FREEDOM MORTGAGE® | WHOLESALE

FHLMC Fixed Rate & Adjustable Rate

See full Product Guide for complete information.

Revised 09-21-26

Loan Amounts and LTVs[1]	
Property Type	**Max LTV / TLTV / HTLTV[3]**
Purchase and No Cash Out Refi - Primary and Second Home	
1-Unit Primary Residence	97%[1,2]
2-Unit Primary Residence	95%
3-4 Unit Primary Residence	95%
Second Home	90%
Purchase / No Cash Out Refi - Investment	
1-Unit Primary Residence	85%
2-4 Unit Primary Residence	75%
Cash Out Refinance	
1-Unit Primary Residence	80%
2-4 Unit Primary Residence	75%
Second Home	75%
1-Unit Investment Property	75%
2-4 Unit Investment Property	70%

[1]Refer to the Agency Loan Limit matrix in the full product guidelines for maximum loan amounts

[2]HomeOne: LTV >95% is available for a conforming fixed rate amortization and secured by a one-unit principal residence in which ALL borrowers must occupy the mortgage premises as a primary residence. Purchase: At least one of the borrowers must be a first-time home buyer. Rate/Term Refinance: Must be an existing Freddie Mac loan. Maximum 95% LTV/TLTV/HTLTV for conforming fixed rate transactions when no borrower has traditional credit.

[3]Subordinate financing is not permitted for co-op transactions.

Amortization	• 10-, 15-, 20-, 25-, and 30-Year Terms
	• 30 Year only for ARM transactions
	• Odd terms down to 8 years
	• ARM Characteristics
	  ○ Index: SOFR
	  ○ Margin: 2.75%
	  ○ Floor: 2.75%
	  ○ CAP Structure
	  ▪ 5/6 ARM: 2/1/5

	▪ 7/6 & 10/6 ARM: 5/1/5	
Secondary Financing	• Secondary financing on loans over 80% LTV must meet MI Provider guidelines • For any refinance, any eligible subordinate financing may remain in place; however, it must be re-subordinated to the first mortgage and meet any TLTV/HTLTV limits. • Follow the Freddie Mac FRM TX 50(a)(6) program guidelines for properties located in Texas when the first mortgage was originated as a TX 50(a)(6). • **Affordable Seconds are not permitted.** • **Shared equity, shared appreciation, and properties subject to private transfer fees are not permitted.**	

Temporary Buydown	• Available Plans: 3/2/1, 2/1, 1/1, 1/0
	• Fixed-rate, 30-year amortizations only; odd terms not permitted.
	• Purchase transactions only
	• Buydown subsidy must be funded by the Seller or Lender.
	  ○ When the source of the funds is from the Seller, the interested party contribution limits apply.
	  ○ **A 3/2/1 Lender Funded option is not available.**
	• Primary Residence and Second Homes
	• Borrower(s) must qualify using the Note Rate (without consideration of the bought-down rate)
	• Buydown must be disclosed to the MI company
	• Buydown agreement must be signed by all parties, including the borrower(s) and contributor(s).
	• Must provide that the borrower is not relieved of the obligation to make the mortgage payments required by the terms of the mortgage note, if, for any reason, the buydown funds are not available.
	• Ineligible Transactions: Investment, **Manufactured Homes,** Cash Out Refinance, Texas 50 (a)(6) or 50(a)(4),
	• **Adjustable-Rate Mortgages, Odd Term Amortizations, Borrower or Other Funded subsidies, Lender Paid Single Premium Mortgage Insurance**.	

Eligible Properties	• 1-4 Units • Warrantable Condo, PUD, Townhouse • 1-3 Unit property with an Accessory Dwelling Unit (ADU) • Co-Op (See full product guide for complete details) • Leaseholds/Ground Leases (5704.1)	• Land Contracts/Contract for Deed (4404.1 and 5601.3) • Properties in Lava Zones 1&2 ○ Proper insurance must be obtained
Ineligible Properties	• **Manufactured Housing*** • Non-warrantable Condo • Timeshare • Mixed Use • Mobile Home • Condo/PUD Hotel • Commercial Property • Working Farms *Manufactured homes available in all states, excluding New York and Virginia. *Please see full product guidelines for details.*	• **Properties with Resale Deed Restrictions (Age restricted properties may be eligible)** • Commercial Property • **Land Trust & Community Land Trust (including Illinois Land Trusts)** • Life Estates (Credit Policy Announcement 15-28)
Occupancy	**Primary, Second Home, & Investment Property**	**Primary Residence**

