

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

Home Possible Advantage SM - Fixed Rate Standard Loan Amounts Principal Residence Only				
Transaction Type ⁽¹⁾	Number of Units	Maximum LTV	Maximum TLTV ⁽²⁾ Ratio	Minimum Credit Score
Purchase / No Cash-out Refinance	1 Unit	97% ⁽²⁾	105%	620

Home Possible® - Fixed Rate Standard Loan Amounts Principal Residence Only			
Transaction Type ⁽¹⁾	Number of Units	Maximum LTV, TLTV, HTLTV	Minimum Credit Score
Purchase / No Cash-out Refinance	1 - 4 Units ⁽³⁾	95%	620

Home Possible® - ARM Standard Loan Amounts Principal Residence Only			
Transaction Type ⁽¹⁾	Number of Units	Maximum LTV, TLTV, HTLTV	Minimum Credit Score
Purchase / No Cash-out Refinance	1 -2 Units only ⁽³⁾	95%	620

- All borrower must occupy for both Home Possible and Home Possible Advantage loans. For purchase transactions, Homeownership education is required before the Note Date for at least one qualifying borrower if all borrower(s) are First-Time Homebuyers.
- LTVs greater than 95% are only available with Home Possible Advantage loans. For Home Possible Advantage loans, TLTV up to 105% permitted when secondary financing is from an Affordable Second. The Affordable Second may not be a HELOC. No other subordinate financing permitted with Home Possible Advantage.
- For purchase transaction mortgages secured by 2 to -4 unit primary residences, at least one qualifying borrower must participate in a landlord education program before the Note Date.

Program Details

Underwriting Method	All loans must meet FHLMC requirements and be run through Freddie Mac Loan Prospector (LP). Findings must be Accept findings with the Home Advantage Offering. <u>Manual Underwriting is not permitted.</u> CMG Conventional Conforming guidelines apply except where differences are noted in this matrix. Use Loan Prospector Offering Identifier Code "241" for Home Possible Mortgages (≤95 % LTV/TLTV/HTLTV) and "250" for Home Possible Advantage Mortgages (> 95% LTV/TLTV/HTLTV).	
Loan Amount	Minimum Loan Amount: <u>\$40,000</u> Maximum Loan Amounts: Standard Loan Amounts only. Super Conforming not permitted. In addition, LP will determine the income eligibility of the mortgage.	
Product Codes and Mortgage Insurance Coverage	<p>For Locks on and after May 10, 2016 (5/10/16 =first day to lock):</p> <p>Home Possible & Home Possible Advantage 101HP – 30 Year Fixed Home Possible 102HP – 15 Year Fixed Home Possible 1451HP – 5/1 LIBOR Arm Home Possible</p> <p>Home Possible Advantage Product Codes 101HPA – 30 Year Fixed Home Possible Advantage 102HPA – 15 Year Fixed Home Possible Advantage</p>	<p>Mortgage Insurance Coverage</p> <p>MI Coverage for 30 Yr Fixed Rate & 5/1 ARM 85.01 to 97% LTV = 25% Coverage 80.01 to 85% LTV = 12% Coverage</p> <p>MI Coverage for 15 Year Fixed Rate > 90% LTV = 25% Coverage 85.01 to 90% LTV = 12% Coverage 80.01 to 85% LTV = 6%</p>
Mortgage Insurance Eligibility	Mortgage Insurance from an approved provider is required on all loans over 80.00% loan to value. Coverage requirements changed with Freddie Mac Bulletin 2015-21 and correct coverage is required based based on lock date/product code (see above). • LPMI permitted on 15 yr. and 30 year fixed rate mortgages. • Not permitted: Financed MI, Custom or Reduced MI	
Occupancy	Owner Occupied Only.	
Eligible Transactions	Purchase & No cash-out refinance	
Borrower Eligibility / Income Limits	All borrowers must occupy the subject property as their primary residence. Loan Prospector® will determine the income eligibility of the mortgage. The income used to qualify the borrower converted to an annual basis must not exceed 100% of the area median or higher in select counties and no income limit in underserved areas. The lender must attempt to verify all income reported on the Uniform Residential Loan Application (Form 65). Any discrepancies, including underreported income, must be corrected before submitting the Mortgage to Loan Prospector. All income reported on the URLA that has been verified and that meets the criteria for stable monthly income must be used to qualify the Borrower and submitted to Loan Prospector.	

