



Freddie Mac High Balance Matrix

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Finance Type	1 Uni Purchase and Rate/Term <= \$625,000 or ALL 2-4 Unit properties			1 Unit Cash-Out <= \$625,000, or ALL 2-5 Unit Properties			Purchase and Rate/Term		
Occupancy	Owner Occupied			Owner Occupied			Owner Occupied		
Term	Fixed Rate (FRM)			Fixed Rate (FRM)			Adjustable (ARM)		
Maximum LTV reduced by 5 LTV points when there is secondary financing	Property Type	LTV/CLTV	FICO Score	Property Type	LTV/CLTV	FICO Score	Property Type	LTV/CLTV	Fico Score
	1 Unit	90	660	1 Unit	75	640	1 Unit	80	640
		80	640						
	2-4 Unit	75**	640	2-4 Unit	65	640			
	Second Home			Second Home			Second Home		
	1 Unit	80	660	1 Unit	65	660	1 unit	65	660
	Investment Property			Investment Property			Investment Property		
	1 Unit	80 (75)*	660	1-4 Unit	65	1 Unit - 660 2-4 Unit - 700	1 unit	65	660
	2-4 Unit	70	700						

(*) Rate and Term refinance transactions are allowed up to 75% LTV/CLTV.
 (**) If loan amount is > \$625,500 than max is 70% LTV/CLTV.



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ATR and QM	All loans must meet the Ability to Repay (ATR) and Qualified mortgage (QM) provisions of the Dodd-Frank Act.
Products	HPLP-30, HPLP-15, HPLP-5/1, HPLP-7/1, HPLP-10/1
ARM Information	For 5/1 ARM: <u>Index</u> : 1 YR Libor <u>Caps</u> : 2% initial adjust. 2% per adjust. ,thereafter, 5% Life <u>Floor</u> : Margin <u>Margin</u> : 2.25% For 7/1 ARM: <u>Index</u> : 1 YR Libor <u>Caps</u> : 5% initial adjust. 2% per adjust. ,thereafter, 5% Life <u>Floor</u> : Margin <u>Margin</u> : 2.25% For 10/1 ARM: <u>Index</u> : 1 YR Libor <u>Caps</u> : 5% initial adjust. 2% per adjust. ,thereafter, 5% Life <u>Floor</u> : Margin <u>Margin</u> : 2.25%
Rate at Adjustment	On 5/1 ARM , the initial note rate is in effect for 60 months; the first interest adjustment is calculated by the lower of Index plus Margin or Initial Rate plus 2%, and is subject to Life Cap of 5% plus Initial Rate of Index plus Margin is greater. Thereafter, a 2% annual adjustment cap begins with the second adjustment. On 7/1 ARM , the initial note rate is in effect for 84 months; the first interest adjustment is calculated by the lower of Index plus Margin or Initial Plus 5%, and is subject to Life Cap of 5% plus Initial Rate if Index plus Margin is greater. Thereafter, a 2% annual adjustment cap begins with the second adjustment. On 10/1 ARM , the initial note rate is in effect for 120 months; the first interest adjustment is calculated by the lower of Index plus Margin or Initial Rate plus 5%, and is subject to Life Cap of 5% plus Initial Rate if Index plus Margin is greater. Thereafter, a 2% annual adjustment cap begins with the second adjustment.
Borrower Qualification	<u>Fixed Rate</u> : Borrower is qualified at the Note rate. <u>7/1 and 10/1 ARMS</u> : Qualify at the greater of the Note rate of the fully indexed rate. <u>5/1 ARMS</u> : Qualify at the greater of the Note rate of the fully indexed rate +2%.
Underwriting Method	Loan Prospector (LP) with "Accept" Findings Only.
Income Verification	4506T authorization form required on all transactions. Transcripts are verified for all transactions. Borrower's with W2 income ONLY may process W2 transcripts. Borrowers with commission income >25% of their total earnings, or if any other type of income is used in qualifying;complete 1040 transcripts are required
Eligible Borrowers	US Citizens; Permanent Resident Aliens; Revocable Trust; Must have valid Social Security Number; Maximum of 4 borrowers per loan application are allowed
Eligible Property Types	-SFR (attached / detached), PUDS, 1-4 unit and condos (exclude high rise condos)
Appraisal Requirements	<ul style="list-style-type: none"> • Full appraisal required on all loans (1004 or equivalent) accompanied by 1004MC. • A Field Review (form 2000) is required when property value is >= \$1,000,000 and the LTV/CLTV exceeds 75% • The appraiser performing the initial appraisal and the appraisal field review report must be qualified to perform appraisal without oversight or supervision by a "supervisory appraiser". • When the subject property is an attached condominium, the appraiser must provide at least two comparable sales from the outside the subject property and outside the influence of the developer, builder, or property seller
Assets	<ul style="list-style-type: none"> • Follow Freddie Mac guidelines relative to funds to close • Gift funds are allowed in accordance with Freddie Mac guidelines • When using account statements, the lender must document source of funds for any single deposit exceeding 25% of the total monthly qualifying income for the Mortgage.



