <ul style="list-style-type: none"> – The "Site" section of the appraisal report indicates that the accessory unit does not comply with zoning and land use requirements (illegal zoning compliance) – At least two (2) comparable sales with each having only one accessory unit must be included in the appraisal report. The accessory unit of each comparable sale must also be non-compliant with the zoning and land use requirements to demonstrate the conformity and marketability of the subject property to its market area; and – REMN WS confirms that the existence of the accessory unit will not jeopardize future hazard insurance claims.

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APPRAISAL, PROPERTY, SALES CONTRACT	
Recently Listed Properties	<u>No Cash-Out / Rate Term</u> <ul style="list-style-type: none">» Subject property must not currently be listed for sale.» Borrowers must confirm their intent to occupy the subject property (for principal residence transactions).
	<u>Cash-Out</u> <ul style="list-style-type: none">» Subject property must not currently be listed for sale.

REMN WHOLESALE FREDDIE MAC PRODUCT DESCRIPTION

PROPERTY INSURANCE	
Insurance Coverage Requirements	» Please reference the REMN WS Insurance Coverage Requirements job aid for complete details on insurance requirements.
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>
Flood Insurance – Condo Units	<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> <p>» The condominium owners' association must maintain building coverage on the building for the lower of:</p> <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> <p>» The condominium owners' association must maintain contents coverage on the building for the lower of:</p> <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. <p>» 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> <p><u>Unit Owners Coverage</u></p> <p>» 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> <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>