



## Freddie Mac Home Possible Product Profile

Overlays to Freddie Mac are Underlined.

Maximum LTV/TLTV and Credit Requirements			
Freddie Mac – LPA Accept		Home Possible Fixed Rate Only	
Owner-Occupied Only, Purchase, and Refinance Fixed Rate only			
Property Type	Maximum LTV/TLTV		Min Credit Score
	Standard Balance	Super Conforming	
1 Unit	97	95	580 with LPA Accept. (580-619 Max LTV 80%)
2 Unit	95	85	580 with LPA Accept. (580-619 Max LTV 80%)
3-4 Unit	95	80	580 with LPA Accept. (580-619 Max LTV 80%)
Loan Amount:		Minimum Loan amount \$50,000	
		Maximum Loan Amount found at: www.fanniemae.com/singlefamily/loan-limits	
Homeownership Education			
<ul style="list-style-type: none"><li>• At least one occupying Borrower must participate in a homeownership education program before the Note Date for purchase transactions when all occupying Borrowers are First-Time Homebuyers.</li><li>• Homeownership education must not be provided by an interested party to the transaction, the originating lender or by the Seller</li><li>• 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"><li>○ Programs developed by HUD-approved counseling agencies, Housing Finance Agencies (HFAs) or Community Development Financial Institutions (CDFIs)</li><li>○ Homeownership education programs developed by mortgage insurance companies or other providers' programs that meet the standards of the Nation Industry Standards for Homeownership Education and Counseling (<a href="http://www.homeownershipstandards.com">www.homeownershipstandards.com</a>)</li></ul></li><li>• 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"><li>○ 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)</li><li>○ The financial literacy curriculum is not provided by an interest party to the transaction, the originating lender or by the Seller</li></ul></li><li>• A copy of Exhibit 20, 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.</li><li>• Landlord education (2 to 4-unit Primary Residences)<ul style="list-style-type: none"><li>○ Purchase Transaction – 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.<ul style="list-style-type: none"><li>▪ A copy of a certificate evidencing successful completion of the landlord education program must be retained in the mortgage file.</li></ul></li><li>○ Refinance Transactions – Landlord education is not required but is recommended for Borrowers who have not previously attended a program.</li></ul></li></ul>			

## Ability to Repay and Qualified Mortgage Rule

- For loans subject to the ATR/GM rule, Windsor Mortgage will only purchase loans that comply with ATR/QM requirements.
  - Note: Investment properties which are for business purposes (borrower does not intend to be greater than 14 days in the year) are exempt from ATR/QM; however, such loans must meet agency eligibility requirements and are subject to the applicable points and fees threshold.
- Correspondents are responsible for providing evidence of compliance with the ATR/QM rules.
- Clear itemization of fees and application of all credits that indicate paid by/to will be required on all loans.

## Age of Documents

- For new and existing construction, credit documents must be no more than 4 months old on the date the note is signed, including credit reports and employment, income and asset documents.
- Preliminary Title Policies must be no more than 90 days old on the date the note is signed.

## Assignment of Mortgages

All loans must be registered with MERS at time of delivery to Windsor Mortgage and a MERS transfer of beneficial rights and transfer of servicing right must be initiated by the Seller, to Plains Commerce Bank (#1005210), within 24-hours of purchase.

## Appraisals

- Determined by AUS Findings. Property Inspection Waivers, through LPA, are acceptable.
- If the appraiser identifies an addition(s) that does not have the required permit, the appraiser must comment on the quality and appearance of the work and its impact, if any, on the market value of the subject property.

### Properties With Unpermitted Secondary Kitchen May be eligible if:

- It is common for the area
- No negative impact on marketability
- Appraiser comments on quality of construction, any health/safety issues, any soundness issues, which must meet Freddie Mac requirements

### Accessory Units are Acceptable When Meeting Freddie Mac Requirements:

- **Accessory unit is permitted or complies with zoning when:**
  - The property is defined as a one-unit property.
  - There is only one accessory unit on the property; multiple units are not permitted
  - The appraisal report demonstrates that the improvements are typical for the market through an analysis of at least one comparable property with the same use.
  - The borrow qualifies for the mortgage without considering any rental income from the accessory unit.
- **When the accessory unit is NOT permitted or DOES NOT comply with zoning:**
  - Windsor Mortgage Solution confirms that the existence will not jeopardize any future property insurance claim that might need to be filed for the property.
  - The use conforms to the subject neighborhood and to the market.
  - The property is appraised based upon its current use.
  - The appraisal must report that the improvements represent a use that does not comply with zoning.
  - The appraisal report must demonstrate that the improvements are typical for the market through an analysis of at least three comparable properties that have the same non-compliant zoning use.

