

MAXIMUM LTV/TLTV/LTV (PURCHASE AND NO CASH-OUT REFINANCE TRANSACTIONS)

Home Possible			
		Maximum LTV/TLTV/HTLV ratios for Mortgages other than super conforming Mortgages	
Property Type	FICO	LTV/HTLV	TLTV
1-Unit (Conforming Limits)	620	97%*	105% (Affordable 2 nd only)
1-Unit (Non-Occupying Borrower)	620	95%	105% (Affordable 2 nd only)
2-Unit (Conforming Limits)	620	95%*	105% (Affordable 2 nd only)
3- to 4-Unit (Conforming Limits)	620	95%*	105% (Affordable 2 nd only)
Manufactured Home	620	95%	95%

* A TLTV ratio up to 105% is permitted when secondary financing is an Affordable Second. The Affordable Second financing cannot be a Home Equity Line of Credit.

Flexibility for your borrowers with a Home Possible Mortgage!

- Flexible terms: LHFS offers 15-year, 20-year, and 30-year Home Possible Mortgages.
- No prepayment penalties: Your borrowers can pay off their loan at any time without worrying about any prepayment penalties.
- More options for your down payment: With a Home Possible Mortgage, you can apply alternate sources of funds to your down payment, including cash gifts from relatives.
- Budgeting simplicity: Simplifies budgeting because the principal and interest payments stay consistent.
- Reduced mortgage insurance: Coverage levels for LTV ratios greater than 90 percent.
- Minimum down payment: 3 percent allowed for Home Possible.
- Minimum contribution: No Minimum contribution from borrowers own personal funds – 1-unit Primary Residence.
- Minimal Reserves: No reserves on 1-unit primary residence.

LHFS PROGRAM CODES		
Standard Properties	Conf 30 FHLMC Home Possible	WC30FHP-000
Standard Properties	Conf 20 FHLMC Home Possible	WC20FHP-000
Standard Properties	Conf 15 FHLMC Home Possible	WC15FHP-000
Manufactured Homes	MH 30 FHLMC Home Possible	WMH30FHP-000
Manufactured Homes	MH 20 FHLMC Home Possible	WMH20FHP-000
Manufactured Homes	MH 15 FHLMC Home Possible	WMH15FHP-000



GENERAL REQUIREMENTS	
ELIGIBLE MORTGAGES	<ul style="list-style-type: none"> • Home Possible mortgages eligible for purchase must be first lien mortgages that are fully amortizing. • Home Possible mortgages must be conventional, conforming mortgages. • Home Possible mortgages, other than mortgages secured by manufactured homes, must have an original maturity date not greater than 30 years. • Home Possible mortgages secured by manufactured homes must have a maximum original maturity not greater than that specified in Guide Section 5703.3(d). • Manual Underwriting not allowed.
BORROWERS	<ul style="list-style-type: none"> • All borrowers must occupy the mortgaged premises as a primary residence. • Permitting non-occupant Borrower(s) on Mortgages secured by 1-unit properties when the: <ul style="list-style-type: none"> • LTV/TLTV*/ Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratio is less than or equal to 95% for Loan Product Advisor® Mortgages • *A TLTV ratio of less than or equal to 105% is permitted for Mortgages with Affordable Seconds® • The borrower may have ownership interest in other residential properties. • The borrower must meet income limits. Loan Product Advisor will indicate income eligibility. • Unexpired government issued ID's and social security number are required for each Borrower. • Land Home Financial Services Inc. will process a third-party social security number validation required for all Borrowers. • Maximum number of 4 borrowers, including accommodation mortgagors. <p>Ineligible Borrowers</p> <ul style="list-style-type: none"> • Borrowers that are not legal residents including, but not limited to the following borrowers: <ul style="list-style-type: none"> • Diplomatic Immunity/Embassy Personnel, • Borrowers with deferred action status, which includes DACA, • Foreign Nationals, • Borrowers with Temporary Protected Status (TPS)
CREDIT	<ul style="list-style-type: none"> • A borrower's credit reputation is acceptable if the Home Possible mortgage receives a risk class of Accept. • DTI: As required by AUS (LPA Loan Product Advisor) • VOM/VOR as a standalone document is not permitted. <ul style="list-style-type: none"> • Evidence must be supported by 12 months cancelled checks or auto payment with a copy of the lease/note to confirm the terms required. • Current year IRS taxes due: <ul style="list-style-type: none"> • If borrower has not paid current year taxes due and is on extension, taxes must be paid current or taxes must be filed and have an approved IRS installment plan established. • Investment Properties using rental income to qualify: <ul style="list-style-type: none"> • Borrowers must be qualified with primary housing expense. <ul style="list-style-type: none"> • Exceptions: Non-Borrowing spouse solely obligated to present housing mortgage. • Land Home Financial Services, Inc. will run Undisclosed Debt Monitoring (UDM) prior to closing. Any new inquiries and/or debt must be documented. • When the credit reputation for all borrowers is established using only Noncredit Payment References, then at least one borrower must participate in a homeownership education program before the note date, or the effective date of permanent financing.