Home-buyer Education and Counseling & Landlord Education		<p>At least one borrower must complete pre-purchase home-buyer education and counseling if all borrowers are first-time home buyers. A copy of Exhibit 20, Homeownership Education Certification, or another document containing comparable information must be retained in the mortgage file. Freddie Mac has updated the homeownership and landlord education requirements for Home Possible® and Home Possible Advantage® Mortgages as follows:</p> <ul style="list-style-type: none"> • Homeownership education, financial literacy curriculum and landlord education cannot be provided by interested parties to the transaction, the originating lender or Seller • Acceptable homeownership education programs include: <ul style="list-style-type: none"> o Programs developed by HUD-approved counseling agencies, Housing Finance Agencies (HFAs) or Community Development Financial Institutions (CDFIs) o Homeownership education programs developed by mortgage insurance companies or other providers' programs that meet the standards of the National Industry Standards for Homeownership Education and Counseling (www.homeownershipstandards.com) <p>Alternatively, programs using Freddie Mac's financial literacy curriculum, CreditSmart, meet the homeownership education requirement provided:</p> <ul style="list-style-type: none"> o The Borrower completes the on-line Credit Smart – Steps to Homeownership Tutorial, which includes Module 1 (Your Credit and Why It is Important), Module 2 (Managing Your Money), Module 7 (Thinking Like a Lender), Module 11 (Becoming a Homeowner), and Module 12 (Preserving Homeownership: Protecting Your Investment) o The financial literacy curriculum is not provided by an interested party to the transaction, the originating lender or by the Seller <ul style="list-style-type: none"> • Landlord Education (2- to 4-unit Primary Residences) Reminders <ul style="list-style-type: none"> o Purchase Transactions — At least one qualifying Borrower must participate in a landlord education program before the Note Date. Landlord education must not be provided by an interested party to the transaction, the originating lender or the Seller. A copy of a certificate evidencing successful completion of the landlord education program must be retained in the Mortgage file. o Refinance Transactions — Landlord education is not required but is recommended for Borrowers who have not previously attended a program. <p>IFI Code Update: Freddie Mac has also removed the requirement that IFI 140 must be delivered for Home Possible and Home Possible Advantage Mortgages if the income used to qualify the Borrower, converted to an annual basis, does not exceed 80% of the applicable area median income (AMI), or the property is located in an Underserved Area.</p> <p>URRL to CreditSmart: http://www.freddiemac.com/creditsmart/</p>
Category	Guideline	Policy
Assets	Borrower Contribution	1- unit: No minimum Contribution from Borrower Personal Funds 2-4-unit: 3% minimum contribution from Borrower Personal Funds required when LTV/TLTV/HTLTV > 80% ≤ 95%. For LTV/TLTV/HTLTV ≤ 80% no minimum contribution from Borrower Personal Funds required.
	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.
	Custodial Accounts for Minors	<ul style="list-style-type: none"> • 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 for closing costs, reserves or down payment
	Gifts	Refer to Borrower Contribution section above for minimum contribution requirements from borrower personal funds. <u>When LTV/TLTV/HTLTV exceeds 95% gifts are not permitted to be used for reserves regardless of Freddie Mac / LP acceptance.</u>
	Ineligible Source of Funds	<ul style="list-style-type: none"> • <u>Cash on Hand</u> • <u>Custodial Accounts for Minors</u> • <u>Sweat Equity</u> • <u>Unsecured loan from a related person</u> • <u>Unsecured loan from A Community Savings System</u> • <u>Proceeds from an unsecured loan from the originating lender</u>
	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 Conventional Conforming Guidelines for full details.
	Reserves	1-unit: no reserves required 2-4 units: 2 months reserves Note: Effective July 19, 2015, verify all reserves required by LP, as stated on the Feedback Certificate. The above required reserves are included in the amount of reserves required by LP.
	Verification of Deposits	Not permitted as standalone documentation – must be accompanied by computer printout or other statements directly from the banking institution
Employee Loan	Correspondent Seller Employee Loan	Correspondent Seller employee loans require second signature from CMG Management.
Property Types	Property Types	1-4 Unit Family Dwellings, Townhomes, Row homes, Freddie Mac Warrantable Condos (as noted in the Condominium section).
	Appraisal Requirements	<ul style="list-style-type: none"> • The use of an exterior only appraisal or property inspection option is not allowed, regardless of LP Findings, full appraisal with an interior and exterior inspection required. • Appraisals must meet CMG's appraisal review requirements (see Appraisal Review Policy) • Copy of the appraiser's licensee must be included in all funded loan files • Loans for properties over 25 acres require 1 full appraisal & 1 desk review