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Continuity of Obligation	Follows Fannie Mae Guidelines
Credit	<ul style="list-style-type: none"> At least one borrower must have a minimum of one credit score to be eligible. Must pay off any existing judgments or tax liens.
Non-Occupancy Co-Borrower	<ul style="list-style-type: none"> Owner Occupied only-Purchase - FHLMC LP transactions with non-occupant co-borrower, non-occupant must be an immediate family member and max LTV/CLTV is 90%. R/T Refinance -Max LTV/CLTV is 90%, if the non-occupant co-borrower is not on the original note, they must be an immediate family member with minimum FICO of 720. Owner occupant must derive usable income if using blended ratios. Refinance cash-out -Max LTV/CLTV is 75%, if the non-occupant co-borrower is not on the original note, immediate family member with minimum fico of 720 and borrower(s) must be able to cover full PITIA with gross monthly income up to 100%. LTV/CLTV exceeding 80% - occupant borrower(s) must make first 5% down payment from the their own funds and occupant borrower(s) must be able to cover full PITIA wit gross monthly income up to 100% ok. Mortgage Insurance allowed for both BMPI and LPMI For High Balance Loans subject to RightStart matrix limits.
Derogatory Credit	<ul style="list-style-type: none"> Non-traditional credit NOT allowed. Minimum credit score(s): Minimum required per LTV/CLTV grid DU Approve/Eligible <p>General Credit Guidelines</p> <p>Mortgage lates: subject to LP findings</p> <p><u>Chapter 7 or 11 Bankruptcy</u>: 4 years have elapsed since discharge or dismissal date to the Application date</p> <p><u>Chapter 13 Bankruptcy</u>: 2 years have elapsed since discharge date to the Application date; 4 years have elapsed since dismissal date to the Application Date</p> <p>NOTE: Multiple bankruptcy filings in the past 7 years: 5 years from the most recent discharge or dismissal date</p> <p><u>Short Sale, "Settled for Less", Deed-in-lieu of foreclosure, Pre-foreclosure</u>: with AUS approval- 4 years waiting period (base on Credit report Date) is required. 2 years waiting period (base on Credit Report Date) is acceptable if reason was due to extenuating circumstances as per agency guidelines. Extenuating circumstances must be explained with adequate supporting documentation</p> <p><u>Foreclosure</u>: 7 years waiting period is required from completion date to the Application date</p> <ul style="list-style-type: none"> Borrower with multiple BK filings: 60 months since most recent discharged / dismissal Mortgages with previous modifications or restructured loans on subject property- 24 month satisfactory Payment record required after the date of the recorded modification, and AUS approval.
Ratios	<ul style="list-style-type: none"> The maximum DTI is at 50% with a LP Accept Loans with DTI exceeding 50% regardless of AUS decision are ineligible
Escrow Holdbacks	Not Allowed



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Financing Concessions	<ul style="list-style-type: none"> • Financing concessions for primary residences and second homes must be within the following allowable percentages: <ul style="list-style-type: none"> ○ 9% of value with LTV/TLTV ratios less than or equal to 75% ○ 6% of value with LTV/TLTV ratios greater than 75% up to and including 90% <ul style="list-style-type: none"> ▪ The maximum financing concession for investment properties is 2% regardless of the LTV ratio • Value is the lesser of appraised value or purchase price • Property Seller cannot pay for future HOA dues
High Cost / High Priced	Not Allowed
Minimum Loan amount	The minimum loan amount should be at least \$1 dollar more than the high balance loan amount limits for the subject property.
Gift	Gift for down payment is allowed but at least 5% needs to be borrower's own funds.
Reserves	<ul style="list-style-type: none"> • Primary residence: Freddie Mac requires the following reserves when the existing primary is pending sale or is converting to an investment property. <ul style="list-style-type: none"> ○ If the equity on the current residence is 30% or more, 2 months on the subject and 2 months on current principle residence. ○ If the equity on the current residence is less than 30%, 6 months on the subject and 6 months on current principle residence. • Second Homes: Reserves equal to two monthly payments of PITI for the Mortgage Premises, reserves equal to two of PITI monthly payments of PITI • Investment Property: Reserves equal to six monthly payments of PITI for the Mortgaged Premises that could be used to supplement payments during vacancies and make regular and emergency repairs to the subject property as necessary, and the reserves equal to two monthly payments of PITI for each other financed second home and 1 - 4 unit Investment property in which the Borrower has an ownership interest or on which the Borrower is obligated • Primary residence 2-4 units requires at least 6 months PITI
Assets	Allowable Assets for down payment and closing: <ul style="list-style-type: none"> • Checking • Saving • 401K (vested 100%) - 60% of value • Stock - 70% of the stock value • Business Funds - 50% of the account balance ** must own the company 100% ** • Life Insurance - 100% of cash value • Government Bonds - 70% of redemption value
Max.# of Financed Properties	Owner Occupied: up to 10 financed Second home: up to 4 financed Investment: up to 4 financed