GENERAL REQUIREMENTS (CONTINUED)

<p>CREDIT (CONTINUED)</p>	<ul style="list-style-type: none"> • LPA now allows mortgages for borrowers without credit scores: <ul style="list-style-type: none"> • Must be secured by a 1-unit property and all borrowers must occupy the property as their primary residence. • Loan-to-value (LTV), total LTV (TLTV) and Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratios must not exceed 95%. • Must be a fixed-rate mortgage. • If the borrower(s) without a usable credit score contributes 50% or more of the total monthly income, then each borrower without a usable credit score must meet the same credit history requirements that apply to mortgages where no borrower has a credit score (e.g., at least two payment references). <ul style="list-style-type: none"> • Each borrower must have at least two payment references in the United States comprised of Noncredit Payment References and/or tradelines not appearing on the credit report. If two or more borrowers have the same payment reference, then the payment reference may count for each of those borrowers. • Each payment reference must be for at least the most recent 12 months. • At least one borrower must have a housing payment history as one of the payment references. • In the event more than one borrower has a housing payment history, then all such housing payment histories for the most recent 12 months (or length of housing payment history if less than 12 months) must be verified. • All housing payment histories must have no 30-day or greater delinquencies in the most recent 12 months. • For all payment references other than housing, only one payment reference may have one 30-day delinquency and no 60-day or greater delinquencies in the most recent 12 months; all other payment references must have no 30-day or greater delinquencies in the most recent 12 months. • Each payment reference must: <ul style="list-style-type: none"> • Meet the requirements for document requirements and written verifications per Guide. • Be documented in accordance with Guide Section 5202.2(b). • Each borrower must have no collections (other than medical), judgments or tax liens filed in the most recent 24 months.
<p>EMPLOYMENT / INCOME</p>	<ul style="list-style-type: none"> • Affordable Income & Property Eligibility tool: <ul style="list-style-type: none"> • Borrower's qualifying income, converted to an annual basis, must not exceed 80% of the AMI for the location of the Mortgaged Premises. This change will apply to all Home Possible Mortgages, <u>including</u> those secured by properties in low-income census tracts. • All reported income that is verified and meets the criteria for stable monthly income must be used to qualify the borrower and submitted to Loan • Rental income from a 1-unit primary residence that meets the requirements of Guide Section 4501.9(a) may be considered as stable monthly income. <ul style="list-style-type: none"> • Verification of rental income payments from the subject 1-unit property: <ul style="list-style-type: none"> • Evidence of receipt of regular payments of rental income for at least nine of the past 12 months, is required • The income must be averaged over 12 months when fewer than 12 months of payments are documented • Rental income received from a relative requires a documented 12-month payment history of rents. • Amended tax returns are only acceptable for documented errors or omissions. • Paystubs and W-2's may not be substituted with a written verification of employment.