Category	Guideline	Policy	
Collateral	Condominiums	<p>Condos must be Freddie Mac Warrantable or meet all Freddie Mac requirements for Fannie Mae reciprocal project reviews subject to the following requirements:</p> <ul style="list-style-type: none"> • PERS Conditional Approval designations and FNMA Special Approval Designations are not eligible. • All CPM & Lender full reviews must be processed by the condo desk – no exceptions. • On CPM approved condos, CMG will allow up to 10% lender exposure. A Condo Project Manager certification is valid for 90 days; after 60 days an updated Dec Page and Questionnaire must be provided. • CMG will allow financing on 100% of the units of a PERS approved condo with the following limitation: Loans that are sold to FNMA/FHLMC and held within our servicing portfolio cannot exceed 25% of the project. All loans within any project must be registered with the Condo Review Department. • Leasehold not permitted • Pending litigation is not permitted. <p>Streamline Project Reviews:</p> <ul style="list-style-type: none"> • Streamline Project Review (LP) not permitted on new projects. • Streamline Project Reviews are eligible to a max LTV/CLTV/HCLTV of 90% as per agency eligibility. <p>Florida Condos:</p> <ul style="list-style-type: none"> • New and newly converted condo's require PERS approval • For those approved through CPM and are located in an attached Condo Project in Florida the max LTV/CLTV/HCLTV for a primary residence is 75% 	
	Re-use of Appraisal	Not permitted	
	Deed Restricted Properties	All deed restricted properties must adhere to Agency requirements.	
	Ineligible Property Types	<ul style="list-style-type: none"> • Co-ops • Condominiums • Timeshares • <u>Manufactured homes</u> • Properties with manufactured on site as an Accessory Unit <u>or being used as storage</u> • Hobby Farms (Permitted on Owner Occupied only; subject to agency eligibility) • Properties not typical for the area and lacking comparables (i.e. geodesic homes, log cabins, etc.) 	<ul style="list-style-type: none"> • Bed and Breakfast Properties • Properties not suitable for year-round occupancy • Properties encumbered with private transfer fee covenants • <u>Property Flip when Non-Arm's Length Transaction</u> • Non-warrantable <p>Note: 3-4 Unit properties in New York (NY) & New Jersey (NJ) subject to 100% CMG Pre-purchase QC audit.</p>
	Properties Previously Listed for Sale	Rate/Term refi – listing must have been cancelled or expired prior to the <i>disbursement date</i> , 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	Refer to CMG's Disaster Policy	
	Mixed Use	Follow Freddie Mac guidelines except the square footage of commercial part of the property <u>cannot exceed 25% of the total square footage</u>	
	Property Condition	Property condition of C5 or C6 are not eligible All repairs affecting safety, livability, or habitability must be completed prior to closing.	
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.	
	Credit Depth	For LP loans with a valid fico score the AUS will determine the acceptability of the borrower's credit history, including the acceptability of the number of tradelines. If only one FICO score is obtained for a Borrower, the loan is eligible as long as it is a valid/usable score and the loan receives an approve/eligible/accept recommendation. If it is determined that the credit score is based primarily on significant inaccurate credit information, authorized user accounts or deferred student loans the credit score and the corresponding AUS is not considered valid and the loan is not eligible. All AUS messaging in regards to authorized user, disputed accounts, and other credit related issues must be adhered to.	
	Non-Traditional (Alt) Credit	<u>Not permitted</u>	
	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	<ul style="list-style-type: none"> • Revolving debt cannot be paid down to qualify. • If a revolving debt is to be paid off but not closed, a monthly payment on the current outstanding balance should be considered in the borrower's DTI ratio. If a revolving account is to be paid off and closed, a monthly payment on the current outstanding balance does not need to be included in the borrower's DTI ratio. • Underwriter has discretion upon review of 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	No borrower may have an ownership interest in any other residential dwelling at the time of closing (applies to all Home Possible and Home Possible Advantage loans).	
	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	<ul style="list-style-type: none"> • 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 CMG Derogatory Credit Matrix & FHLMC requirements. 	
4506-T	<ul style="list-style-type: none"> • A fully complete and signed 4506T for each borrower is required. Refer to CMG's Income Validation Policy for transcript requirements. • Tax return transcripts cannot be used in place of the actual tax return documents for qualification 		