## Recert of Values in Accordance with Freddie Mac Guidelines are Acceptable.

- Properties with evidence of commercial production of marijuana, including but not limited to grow rooms, or hydroponic equipment, are ineligible.

## AUS

- LPA with “Accept/Eligible” Findings is required.
- Manual UW is not accepted.

## Borrower Eligibility

- U.S. citizens
- Permanent resident aliens, with proof of lawful permanent residence
- Nonpermanent resident alien immigrants with proof of lawful residence

## Credit

- All borrowers may have no credit score. Freddie Mac and LPA requirements must be met.
  - For LTV/CLTV above 95%, at least one borrower must have a usable credit score as determined by LPA.
- For borrowers with frozen credit, no more than one credit bureau can have frozen credit information.
- Current Housing Payment, applicable when the payment for the primary residence for any borrower is not reported on credit (renting primary and the subject is 2nd/NOO):
  - When the payment is not reported on the credit report, provide third party verification of payment amount.

## Credit: Derogatory

Derogatory Event	Waiting Period Requirements
	<ul style="list-style-type: none"> <li>• 4 years</li> </ul>
Bankruptcy – Chapter 13	<ul style="list-style-type: none"> <li>• 2 years from discharge date</li> <li>• 4 years from dismissal date</li> </ul>
Multiple Bankruptcy Filings	<ul style="list-style-type: none"> <li>• 5 years if more than one filing within the past 7 years</li> </ul>
Foreclosure	<ul style="list-style-type: none"> <li>• 7 years</li> <li>• 3 years with documented extenuating circumstances (see section below) are allowed subject to:</li> <li>• Up the lesser of 90% LTV/CLTV per the eligibility matrix</li> <li>• Purchase of an OO, or</li> <li>• Rate and term of any occupancy</li> </ul>
Deed-in-Lieu of Foreclosure	<ul style="list-style-type: none"> <li>• 4 years</li> </ul>
Pre-foreclosure Sale (Short Sale)	<ul style="list-style-type: none"> <li>• 2 years with documented extenuating circumstances.</li> </ul>
Mortgage Charge-off	<b>See Extenuating Circumstances section.</b>

All transactions require a LPA Accept/ Eligible regardless of which time frame for the derogatory event is met, standard or extenuating circumstances.

All transactions require a LPA Approve/Eligible regardless of which time frame for the derogatory event is met, standard or extenuating circumstances.

## Extenuating Circumstances

- Extenuating circumstances are nonrecurring events that are beyond the borrower's control that result in a sudden, significant, and prolonged reduction in income or a catastrophic increase in financial obligations.
- If a borrower claims that derogatory information is the result of extenuating circumstances, the lender must substantiate the borrower's claim. Examples of documentation that can be used to support extenuating circumstances include documents that confirm the event (such as a copy of a divorce decree, medical reports or bills, notice of job layoff, job severance papers, etc.) and documents that illustrate factors that contributed to the borrower's inability to resolve the problems that resulted from the event (such as a copy of insurance papers or claim settlements, property listing agreements, lease agreements, tax returns (covering the periods prior to, during, and after a loss of employment), etc.).
- The lender must obtain a letter from the borrower explaining the relevance of the documentation. The letter must support the claims of extenuating circumstances, confirm the nature of the event that led to the bankruptcy or foreclosure-related action, and illustrate the borrower had no reasonable options other than to default on their financial obligations.