GENERAL REQUIREMENTS (CONTINUED)																					
ASSETS	<ul style="list-style-type: none"> • Gift donors cannot be on title or purchase contract as they do not meet the definition of "Gift" per agency definition. • VOD's are not acceptable for asset documentation alone. • Minimum reserves required per LPA. • Minimum contribution from personal funds: <table border="1"> <thead> <tr> <th colspan="4">Minimum Contribution from Borrower Personal Funds (Purchase transactions only)</th> </tr> <tr> <th>Property Type</th> <th>Home Possible LTV/TLTV/HTLTV ratios <= 80%</th> <th>Home Possible LTV/TLTV/HTLTV ratios >80% <= 95%</th> <th>Home Possible LTV, TLTV/HTLTV ratios >95%</th> </tr> </thead> <tbody> <tr> <td>1-unit</td> <td>None</td> <td>None</td> <td>None</td> </tr> <tr> <td>2- to 4-unit</td> <td>None</td> <td>3% of value</td> <td>3% of value</td> </tr> <tr> <td>Manufactured home</td> <td>None</td> <td>None</td> <td>N/A</td> </tr> </tbody> </table>	Minimum Contribution from Borrower Personal Funds (Purchase transactions only)				Property Type	Home Possible LTV/TLTV/HTLTV ratios <= 80%	Home Possible LTV/TLTV/HTLTV ratios >80% <= 95%	Home Possible LTV, TLTV/HTLTV ratios >95%	1-unit	None	None	None	2- to 4-unit	None	3% of value	3% of value	Manufactured home	None	None	N/A
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ESCROW	<ul style="list-style-type: none"> • Escrows required over 80% in all states excluding CA • Escrows required over 89.99% in CA 																				



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TITLE	<ul style="list-style-type: none"> Any borrower holding title only must be a legal U.S. Resident. Revocable Trusts (Living Trust) may be eligible on a case-by-case basis. Split vesting is not allowed. Vesting must be 100% in a trust or 100% individual. <ul style="list-style-type: none"> May be allowed on conforming conventional loans on an exception basis. Title report may not be over 90 days old at the time loan docs are prepared. Power of Attorney (POA's) are eligible on purchase and rate/term transactions only. 																										
MORTGAGE INSURANCE REQUIREMENTS	<ul style="list-style-type: none"> The standard required or custom MI coverage levels for Home Possible mortgages are as follows: <table border="1"> <thead> <tr> <th rowspan="2">Transaction type</th> <th rowspan="2">MI coverage</th> <th colspan="4">LTV Ratio</th> </tr> <tr> <th>>80% & ≤85%</th> <th>>85% & ≤90%</th> <th>>90% & ≤95%</th> <th>>95% & ≤97%</th> </tr> </thead> <tbody> <tr> <td>Home Possible, fixed-rate, term ≤ 20 years</td> <td>Standard</td> <td>6%</td> <td>12%</td> <td>25%</td> <td>25%</td> </tr> <tr> <td>Home Possible, fixed-rate, term > 20 years</td> <td>Standard</td> <td>12%</td> <td>25%</td> <td>25%</td> <td>25%</td> </tr> </tbody> </table> <p>***Manufactured homes are limited to maximum LTV ratios of 95%.</p>					Transaction type	MI coverage	LTV Ratio				>80% & ≤85%	>85% & ≤90%	>90% & ≤95%	>95% & ≤97%	Home Possible, fixed-rate, term ≤ 20 years	Standard	6%	12%	25%	25%	Home Possible, fixed-rate, term > 20 years	Standard	12%	25%	25%	25%
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HOMEBUYER EDUCATION	<ul style="list-style-type: none"> For purchase transaction secured by a 1-unit Primary Residence, Homeownership education is required before the Note Date, or the Effective Date, for at least one qualifying borrower if all borrower(s) are First-Time Homebuyers* Homeownership Education Certification, or another document containing comparable information must be retained in the mortgage file. The following types of homeownership education are acceptable: <ul style="list-style-type: none"> Internet-based homeownership education programs developed by mortgage insurance companies Homeownership education programs that meet the standards of the National Industry for Homeownership Education and Counseling (http://www.homeownershipstandards.com/) 																										
LANDLORD EDUCATION	<ul style="list-style-type: none"> For refinance transactions, LHFS does not require landlord education, but recommends it for borrowers who have not previously attended a program For refinance transactions, LHFS does not require landlord education, but recommends it for borrowers who have not previously attended a program 																										
MORTGAGE CREDIT CERTIFICATES	<ul style="list-style-type: none"> Mortgage Credit Certificates (MCCs) may be considered as qualifying income provided the requirements in Guide Section 5202.2 are met. The amount used as qualifying income must be calculated as follows: <ul style="list-style-type: none"> (mortgage amount) x (note rate) x (MCC rate %) divided by 12. The amount used as qualifying income cannot exceed the maximum mortgage interest credit permitted by the IRS. The mortgage file must contain a copy of the: <ul style="list-style-type: none"> MCC. Seller's calculation of the amount used as qualifying income. A history of receipt of MCC tax credit is not required. 																										
SECONDARY FINANCING	<ul style="list-style-type: none"> Standard secondary financing allowed, including HELOCs, for a Mortgage with a TLTV/HTLTV ratio of less than or equal to 95% (when the TLTV ratio is greater than 95%, the secondary financing must be an Affordable Second). 																										