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Multiple Financed Properties

- Minimum Fico score of 720 for borrower with more than 6 financed properties
- There is additional .500 hit adjustment for more than 4 financed properties *refer to rate sheet
- Cash-Out Refinance loan on properties purchased greater than six (6) months since the date of acquisition is now allowed for borrowers, who own two to ten (2-10) finance properties.
 - If the seasoning is less than six (6) months then all delayed financing guidelines must be met.
- Financed property has been re-defined as a residential one-to four-unit (1-4) property with a mortgage for which the borrower is personally obligated.
 - A property in the name of a Limited Liability Company (LLC) where the borrower has more than twenty five percentage (25%) ownership is no longer included in limitation.
- Maximum number of financed properties for a borrower continues to be ten (10).
 - RightStart Mortgage will finance a maximum of four (4) properties for a borrower at one time.
- Reserve requirement for other financed properties will now be calculated by applying a specific percentage based on the aggregate Unpaid Principal Balance (UPB) for all the mortgages and Home Equity Line of Credit (HELOC).
 - The percentage is determined by the number of financed properties owned by the borrower as explained below:

Number of financed properties	Reserves (as percentage of UPB)
One to four (1-4)	2%
Five to six (5-6)	4%
<p>The aggregate UPB calculation does not include the mortgages and HELOCs that are</p> <ul style="list-style-type: none"> • The subject property, • The borrower's principle residence, • Properties that are sold or pending sale, and • Accounts that will be paid by closing (or omitted) <p>NOTE:</p> <ul style="list-style-type: none"> • If processing multiple second home or investment applications simultaneously, the same assets may be used to satisfy the reserve requirements for both mortgage applications. Reserves are not cumulative for multiple applications. Funds to close are subtracted from available assets when considering sufficient assets for reserves. 	

LP Loans: Up to 6 financed properties is permitted with LP. Note: LP is not able to determine the exact number of financed properties the borrower owns. The underwriter must manually apply the Multiple Property and Departing Property reserve requirement policies noted in LP Notes. Reminder: More than 6 financed properties are not permitted for LP loans.

Two to Four Unit Condo Project

Requires 3 out of 4 to be owner occupied.



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Attached Condo's over 4 Unit Condo Project	<p>For investment property transactions on attached units in established project, at least 50% of the total units in the project must be conveyed to principal residence or second home purchasers. This requirement does not apply if the subject mortgage is for a principal residence or second home.</p> <p>Financial institution-owned REO units that are for sale (not rented) are considered owner-occupied when calculating the 50% owner-occupancy ratio requirement.</p>
Properties Listed for Sale	<ul style="list-style-type: none"> • No Cash-Out Transaction: The subject property must not be currently listed for sale. It must be taken off the market on or before taking loan application. Borrowers must confirm their intent to occupy the subject property (for principle residence transactions). • Cash-Out Transactions: Properties listed for sale in the six months preceding the disbursement date of the new mortgage loan are limited to 70% LTV/CLTV. Properties that were listed for sale must be taken off the market on or before taking loan application.
Property Flipping Policy (Properties resold within 180 days of purchase)	<ul style="list-style-type: none"> • 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 are prohibited.
Cash Out	<ul style="list-style-type: none"> • The max cash out limit is based on high balance loan limit up to \$625,500.00.
Mortgage Insurance	<ul style="list-style-type: none"> • LPMI Single premium allowed for Fixed Products Only. Please refer to the product grid above for max LTV/CLTV allowed. • LPMI minimum fico score is 660. • Maximum DTI is subject to current mortgage insurance guidelines and AUS findings.