CMG FINANCIAL
Experience Extraordinary

Freddie Mac (LP) Conventional Loan Matrix- Correspondent

Updated 2/21/2017

Purchase and Refinance Loan Programs Max LTV/CLTV/HTLTV Matrix

Standard & High Balance Loan Size- Fixed Rate & ARM

FICO Score	Purchase and R/T (Minimum 620 FICO)			Cash-Out (Minimum 620 FICO)		
	1 Unit/Condo			1 Unit/Condo		
	Own Occ	2nd Home	Investment	Own Occ	2nd Home	Investment
620+	95%	85%	85%	80%	75%	75%
FICO Score	2 - 4 Units			2 - 4 Units		
	Own Occ	2nd Home	Investment	Own Occ	2nd Home	Investment
620+	80%	Ineligible	75%	75%	Ineligible	70%

Program Details

Underwriting Method	All loans must be run through Freddie Mac's Loan Prospector (LP). Findings must be Accept. Manual Underwriting is not permitted.
Loan Amount	Minimum loan amount: $40,000 Maximum loan amount: http://www.freddiemac.com/singlefamily/selbultn/limit.htm
Eligible Terms- Fixed	Fixed: 10, 15, 20, 25 and 30 year
Eligible Terms- ARM	• 3/1 ARM and 5/1 ARM: Refer to ARM Matrix for Caps. Qualify at the Greater of the Fully Indexed Rate or Note Rate +2% • 7/1 ARM and 10/1 ARM: Refer to ARM Matrix for Caps. Qualify at the Note Rate, Lifetime Floor/Margin: 2.25%, Index: 1 Yr LIBOR (per WSJ)
Occupancy	Owner Occupied, Second Home and Investment properties are permitted
Eligible Transactions	Purchase, No Cash-out Refinance (aka Rate/Term), and Cash-out Refinance.
Refinances (General/All)	The refinance of a modified mortgage is permitted on a standard conventional loan if 24 months have passed since the modification and the borrower has a 0x30x24 mortgage history.
Principal Curtailments/Reductions	Permitted; follow Principal Curtailment Matrix for parameters and guidance by program
Compliance - HPML/Rebuttable Presumption	CMG will purchase conventional conforming HPML loans (non-HARP) meeting the below requirements: • CMG requires an income analysis for any loan that is Higher Priced/Rebuttable Presumption and the loan must meet residual income requirements to be eligible for purchase: o Loans with $1,000 or less in residual income are not allowed. o All Higher Priced/Rebuttable Presumption loans must reflect residual income of $1,001 or more. • Property flips not eligible (180 days). • Full Appraisal required. • Escrows required. • Texas section 50(a)(6) loans not eligible. • Fixed rate only; ARM transactions not permitted.. • All refinance transactions must include a documented net tangible benefit to borrower (i.e., reduction in payment, in rate, in term, or if the borrower is going from an ARM to a Fixed rate).
Cash-out Refinances	Loan is defined as cash out if the cash out amount exceeds the lesser of $2,000 or 2% of the loan amount. Non-Purchase money seconds are considered cash out. Texas 50 (a)(6) Cash-out refinances are eligible. Refer to Texas Section 50(a)(6) requirements below.
Texas Section 50(a)(6)	Allowed subject to meeting all Texas State Law, CMG Overlays, and the following additional requirements: • Maximum loan amount: $417,000 • LP must identify as Texas Cash out with Purpose of Loan reflected as Regular Refinance and Purpose of Refinance as Cash Out. • Correspondent Lender is responsible to ensure loans and closing documents comply with agency and Texas Constitution requirements. • Maximum 10 acres of land that is urban or suburban property - non agricultural. • Ineligible: HPML, Power of Attorney, Temp buydowns, Leaseholds, 2-4 units, Properties Vested in Trust, Escrow Holdbacks, Gifts • Fees: Fees must comply with state requirements in addition to RESPA/ECOA. Borrower paid fees are limited to 3% of the principal balance. Max Borrower paid fees includes the origination fee. • Loan application (1003): Initial 1003 to be executed by MLO, borrower(s), all other parties on title, non-borrowing spouse. Final 1003 must be executed by borrower(s) and by MLO (or left blank by MLO).
Specialty Program: HARP	Open Access is allowed subject to the following: • No minimum credit score with AUS approval • Fixed Rate Only • Maximum DTI 55% with an LP Accept. • HPML is permitted on Open Access loans with max DTI of 45%, Minimum credit score 620, must be fully amortized, escrow/impounds required, 30 year max term.
Geographic Restrictions	Refer to Correspondent Seller's Guide.