GENERAL REQUIREMENTS (CONTINUED)	
REFINANCE	<ul style="list-style-type: none"> • Limited Cash Out Refinance <ul style="list-style-type: none"> • For limited cash out refinance to include the payoff of a subordinate mortgage, the subordinate mortgage must have been used in whole to acquire the subject property. • A limited cash out may receive the lesser of 2% of the loan amount or \$2,000 in cash back at closing • When the mortgage being refinanced was a purchase money transaction, the mortgage being refinanced must be seasoned at least 120 days from Note Date to Note Date. • For properties located in Texas, the first mortgage being refinanced cannot be a 50(a)(6), a/k/a Texas Home Equity Loan. • All refinance transactions must satisfy one of the following: <ul style="list-style-type: none"> • At least one borrower must have been a borrower on the mortgage being refinanced; OR • At least one borrower must have held title to and resided in the property as their primary residence for the most recent 12-month period, and the loan file must document that the borrower either: <ul style="list-style-type: none"> • Has been making timely mortgage payment, including the payments on 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 borrower on the refinance mortgage inherited or was legally awarded the mortgaged premises by a court in the case of divorce, separation or dissolution of a domestic partnership. • Cash out transaction are not permitted
TEMPORARY SUBSIDY BUYDOWNS	<p>Limited Buydown:</p> <ul style="list-style-type: none"> • Initial interest rate reduced no more than 2 percentage points below the Note Rate, and • Increased by no more than one percentage point annually for no more than 2 years <p>Extended Buydown:</p> <ul style="list-style-type: none"> • Initial interest rate reduced no more than 3 percentage points below the Note Rate, and • Increased by no more than one percentage point annually for more than 2 but no more than 3 years <p>Qualifying for Limited and Extended Temporary Subsidy Buydowns:</p> <ul style="list-style-type: none"> • Fixed-rate mortgages, the borrower must be qualified using monthly payments calculated at the Note rate
OTHER CONSIDERATIONS	<ul style="list-style-type: none"> • Maximum days allowed for seller rent back 60 days. • All loan documentation should not be over 90 days old at submission. • Property Assessed Clean Energy (PACE) aka: Home Energy Renovation Opportunity (HERO) subordination not permitted. Must be paid in full prior to closing. • All HPML loans must pass Safe Harbor in order to be eligible for closing.
HELPFUL LINKS	<p><u>Land Home Financial Additional Resources:</u></p> <ul style="list-style-type: none"> • eScenarios • LHFSWholesale.com • Conventional - Submission Checklist <p><u>Agency Guidelines:</u></p> <ul style="list-style-type: none"> • Freddie Mac Selling Guide <p><u>Manufactured Housing:</u></p> <ul style="list-style-type: none"> • Manufactured Housing Additional Requirements • Manufactured Housing – Underwriting Reminders • Institute for Building Technology and Safety (IBTS) • Manufactured Home Construction and Safety Standards