## Condominiums

- Must adhere to Freddie Mac Project standards.
- Freddie Mac to Freddie Mac rate and term refinances up to 80% LTV may be eligible for a waiver of the project eligibility review.
  - Documentation confirming refinanced loan was owned by Freddie Mac is required.
  - Condo type V required.
- Limited Review allowed in accordance with Freddie Mac Guidelines, including NOO up to 75% LTV/CLTV/HCLTV
- Projects in which the HOA is named as a party to pending litigation, or for which the project sponsor or developer is named as a party to pending litigation that relates to the safety, structural soundness, habitability, or functional use of the project are ineligible.
- Projects with pending litigation that involves minor matters with no impact on the safety, structural sound habitability, or functional use of the project, may be eligible if the litigation meets Freddie Mac's requirements matters.
- Florida Condos are allowed in accordance with Freddie Mac requirements.
- Lenders must provide all documentation used to verify the condo warranty type. Including but not limited
  - HOA questionnaire
  - Loan documentation with warranty type
  - Copies of applicable insurance policies
  - Any additional documentation as required by the warranty type

## Disaster Policy

- Windsor Mortgage may require a post-disaster inspection when the appraisal occurred before the incident end date of the disaster. See Windsor Mortgage disaster policy located in the Seller's Guide for full details.
- Determined by AUS
  - Lenders must provide the third part vendor report used in the LPA validation process. Windsor Mortgage will compare the vendor reference number and date to the LPA messages.
- Income or assets derived from the production or sale of marijuana are ineligible for qualifying.

## Current Housing Payment

- Borrowers must document their current housing expense with one of the following when they do not currently own a primary residence and purchasing second home or investment property:
  - Six months canceled checks or equivalent payment score
  - Six months bank statements reflecting a clear and consistent payment to an organization or individual
  - A copy of a current, fully executed lease agreement and two months canceled checks (or equivalent payment source)
- Borrowers living rent-free must document their rent-free status. A rent-free letter from a third-party may be acceptable.

## Down Payment Assistance

- Down Payment Assistance is allowed as long as the assistance is provided by a government entity. Evidence of the terms and provider.
- Employer assistance is acceptable in accordance with guidelines.
- Loans with Community Seconds may be eligible up to 105% CLTV.

## Escrow Holdbacks

Escrow holdbacks are allowed in accordance with Freddie Mac guidelines including, but not limited to:

- A post funding stipulation for a copy of a 1004D confirming completion will be placed on loans where the appraisal is "subject to" improvements
- A post funding stipulation for a final title policy endorsement that ensures the priority of the first lien will be required on any loan where the appraisal is "subject to" improvements.
- A copy of the escrow agreement will be required that states how the escrow account will be managed and how the funds will be disbursed.
- Escrow Holdback to be 1.5x the higher of 2 bids. New construction can be for amount stated by builder

## Financing Concessions

- Financing concessions for primary residences and second home must be within the following allowable percentages:
  - 9% of value with LTV/CLTV ratios less than or equal to 75%
  - 6% of value with LTV/CLTV ratios greater than 75% up to and including 90%
  - 3 % of clue with LTV/CLTV ratios greater than 90%
  - The maximum financing concession for investment properties is 2% of value regardless of the LTV ratio
- Value is the lesser of the sales price or appraised value

LTV/CLTV/HCLTV		Minimum Borrower Contribution Requirement from Borrower's Own Funds
80% or less	1-4 Unit Principal Residence	A minimum borrower contribution from the borrower's own funds is not required. All funds needed to complete the transaction can come from a gift.
Greater than 80%	1 Unit Principal Residence	A minimum borrower contribution from the borrower's own funds is not required. All funds needed to complete the transaction can come from a gift.
	2-4 Unit Principal Residence	The borrower must make a 5% minimum borrower contribution from his or her own funds. After the minimum borrower contribution has been met, gifts can be used to supplement the down payment, closing costs, and reserves.
Gift Funds		
<ul style="list-style-type: none"> <li>Follow Freddie Mac's guidelines.</li> </ul>		
High Cost / High Priced		
<ul style="list-style-type: none"> <li><u>Windsor Mortgage Solutions will not purchase High-Cost Loans</u></li> <li>Higher Priced Mortgage Loans (HPML) transactions are eligible for purchase. HPML guidelines require: <ul style="list-style-type: none"> <li>Establishment of an escrow account for taxes and insurance premiums on any transactions secured by principal residence.</li> <li>Must meet all applicable state and/or federal compliance requirements.</li> <li>A prohibition on ARM loans with an initial fixed rate period of less than seven years (7/1 ARMs are eligible).</li> </ul> </li> </ul>		
Income: Limits		
<ul style="list-style-type: none"> <li>The borrower's qualifying income converted to an annual basis must not exceed 80% of the area median income (AMI) for the location of the mortgaged premises.</li> </ul>		

## Income: Boarder

Rental income from a 1-unit Primary Residence may be considered as stable monthly income (as defined in FHLMC Section 5301.1) provided it meets the requirements in Section FHLMC 5306.1 or the following:

- Connection with Borrower. The person providing the rental income and the Borrower:
  - Have resided together for at least one year
  - Will continue residing together in the new residence
  - The person providing the rental income provides appropriate documentation to evidence residency with the Borrower (i.e., copy of a driver's license, bill, bank statement, etc., that shows the address of that person to be the same as the Borrower's address)
  - The person providing rental income is not obligated on the mortgage and does not have an ownership interest in the mortgaged premises.
  - The person is not the borrower's spouse or domestic partner
- Rental payment. Rental income from the person residing in the Mortgaged Premises:
  - Has been paid to the Borrower for the past 12 months on a regular basis
  - Can be verified by the Borrower with evidence showing receipt of regular payments of rental income to the Borrower for at least nine of the past 12 months on a regular basis
  - Must be averaged over 12 months for qualifying purposes when fewer than 12 months of payments are documented
  - Does not exceed 30% of total income used to qualify for the Mortgage
- The Mortgage file must contain a written statement from the Borrower affirming:
  - The source of the rental income
  - The fact that the person providing the rental income 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

## Loan Purpose

### Purchase

- For LTV/CLTV above 95%: When all borrowers are first time home buyers, at least one borrower must participate in a homeownership education program acceptable to Freddie Mac

### Limited Cash-out/Rate & Term Refinance

- RT to buy out owner's interest: Written agreement must be legible and signed/date prior to or at application. All other Freddie Mac requirements must be met.
- >95% LTV requires the lender to document the existing loan being refinanced is owned (or securitized) by Freddie Mac. Documentation may come from any of the following
  - The lender's servicing system
  - Freddie Mac's Loan Lookup tool
  - The current servicer (if the lender's is not the servicer)
  - Any other source confirmed by the lender
- Proceeds can be used to pay off a first mortgage regardless of age
- Proceeds can be used to pay off any junior liens related to the purchase of the subject property
- Pay related to closing costs and prepaid items
- Disburse cash out to the Borrower in an amount not to exceed 1% of the new mortgage or \$2,000, whichever is greater.

Acceptable MI Types:	Unacceptable MI Types:
<ul style="list-style-type: none"> <li>• Borrower Paid Monthly</li> <li>• Borrower Paid Single Premium</li> <li>• Financed: Gross LTV cannot exceed Windsor Mortgage Solution's program maximum</li> <li>• Split Premium</li> <li>• Lender Paid Single Premium</li> <li>• Reduced Coverage</li> <li>• Enterprise Paid MI (EPMI)</li> </ul>	<ul style="list-style-type: none"> <li>• <u>Lender Paid Monthly</u></li> <li>• <u>Lender Paid Annual</u></li> <li>• <u>Borrower Paid Annual</u></li> <li>• <u>Any MI type not listed as acceptable</u></li> </ul>

## Mortgage Insurance

*The preliminary title search or report must not reflect any existing liens on the subject property. If the source of funds that acquire the property was an unsecured loan or HELOC (secured by another property), the new HUD-1 must reflect that all cash out proceeds be used to pay down, if applicable, the loan (unsecured or secured by an asset other than the subject property) used to purchase the new property. Any payments on the balance remaining from the original loan must be included in the debt-to-income ratio calculation for the refinance transaction. Funds received as gifts and used to purchase the property may be reimbursed with proceeds of the new mortgage loan.*

## Occupancy

- Primary Residence – 1-4 units
- Second Homes – 1-unit only
  - See Documentation section for when borrowers do not currently own a primary residence
- Investment 1-4 unit and Primary Residence 2-4 unit properties:
  - When using rental income to qualify from a subject property, the borrower must own a principal residence or document a **reasonable** current housing expense.
  - See Documentation section for when borrowers do not currently own a primary residence.

## Property: Eligible Types

- Single Family Detached Single Unit
- Single Family Attached Single Unit
- 2-4 Unit Attached/Detached
- PUDs
- Low-rise and High-rise Condominiums (must be Freddie Mac eligible)
- Leaseholds
- Rural Properties (in accordance with agency Guidelines, properties must be residential in nature)



## Property: Ineligible Types

- Mobile Homes
- Working Farms and Ranches
- Cooperatives
- Unimproved Land
- Condotels
- Property currently in litigation
- Hotel Condominiums
- Land Trust
- Timeshares
- Conditional Rating C5/C6 or Quality Rating of Q6
- Turn-key investment properties. See Property Turn-key investments section for additional details.