Category	Guideline	Policy
Assets	Large Deposits	Purchase Money Transactions Only: Deposits >50% of the borrower's qualifying monthly income are considered large deposits and must be sourced. Please see CMG Guidelines for full details.
	Verification of Deposits	Not permitted as standalone documentation – must be accompanied by computer printout or other statements directly from the banking institution
	Custodial Accounts for Minors	• These accounts are not an allowable asset for closing costs, down payment or reserves • Accounts that are in a minors name where the borrower is only the custodian of the funds are not eligible to be used for a transaction in either reserves, closing costs or down payment
	Gifts	Follow agency Guidance: • A gift or gift of equity from a Related Person that does not have to be repaid is an eligible source of Borrower Funds for a Mortgage secured by a Primary Residence or second home. In connection with a Mortgage secured by a second home, if a gift from a Related Person is used with a Mortgage with a loan-to-value (LTV) ratio greater than 80%, the gift is a permitted source of Borrower Funds only if the Borrower has made a down payment of at least 5% from Borrower Personal Funds. • Gifts are not permitted on Investment Properties.
	Business Assets	Business Assets are allowed for downpayment; however, the borrower must be the 100% owner of the Business. The effect on borrower's business must be established by the underwriter.
Collateral	Property Types	1-4 Unit Family Dwellings, Townhomes, Row homes, FHLMC Warrantable Condominiums (except as noted in the Condominium section)
	Condominiums	Condos must meet all Freddie Mac eligibility criteria. FHLMC Lender Full Reviews completed by Delegated Correspondent, FHLMC Streamlined Review and Fannie Mae reciprocal project reviews are acceptable and must comply with the requirements below: • Pending litigation is not permitted. • PERS Conditional Approval designations are not eligible • Units in Condominium Projects that receive FNMA Special Approval Designations are not eligible. • Leasehold not permitted • Refer to "Condos-Florida" section for regional restrictions.

	Condos-Florida	• New and newly converted condo's require PERS approval
		• NOO condo's are permitted up to matrix max with PERS approval ONLY.
		• For those approved through CPM and are located in an attached Condo Project in Florida the following also apply:
		  • Max LTV/CLTV/HTLTV for a primary residence is 75%
		  • Max LTV/CLTV/HTLTV for a second home is 70%
		  • Investment properties are not eligible

