

FREDDIE MAC STANDARD

PROGRAM SPECIFICATIONS		
Channels	- Broker - Correspondent - Non-Delegated (UW) - Delegated (UW)	
FICO	620 minimum qualifying credit score for all qualifying Borrowers.	
UW Method	Loan Product Advisor (LPA)	
AUS Risk Class	Risk Class Accept	
Eligible Terms	Fully Amortizing Fixed	Super Conforming
	15Yr., 20Yr., 25Yr., and 30Yr. - ARMS not permitted	
Eligible Transaction Types	- Purchase - No Cash-Out Refinance - Cash-Out Refinance Reminder: - AFR does not permit Cash Out Refinances for Primary residences in Texas (See Texas Home Equity 50(a)(6) and Non-Home Equity 50(a)(4) matrix). - AFR does permit Cash-Out on Second Homes and Investment properties in Texas.	
Eligible Property Types	1-4 Unit Primary Residences 1 Unit Second Homes 1-4 Unit Investment - Condominiums/PUDs - Ineligible review: Properties that require PCS (Project Certified Submissions) Condominium Project review and general Condominium Project eligibility requirements - Multi-width Manufactured Housing (Investment Properties not permitted) - Single-width Manufactured Housing (Cash-out, Second homes and Investment Properties not permitted) CHOICEHome MH Note: Single-width Manufactured Homes on a Lot (outside of a PUD or Condo project) where PMI is required must use Enact or National MI. AFR must order the MI and be the lender.	
Maximum LTV/TLTV/HTLTV	See FHLMC Eligibility Matrix Maximum LTV TLTV HTLTV Ratio Requirements for Conforming and Super Conforming Mortgages - Freddie Mac Single-Family	
Maximum DTI	Determined by LPA	
Maximum Loan Amount	https://www.fhfa.gov/DataTools/Downloads/Pages/Conforming-Loan-Limits.aspx	
Mortgage Insurance	Follow LPA	
MI Companies	Arch MGIC Enact Essent Guaranty, Inc. National Radian	
Geographic Restrictions	- Hawaii - AFR does not operate in the state of Hawaii and does not permit loans with a subject property in Hawaii for all programs in all channels with the exception of Correspondent Delegated UW transactions. - AFR requires the use of AFR's Texas counsel on all Texas transactions apart from Correspondent Delegated loans. AFR utilizes this 3rd party for document preparation and require 48 hours for both title review and to generate a closing package.	
Guidelines	http://www.freddiemac.com/singlefamily/guide/	
Forms	See FORMS Section in the Resource Center	
CHOICEHome	Manufacturer must certify: - Roof Pitch of minimum 4/12 - Energy Efficiency	

- Built to exceed HUD Energy efficiency requirements for the geographic property and must have:
 - Minimum Insulation Values of 33(ceiling)/11(wall)/22(Floor), and
 - Low-E windows, and
 - A Programable thermostat
 - Single or Multi-section Features:
 - Multi-Wide:
 - Domer(s) and covered porch (minimum 72 sq. ft.
 - Dormer(s) and attached/detached carport/garage with space to accommodate one or two cars. The materials and finishes must be at least equivalent to the primary structure.
 - Covered porch (minimum 72 sq. ft.) and attached/detached carport/garage with space to accommodate one to two cars. The materials and finishes must be at least equivalent to the primary structure.
 - Single-wide:
 - Covered porch (minimum 72 sq. ft.), and
 - Attached carport/garage with space to accommodate one or two cars. The materials and finishes must be at least equivalent to the primary structure.
 - Interior
 - Drywall throughout (interior walls/ceilings throughout, including closets)
 - No paper-wrapped cabinets
 - Built to HUD Code, with HUD Certification label and Data Plate affixed to the home
 - Manufacturer to affix CHOICEHome sticker near data plate in the home
 - Permanent Foundation must include the presence of a masonry perimeter or “perimeter blocking”
 - LTV Calculations Basis:
 - Purchase
 - Purchase price of the CHOICEHome and purchase of land, or
 - Current appraised value of CHOICEHome and land
 - No Cash-Out Refinance – (existing CHOICEHome)
 - Value calculated on the current appraised value of the CHOICEHome and Land
 - Occupancy – Primary residence, 1-unit only
 - Max LTV; 95%
 - Maybe combined with one of the following products:
 - Home Possible – reference guide for Max LTV
 - HomeOne – reference guide for Max LTV
 - Ineligible Mortgage:
 - Super conforming;
 - Seller-Owned Converted and Seller – Owned Modified Mortgages;
 - Mortgage in which the proceeds are paying off a land contract or contract for deed as described in Guide Section 4401.1
 - Renovation Mortgage; or
 - Mortgage secured by a leasehold estate
 - Appraisal form:
 - Manufactured Home Appraisal Report; Form 70B
 - Comparable Sales Requirements: Should contain at least one comparable CHOICE Home sale, if not available, the appraiser may use site-built housing, or other Manufactured Homes of similar quality. Appraiser must explain and support the reasoning for selecting any non-CHOICEHome comparable sales.
 - The appraisal must reflect a value opinion based on the real property as completed, consisting of the CHOICEHome, all site improvements, and the land on which the property is situated.
 - The appraisal report must include photos of:
 - The CHOICEHome notice
 - The HUD Data Plate
 - The HUD Certification Label
 - Site features including detached structures
 - Underwriting Method; LPA Accept required; submitted as detached
 - Standard mortgage insurance coverage as a Manufactured Home unless the Mortgage insurer permits mortgage secured by a CHOICEHome to be submitted as a site-built home
- Manufactured Home adjuster does not apply