Each loan will be evaluated for layers of risk, reasonability, ability and willingness to repay debt. Additional items for consideration include but are not limited to payment shock, assets, reserves, negative balances in bank accounts, housing history, slow pays, financing management evidenced by credit and asset reviews, red flags, multiple layers of risk, etc. May require additional documentation or explanations above and beyond the AUS requirements.

Guidelines are for use by mortgage professionals only and subject to change without notice.



MANUFACTURED HOME ADDITIONAL REQUIREMENTS

DESCRIPTION	<ul style="list-style-type: none"> • A “manufactured home” (MH) is any dwelling that is built on a permanent chassis and installed on a permanent foundation system (the wheels, axles and towing hitch must be removed). Multi- wide home only, single wide homes are prohibited. Must be titled as “real property” and not Personal property (also referred to as “chattel”).
TITLE	<ul style="list-style-type: none"> • ALTA 7/7.1 Endorsement Required, additional Title expense, be sure to notify title for accurate fee disclosure.
ELIGIBLE PROPERTIES	<ul style="list-style-type: none"> • More than one dwelling of any type is strictly prohibited when property is zoned for multiple units. • Any additional units on the subject property must be considered an accessory dwelling or personal property • If there are additions or structural changes to the home, an engineer’s inspection report certifying that the structural changes or additions to the property were made in accordance with the MHCSS and the home will be eligible for FNMA financing. • Home must be Titled and Taxed as real property. • Must carry a one-year manufacturer’s warranty if the unit is new. • Be installed on a home site that meets established local standards for site suitability and has adequate water supply and sewage disposal facilities available. • Affixed to permanent foundation in a way that makes the Manufactured Home a permanent part of the real property. • Foundation design must comply with all local, state and federal codes. • Retrofit Foundations are acceptable.
PUD/CONDO’S	<ul style="list-style-type: none"> • Multi-width manufactured homes in an established condo project require a full review. • All manufactured home condos must be on FNMA’s approved list. • New condo projects consisting of manufactured homes require Fannie Mae PERS approval. • PUD and Condo projects consisting of single wide manufactured homes require Fannie Mae PERS approval. • Appraisal form 1004C must be used.
INELIGIBLE PROPERTIES	<ul style="list-style-type: none"> • Deed restricted properties • Leasehold Estate ownership
IMPORTANT REQUIREMENTS	<ul style="list-style-type: none"> • If the mortgage being financed was a purchase money transaction, it must be seasoned for at least 120 days (that is, the Note Date of the mortgage being refinanced must be at least 120 days prior to the Note Date of the “no-cash-out” refinance mortgage). • If the purchase of land occurred more than 12 months preceding the loan application, use the current appraised value. If less than 12 months, use the lesser of the sale price or the current appraised value. • Home must be a multi-wide 1-unit dwelling built on or after 6/15/76. • Home must be at least 12 feet wide with a minimum of 600 square feet gross living area. • Home must have a HUD Certification Label permanently affixed to each transportable section or an IBTS certificate for label. • Must have verification of the HUD Data Plate or IBTS certificate for data plate. • Wheels, axles and towing hitches must be removed, and the anchoring system must be in compliance with HUD codes. • Property location must be zoned for residential use. • Mobile home title must be retired, and affidavit of affixture filed. • The home can only be moved one time either directly to residence from the factory or from the retailer’s location. Homes moved more than once are prohibited.