	Appraisal Requirements	• Reduced fieldwork options are possible for agency products based on AUS Findings and agency eligibility. • Copy of the appraiser's licensee must be included in all funded loan files
	Re-use of Appraisal	Not permitted
	Solar Panels	Properties with leased or borrower owned solar panels are eligible as long as all FHLMC requirements are met. If there is a lease for the panels, all pertinent documentation must be reviewed to make sure these is nothing that can impair Freddie Mac's first lien position per 22.3 of the Guide. If the lease is recorded, it must be determined if there are any title exceptions and if so, they need to comply with Freddie Mac's requirements regarding allowable title exceptions per 39.4. The Appraiser needs to address the solar features as outlined in 44.15(p) of the Guide. If solar panels on a property (whether the subject property or comparable sales) affect value or marketability, the appraiser must make appropriate adjustments to reflect the market reaction to the presence of solar panels.
	Deed Restricted Properties	All deed restricted properties must adhere to FHLMC requirements
	Ineligible Property Types	• Co-ops • Condotels • Manufactured homes • Hobby Farms (Permitted on Owner Occupied only; subject to agency eligibility) • Bed and Breakfast Properties • Properties with manufactured on site being used as storage • Properties not typical for the area and lacking comparables (i.e. geodesic homes, log cabins, etc.) • Properties not suitable for year-round occupancy (except as permitted in CMG Conventional Guidelines) • Second home where the borrower generates any significant rental income from renting subject out – insignificant income ok • Properties encumbered with private transfer fee covenants • Timeshares • Property Flip when Non-Arm's Length Transaction • Non-warrantable Condominiums Note: 3-4 Unit properties in the state of New York (NY) & New Jersey (NJ) are eligible subject to CMG 100% pre-purchase QC audit.
	Properties Previously Listed for Sale	• Refinance Transactions – listing must have been cancelled or expired prior to the disbursement date, and the borrower must confirm their intent to occupy the subject for Owner Occupied. • In all instances, careful consideration should be given to the listing price and appraised value to be sure the value is supported
	Disaster Areas	• Any property in a disaster area list must adhere to Disaster Policy • No Alt or alternative valuation processes permitted • Full inspection required
	Leasehold Estates	• Leasehold Estates are permitted on conventional conforming loans (Not allowed in conjunction with the following property types: Condos, Properties located on Indian Land). • CMG requires the payment to the leaseholder to be impounded when a standard escrow account is established. Refer to "Escrows".
	Mixed Use	Follow agency guidelines except the square footage of commercial part of the property cannot exceed 25% of the total square footage
	Property Condition	Property condition of C5 or C6 are not eligible All repairs affecting safety, livability, or habitability must be completed prior to delivery.