OVERLAYS

Borrower	1 credit score required for all qualifying borrowers. Use the middle score if 3 credit scores or the lower of the two if 2 credit scores. Lowest representative score from all borrowers will be used for qualification purposes - Maximum of 5 borrowers permitted on one loan - Non-U.S. Citizen Borrowers must have a valid Social Security Number (S.S.N.)
Credit	- LP Accept Risk Class only; Caution, A-Minus and Refer Risk Class not permitted - Manual Underwrites not permitted - Non-traditional / alternative credit is not permitted with the exception of Correspondent Delegated UW transactions that have a LP Accept risk class - AFR will permit a private VOR only if 12 months cancelled checks are provided to support documentation. - AFR requires credit committee exceptions for any loan with significant derogatory credit that does not meet the Freddie Mac base waiting period requirements (Note: Any loan with an extenuating circumstance). - Refinancing of a Reverse Mortgage (HECM) is not permitted unless: - The forward mortgage transaction is paying off a current Reverse Mortgage (HECM) when the applicant was not a party to the HECM and has either inherited the property or is purchasing the property from the estate (i.e. HECM parties are deceased).
Property	The following property types are not permitted: - Co-Ops - Mixed- Use - Manufactured Housing that has been moved and/or traded - Properties with commercial influence are subject to additional review. - Any property where marijuana is grown or processed inside the home or on the property, regardless of the quantity or state law is unacceptable - Illinois Land Trusts not permitted - Properties subject to an Energy Retrofit not permitted - Energy Conservation Improvements not permitted - Properties subject to an Energy Retrofit not permitted - Off Grid - Non-traditional heating methods (solar, wood burning stoves, etc.) without a heating back up source are not permitted. - AFR does not permit the use of a plat map in lieu of a survey if a survey is required - Vesting on the title commitment must remain unchanged/unaltered through the life of the loan. Any title transfer must be completed/recorded prior to the application. - AFR requires a 48 hour turn time for title review and to generate closing packages for properties in the state of Louisiana and Texas - Property must not be currently listed for sale. AFR will require proof that the property is no longer listed for sale prior to the application date. - Any loan with a resale restriction must be reviewed by the AFR Title Review Department - AFR will not permit properties with more than 100 acres - If the utilities are off at the time of the inspection, the Appraiser must ask to have them turned on and complete all requirements under Mechanical Components. However, if it is no feasible to have the utilities turned on, then a pressure test and electrical test is required and must be completed by an appropriately licensed professional. - Condominiums/PUDs - Ineligible review: Properties that require PCS (Project Certified Submissions) - Single-width manufactured homes: - May not include an Accessory dwelling unit (ADU). - One of the comparable properties must be a closed sale of another Single-width MH. If the appraiser is unable to find a comparable closed sale of another single-width property, an additional comparable "under contract" sale or active listing may be used. - Although Freddie Mac standard requirements for SW MH is that they be in a PUD or Condo Project, AFR will accept SW MH that are not located in a PUD or Condo Project.
Assets	- Trade Equity not permitted - Sweat Equity not permitted
Income	- Amended tax returns are acceptable, provided there is proof that the IRS has received the return and proof of payment has been made if any taxes were due. - Employer Assistance is not permitted - AFR requires 2 years receipt of OT and Bonuses to be used as qualifying income; anything less than 2 years will not be eligible for income.