Category	Guideline	Policy
Income	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 The lender must attempt to verify all income reported on the Uniform Residential Loan Application (Form 65). Any discrepancies, including underreported income, must be corrected before submitting the Mortgage to Loan Prospector. All income reported on the URLA that has been verified and that meets the criteria for stable monthly income must be used to qualify the Borrower and submitted to Loan Prospector.
	Annuity/Retirement/ Distribution Income	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Interest Only loan programs Section 32 <u>Temporary Buydowns</u> Land trusts in the state of Illinois are not eligible Leaseholds secured by Indian/Tribal lands <ul style="list-style-type: none"> <u>Refer to standard Freddie eligibility matrix for HPML/Rebuttable Presumption</u> Affordable Merit Rate Mortgages A-minus Mortgages Financed Permanent Buydown Mortgages Super conforming (high balance) loans <u>NY CEMA purchase transactions</u>
Borrower & Transaction Detail Overlays	At Interest Transactions	<u>Transactions where:</u> <ul style="list-style-type: none"> Builder is acting as Realtor/Broker – permitted on <u>primary residence only</u> Realtor/Broker is selling their own property – permitted on <u>primary residence only</u> Loan originator is acting in another real-estate related role - <u>not permitted</u>. Loan Originator cannot have another real estate related position on any loan, regardless of the loan program.
	Conversion of Primary Residence	No borrower may have an ownership interest in any other residential dwelling at the time of closing (applies to all Home Possible and Home Possible Advantage loans).
	LP Warnings	If LP issues a warning for excessive LP runs, <u>a written explanation must be provided by the originator.</u>
	Escrows	Tax and Insurance escrows are required on all loans greater than 80.00% loan to value; escrow waivers are allowed subject to a demonstrated ability by the borrower to manage lump sum tax and insurance payments. <ul style="list-style-type: none"> All states excluding CA and NM: ≤80% LTV California: < 90% LTV New Mexico: < 80% LTV 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.
	First Time Homebuyer	For purchase transactions, Homeownership education is required before the Note Date for at least one qualifying borrower if all borrower(s) are First-Time Homebuyers. First Time Homebuyer is an individual who had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the subject property. In addition, a displaced homemaker or single parent may also be considered a First-Time Homebuyer if the individual had no ownership interest in a residential property during the preceding three-year period other than an ownership interest in the marital residence with a spouse. If a displaced homemaker or a single parent solely owned the marital residence, or solely or jointly owned a second home or Investment Property, the individual may not be considered a First-Time Homebuyer.
	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
	Max. # of Financed Properties	No borrower may have an ownership interest in any other residential dwelling at the time of closing (applies to all Home Possible and Home Possible Advantage loans).
	Multiple Borrowers/ # of Borrowers	<u>There can be no more than 4 borrowers per loan</u>
	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 and the transaction must be approved by Corporate Credit
	Power of Attorney	Will be allowed subject to underwriter and title company approval. See CMG Conventional Conforming Guidelines for full requirements.
Sales Incentive	<u>The maximum allowable sales incentive (commission, finder's fee, etc.) is limited to 8% of the sales price.</u>	
Subordinate / Secondary Financing	<ul style="list-style-type: none"> Secondary financing, including an Affordable Second* is permitted and must meet all standard Freddie Mac requirements in Guide Chapter 25. An Affordable Second that does not require a monthly payment before the Due Date of the 61st payment under the Home Possible Mortgage may be entered in the "Total Gift Fund" field of LP. Refer to Selling Guide. For Home Possible Advantage loans (LTV exceeds 95%), the Affordable Second financing cannot be a HELOC. <u>Rural Housing Service (RHS) leveraged Seconds are not permitted</u> (regardless of Home Possible eligibility). 	
Recent Updates / 90 Day Lookback	2/21/17 Updated for the following enhancements: Minimum credit score for LTV >95% now 620 (was 640), 3-4 Unit properties in NJ now eligible subject to 100% CMG prefunding QC audit. 11/7/16 Updated to allow for Freddie Mac's Credit Smart for homebuyer education.	
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.nmlsconsumeraccess.org		
www.cmgfi.com		