Category	Guideline	Policy
Credit	Minimum Credit Score	Minimum credit score is the greater of 620 or the minimum as described in the product matrix. All Borrowers must meet minimum credit score requirement.
	Non-Traditional (Alt) Credit	Not permitted
	Credit Inquiries	All credit inquiries within 120 days of the credit report are required to be addressed by the customer
	Paying Down/Off Debt to Qualify	Payoff or paydown of debt solely to qualify must be carefully evaluated and considered in the overall loan analysis. The borrower's history of credit use should be a factor in determining whether the appropriate approach is to include or exclude debt for qualification. • Revolving debt cannot be not be paid down to qualify. • Revolving debt may be paid off to qualify at underwriter discretion subject to agency eligibility. For loans underwritten with LP, underwriter has discretion upon review the overall loan analysis to determine if a revolving debt is eligible to be paid off to qualify and if so, whether it must be closed prior to or at closing.
	Primary Residence Pending Sale	Follow FHLMC requirements. 37.16.2: Sale or Conversion of Primary Residence
	Mortgage History	Mortgage payment histories must be verified for any mortgages not reporting on the credit report. Any verified mortgage history that shows a 30 day late or greater in the last 24 months must be reported on the borrower's credit report and included in the AUS decision. As permitted by AUS findings, a VOM from an acceptable third party showing no 30 day or greater lates is acceptable at underwriter discretion for a mortgage not showing on the credit report (not directly considered in the AUS decision).
	Derogatory Credit	• Follow LP findings as to any debt that should be paid • All judgments and liens must be paid at or before closing • For forgiveness of debt, modifications, bankruptcies, foreclosures, and short sales, follow standard FHLMC waiting periods/guidelines. CMG does not purchase loans requiring consideration and review of extenuating circumstances to determine eligibility.
Income	4506-T	• A fully complete and signed 4506T for each borrower is required • Tax return transcripts are required for all loans • Tax return transcripts are required for the years of income being used to qualify the borrower • Tax return transcripts cannot be used in place of the actual tax return documents for qualification
	Qualifying Ratios (DTI)	Per AUS.
	Income Documentation	VOE as standalone documentation is not permitted- most recent paystub and most recent year W2 is required regardless of LP findings
	Employment Offers or Contracts	LP conventional conforming loans involving a new job for the borrower that will begin after closing may be eligible subject to all of the following requirements: • The subject transaction is for the purchase of a 1-unit primary residence; • borrower must have a minimum 640 qualifying credit score; • maximum DTI is 50%; • the Borrower's employment offer must be non-contingent and the non- contingent offer letter must be retained in the loan file; • the Borrower's written acceptance of the employment offer must be retained in the loan file; • the Expected/Projected income cannot be derived from a family-owned business; • the Borrower must have cash reserves to support the mortgage payment and any other obligations during the employment gap plus and additional one month's reserves of PITIA; • the time frame between the Note Date and the start of employment (the employment gap) must not exceed 60 days (Income must be guaranteed to begin within 60 Days of mortgage closing); • the income is calculated in accordance with the standards for the type of income being received; • a post-closing copy of the borrower's first paystub / proof of receipt of income must be obtained and verified to support income used to qualify and retained in the loan file.
	Income from Rental Properties	First Time Homebuyers presenting a strong financial picture must meet the following requirements to qualify with rental income (see CMG Guidelines for additional considerations): • Have a strong established credit history – 3+ years of history with normal credit card and auto payment debt showing a clear ability to manage debt load • Provide 12 months cancelled checks for housing history – no live with parents or family • No gifts allowed • 6 months reserves in addition to LP requirements • Borrower must have a strong employment history with 2+ years of stable, strong employment/income
	Mortgage Credit Certificates (MCC)	Mortgage Credit Certificates are not eligible to be used as income or reduction of a housing payment for purposes of qualifying the borrower. In addition, originating lender to be fully responsible for the annual IRS reporting associated with the MCC issuance; CMG will not complete any required IRS reporting.
	Annuity/ Retirement/ Distribution Income	• Any distribution that is being used to qualify must be established prior to the application date • Copy of the distribution schedule must be provided • Copy of at least one month's distribution check must be provided • Assets being depleted due to distribution cannot be used for reserves
	Self-employed Borrowers	• Corporate tax returns are required for the time period being considered in the income calculation for any borrower who is more than 25% owner of an LLC, 1120S or 1120 corporation. This requirement may be waived if the borrower is paying all of the down payment from his/her own personal funds AND the borrower has been self-employed for at least 5 years AND the borrowers individual tax returns show an increase in self-employment income over the last two years. • Business assets are permitted for cash to close and reserves if the borrower is 100% owner of the company and it is determined by the UW that the withdrawal of funds will not impact the borrower's business. A CPA letter verifying no impact to the business is acceptable; however, if no CPA letter is available the UW will review the tax returns of the business to determine any impact. Any significant withdrawal should be considered in relation to the overall strength of the borrower's company
Programs	Ineligible Programs	• Interest Only loan programs • Rebuttable Presumption/Section 32 • Temporary Buydowns • Land trusts in the state of Illinois are not eligible • Leaseholds secured by Indian/Tribal lands • Homestyle/Homepath Renovations • NY CEMA purchase transactions (CEMA refinances are eligible) Note: For Home Possible & Home Possible Advantage refer to Home Possible program matrix.