	• AFR does not permit voluntary agreements for child support, maintenance and alimony. • Marijuana income is unacceptable income regardless of state law. • Year-to-date paystubs must be dated within 30 days of the application date. Effective November 1, 2021.
Programs	• AFR permits CEMA transactions on NY properties ◦ No prior CEMA's allowed. ◦ AFR requires an approved closing attorney in NY to conduct all NY settlements. You or the borrower may choose from the list below: ▪ Richard H. Lovell, Esq. - (Closing all transactions, including CEMA) ▪ Jared Kaplan, Esq. - (Closing all transactions, including CEMA) • AFR does not participate in the following Programs: ◦ Adjustable Rate Mortgages (ARMs) ◦ RHS Leveraged Seconds ◦ Section 184 Native American Mortgages ◦ Freddie Mac Relief Refinance Mortgages – Same Servicer
Ownership Types	The following are ineligible for submitting/delivery to AFR: • Life Estate • Blind Trusts • Irrevocable Trusts • 1031 Exchanges • LLCs, Corporations and Partnerships • Community Land Trusts
Compliance	• AFR's Net Tangible Benefit Policy/Recoupment Policy ◦ See AFR Resource Center for AFR Policy/State Requirements/Forms ◦ When a state has a more restrictive recoupment policy, this policy must be met • AFR does not close and/or purchase any New York loan that is a subprime home loan. All NY Loans must be tested the time the commitment is prepared. ◦ If the APR at the time of commitment cannot be determined AFR will not proceed with or purchase a Correspondent loan (Non-Delegated or Delegated). • Any loan that is classified as a Rebuttable Presumption must have all HPML provisions applied follow revised General QM definition 1026.43(e)(s)(vi) effective March 1, 2021 and adhere to the limits on points and fees as defined in 1026.43(e)(3)(i). • Any loan that is classified as a Higher-Priced Mortgage Loan (HPML) must have <u>all</u> HPML provisions applied. AFR follows all Regulation Z requirements for Higher-Priced Mortgage Loans. ◦ Loans must have an ability to repay (loan must be a full income/credit qualifying transaction) ◦ Loan must have an established escrow account (with the exception of Condos and PUDs where the consumer must participate in a governing association that is required to purchase a master policy insuring all dwellings) – see the TILA HPML Escrow Rule for more guidance ◦ Loan cannot have a prepayment penalty (AFR does not permit prepayment penalties) ◦ If Enhanced Relief Refinance transaction, maximum DTI of 45% and minimum credit score of 620 • File remains subject to all Qualified Mortgage ("QM") and Ability-to-Repay ("ATR") underwriting guidelines, including Points and Fees thresholds through consummation. AFR will not originate, close, fund, or purchase any loan that is not legally deemed as a QM. • All loans must provide evidence of the borrower's compliance of QM/ATR with a compliance report. Note: Delegated UW Correspondents must provide a compliance report evidencing compliance. • All loans must provide evidence of the borrower's ability to repay with a fully completed/executed Ability to Repay Worksheet. Note: Delegated UW Correspondents must provide a fully completed/executed Ability to Repay Worksheet showing evidence the borrower meets the ability to repay requirements. • AFR will not originate loans as a high cost or predatory mortgage loan and will comply with all state/county requirements pertaining to high cost and predatory mortgage loans. • AFR will comply in all respects with CFPB's Rule on TILA-RESPA Integrated Disclosures ("TRID"). AFR will not originate, close, fund, or purchase any loan that does not adhere to the Rule.
Escrow Waiver Eligibility	Escrows may be waived under the following: • Minimum FICO: 620 • Maximum LTV: 95% • Occupancy: Primary, Second Home or Investment properties • Higher Priced Mortgage Loans (HPML): Not permitted on primary residences

	• First Time Homebuyer: Permitted • Mortgage Lates: No lates in the past 12 months • Delinquent Property Taxes: No delinquent taxes on title or tax certification • Ineligible Programs: ○ TX 50(a)(6) or 50(a)(4) • State Restrictions: escrow waivers are generally permitted, except as outlined below: ○ Illinois: ▪ not permitted under any circumstance ○ Minnesota: ▪ Primary Residence with LTV > 80%, not permitted ○ New Mexico: ▪ Primary Residence with LTV ≥ 80%, not permitted
Miscellaneous	• Unplanned Buy downs are not permitted; Only Seller Paide Temporary Interest Rate Buy Downs are permitted. • Flexible Mortgage Insurance Options/Custom Coverage not permitted; Standard Coverage is required • Prepayment penalties are not permitted • Qualifying Ratios: Determined by LP • Maximum Cash Out: Determined by LP • Lender-Purchases Mortgage Insurance (LPMI) not permitted for Brokered, and Non-Delegated transactions. • Correspondent Delegated (CDE) transactions: ○ Lender-Purchased Mortgage Insurance (LPMI) with monthly or annual premium paid options are not permitted. ○ LPMI with single premium “Lump-sum” are permitted but evidence of insurance activation and payment of all premiums must be provided prior to AFR purchasing the loan. • AFR requires all Correspondent Delegated (CDE) transactions to be purchased within 90 days of the Note date.
Disclaimer	All overlays herein are subject to change by AFR without notice. Where AFR is silent, the UW must follow Freddie Mac guidelines outlined in the Freddie Mac Single Family Seller Guide.