## Property: Maximum Number of Financed Properties

- The loan must comply with Freddie Mac's limitations on the maximum number of financed properties

## Property: Turn-key Investments

- Purchase or refinance transactions involving turn-key investment, or other similar arrangements, are not eligible for purchase by Windsor Mortgage Solutions. Characteristics of a Turn-key property include but are not limited to:
  - The property seller is an LLC (or other entity) that purchases distressed properties and re sells to borrowers at a non-distressed valuation.
  - Property seller or a related entity enters into an agreement to manage the property on behalf of the buyer including marketing, tenant screening, rent collection, maintenance, etc.
  - Buyer frequently lives out-of-the-area from the subject property

## Property Flipping Policy (Properties resold within 180 days of purchase)

- Properties that involve a re-sale that occurred within the last 180 days that have a non-arm's length relationship between the buyer and seller and an increase in value are prohibited. Time frame is established by seller's date of acquisition as the date of settlement on the seller's purchase of that property and the execution of a sales contract to another party.
- Lenders 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 short time period since the prior sale. Windsor Mortgage Solutions believes that one of the best ways lenders can reduce the risk associated with excessive values and/or rapid appreciation is by receiving accurate appraisals from knowledgeable, experienced appraisers.
- Windsor Mortgage Solutions recommends an additional value product to support the subject appraised value in instances of greater than 20% appreciation.

Ratios
<ul style="list-style-type: none"> <li>The maximum DTI is 50% with a LPA Accept. Loans exceeding 50% are not eligible</li> </ul>
Recently Listed Properties
<ul style="list-style-type: none"> <li>The subject property must not be currently listed for sale. IT must be taken off the market on or before the disbursement date of the new mortgage loan. Borrowers must confirm their intent to occupy the subject principal residence transactions).</li> <li>If the property was listed in the prior 30 days to the application date, the Early Pay-off (EPO) provision will be extended to 1 year</li> </ul>
Rental Income Calculation
<ul style="list-style-type: none"> <li>Follow Freddie Mac guidelines relative to rental income calculation.</li> <li>Rent loss insurance is not required.</li> </ul>
Reserves
<ul style="list-style-type: none"> <li>Follow LPA requirements for reserves</li> <li>Reserves must be based upon the full monthly payment (PITIA) amount for the property.</li> </ul>
Seasoning
<p>Please refer to the Windsor Mortgage Solutions Seasoned Loan Policy located in the Windsor Mortgage Solutions Seller Guide for requirements and loan-level price adjustments.</p>
State Restrictions
<ul style="list-style-type: none"> <li>Illinois Land Trust Vestings are not eligible for loan sale to Windsor</li> <li>Texas 50 (a)(6) refinance mortgages are eligible with Windsor Mortgage Solutions Seller Approval: <ul style="list-style-type: none"> <li>Fixed Rate and 5/1, 7/1 &amp; 10/1 ARMs</li> <li>Owner-Occupied, 1 unit only</li> <li>Maximum 80% LTV/CLTV</li> <li>2% fee restrictions in accordance with Texas Constituion</li> <li>Full appraisal required</li> <li>No new secondary financing</li> <li>Power of Attorney allowed in accordance with requirements</li> <li>Loans must comply with Freddie Mac and Texas Constitution requirements</li> </ul> </li> </ul>

## Tax Transcripts

- Tax transcripts are required for all loans when Tax Returns are needed to qualify.
- When tax transcripts are provided, they must support the income used to qualify.
- A properly executed 4506-T is required for all transactions except when the loan file contains tax transcripts.
- If tax transcripts are not available (due to a recent filing for the current year) a copy of the IRS notice showing “No record of return filed” is required along with documented acknowledgment receipt (such as IRS stamped tax returns or evidence that the return was electronically received) from the IRS and transcripts from the previous year.

Seller shall deliver loans that were originated in accordance with the Federal Housing Administration Handbook, unless otherwise noted in the Windsor Seller's Guide.

Windsor does not discriminate in any aspect of a credit transaction on the basis of sex, gender identity or expression, sexual orientation, marital status, familial status, race, color, ethnicity, religion, national origin, age, handicap or disability status, income derived from public assistance, military status or the good faith exercise of rights under the Consumer Credit Protection Act.