Category	Guideline	Policy
Borrower & Transaction Detail Overlays (continues on next page)	At Interest Transactions	Transactions where: • Builder is acting as Realtor/Broker – permitted on primary residence only • Realtor/Broker is selling their own property – permitted on primary residence only • Loan originator is acting in another real-estate related role are not eligible (Loan Originator cannot have another real estate related position on any loan, regardless of the loan program.)
	Delayed Financing	• Delayed financing is permitted subject to FHLMC requirements (section 24.6) • If the seller was an LLC the owners of the LLC must be documented
	Down Payment Assistance Program	Down Payment Assistance programs are considered an Interested Party Contribution (IPC). IPC's are permitted.
	LP Warnings	If LP issues a warning for excessive LP runs, a written explanation must be provided by the originator.
	Escrows/ Escrow Holdbacks	**Escrows:** Tax and Insurance escrows are generally required on all loans greater than 80.00% loan to value (subject to state law); escrow waivers are allowed in accordance with state law and subject to a demonstrated ability by the borrower to manage lump sum tax and insurance payments. Effective on loans closed on or after January 1, 2016 that require flood insurance: the premiums related to the flood insurance must be escrowed - escrows for these premiums may not be waived, regardless of LTV. If flood insurance premiums are paid by a condominium association, homeowner's association or other group, no escrow is required. Note: CMG does not permit escrow for earthquake insurance. **Escrow Holdbacks:** Refer to Escrow Holdback Guideline Addendum
	Ineligible Borrowers	Loans with title or interest held in various forms/legal entities such as Life Estates, Non-Revocable Trusts, Guardianships, LLC's, Corporations or Partnerships are not eligible
	Number of Financed Properties	• For Primary residences there is no limit to the number of properties financed/owned by the borrower. • For second homes and investment properties, the maximum number of financed properties is six.. These limitations apply to the borrower's ownership in one-to four unit properties or mortgage obligations on such properties and is cumulative for all borrowers. Investment Property Mortgages made to Borrowers who own more than one financed Investment Property are eligible only for the following: • An eligible fixed-rate, level-payment Mortgage, or • A 7/1 or 10/1 ARM
	Mortgage Insurance	• Mortgage Insurance from an approved provider is required on all loans over 80.00% loan to value. • Standard coverage only Refer to Correspondent Seller's Guide for Eligible types of Mortgage Insurance Policies and Approved Mortgage Insurance Companies.
	Multiple Borrowers/ # of Borrowers	There can be no more than 4 borrowers per loan
	Multiple Mortgages to the Same Borrower	Maximum of 2 financed units in a single condo project or PUD for one borrower. Borrowers are limited to four (4) loans or one million dollars ($1,000,000) total in loans funded/purchased by CMG. Jumbo loans are excluded from loan amount limit, but still count towards the aggregate total of loans with CMG. In addition, for Agency restrictions refer to Number of Financed Properties (above).
	Non-Arms Length Transactions	Generally not allowed, but may be eligible on owner occupied purchase transactions with the full documentation of assets, income and appraisal – no waivers permitted. FHLMC guidance must be followed.
	Non-Owner Occupied	• Non-arms length not permitted • No gifts permitted, including gifts of equity • See Income from Rental Properties for additional details and requirements
	Power of Attorney	Will be allowed subject to underwriter and title company approval. See CMG Guidelines for full requirements.
	Sales Incentive	The maximum allowable sales incentive (commission, finder's fee, etc.) is limited to 8% of the sales price
	Subordinate Financing	New, Modified, and existing subordinate liens are permitted within the max CLTV tolerances noted in the Conventional matrix. A copy of the subordinating Note, Mortgage/Deed and Subordination Agreement is also required. See down payment assistance section for subordinating liens on purchase money transactions.
	Correspondent Seller Employee Loan	Correspondent Seller employee loans require second signature from CMG Management.
Recent Updates / 90 Day Lookback		**2/21/17** Updated to allow 3-4 unit properties in New Jersey subject to CMG 100% prefunding QC audit. **12/19/16** Updated to reflect that HPML is not permitted on ARM transactions.

Information in this matrix is a summary only and is not a complete representation of CMG Financial (NMLS #1820) lending Policies. Information is accurate as of the date of publishing and is subject to change without notice. The overlays outlined in this matrix apply to agency loans submitted to LP. In addition to applying these CMG-specific overlays, all loans submitted to LP must comply with the LP Findings and Freddie Mac requirements. To verify our state license, please log onto the following website: www.nmlsconsumeracces.org