	• If subordinate financing exists refer to Secondary Financing Section above • **FMC has a maximum of four FMC financed properties for one individual**	• 1-4 Unit • Must be Owner Occupied or follow FHLMC section 5103.1 • There are no limitations on the number of properties that the borrower has financed when the subject loan is secured by the borrower's primary residence
Occupancy	**Secondary/Vacation Home** • A 2-unit property used as a second home is considered an investment property • A second home must be secured by a 1-unit property owned by an individual who is also the borrower, occupied by the borrower for some portion of the year (see full product guidelines for details). • Each borrower individually and all borrowers collectively must not be obligated on more than ten 1- to 4-unit financed properties, including the subject property. Ownership of commercial or multifamily (five or more units) real estate is not included in this limitation. • Transactions that include non-arm's length and/or identity or interest characteristics are not eligible for new construction.	**Investment Property** • 1-4 Unit • See full product guidelines for special underwriting requirements regarding investment properties • For any loan that secures an investment property, the seller contribution is limited to 2.0% • Each borrower individually and all borrowers collectively must not be obligated on more than ten 1- to 4-unit financed properties, including the subject property. Ownership of commercial or multifamily (five or more units) real estate is not included in this limitation. • Transactions that include non-arm's length and/or identity or interest characteristics are not eligible for new construction.
Refinance Transactions	*Follow the Freddie Mac FRM TX 50(a)(6) program guidelines for properties located in Texas when the first mortgage was originated as a TX 50(a)(6).* **All Refinance Transactions** **If the borrower's payoff statement reflects a 60 or more days past due on the subject property mortgage, the loan refinance is not permitted.** **Rate Term Refinance** • Pay off of the principal and interest due, including a balance deferred under a loss mitigation plan, for the First Mortgage, regardless of its age, used to acquire the property. • Pay off of the principal and interest due, including a balance deferred under a loss mitigation plan First Mortgage, originated as a refinance transaction, with a Note Date no less than 30 days prior to the Note Date of the no cash out refinance Mortgage, as documented in the Mortgage file on the credit report or the title commitment. • Pay off any costs or fees associated with the satisfaction and release of the first mortgage	**Cash Out Refinance** • For cash out refinance mortgage secured by a Primary Residence, all borrowers must occupy the subject property. • Per Freddie Mac Section 4301.5, when proceeds of a cash out refinance mortgage are used to pay off a first lien, the first lien being refinanced must be seasoned for at least 12 months (i.e., at least 12 months must have passed between the Note Date of the mortgage being refinanced and the Note Date of the cash out refinance mortgage). • At least one Borrower must have been on the title to the subject property for at least six (6) months prior to the Note Date, except as specified in Freddie Mac Section 4301.5. • See full product guide for details regarding Borrowers seeking delayed financing for properties acquired without a mortgage and none of the Borrowers have been on title for the most recent six (6) months.

	(such as late fees, prepayment penalties, etc.) • Pay off or pay down any junior liens secured by the Mortgaged Premises, that were used in their entirety to acquire the subject property. Any remaining balance must be subordinated to the refinance Mortgage. Written documentation must be obtained and included in the loan file. • A No Cash Out may receive up to the greater of 1% of the loan amount or $2,000 in cash back at closing.	• The cash out refinance Mortgage must comply with the applicable LTV/TLTV/HTLTV ratio limits and all other Freddie Mac requirements Follow the Freddie Mac FRM TX 50(a)(6) program guidelines for properties located in Texas when the first mortgage was originated as a TX 50(a)(6).
Underwriting	**Automated Underwriting** o All loans are required to be submitted to Loan Product Advisor. **Manual underwriting is not permitted for primary residence.** ▪ NOTE: Freddie Mac does not permit Manual Underwriting for Investment Properties or Second Homes. o Eligible Loan Product Advisor recommendation: Loan Product Advisor Accept o A verbal VOE 10 Business days prior to note date, (for non-self-employed borrowers) and **60 Calendar days (for self-employed) prior to note date.** o **Alternative forms of verification, such as bank statements or YTD Paystubs, are not permitted.** **Ratios** o According to Loan Product Advisor Feedback, however, must follow the more restrictive of Loan Product Advisor or 50.49%. o Loan Product Advisor must reflect all payments, regardless of the number of months remaining, except for installment loans with less than 10 months. o BNPL (Buy Now Pay Later) debts identified on the borrower's asset statements, but not reported on the credit report, must be treated as undisclosed debt, and fully documented. Whether or not the payment is to be included in the DTI will be determined by the financing arrangement and the number of payments left. The financing agreement and/or a current statement reflecting the payment, balance and terms are required. ▪ Refer to Credit Policy Announcement 26-02 for requirements and list of BNPL companies. **Qualify At:** o Fixed: Note rate o 5/6 SOFR ARM o The greater of the fully indexed rate or the note rate plus 2.0% o 7/6 & 10/6 SOFR ARM o Note rate • **7/6 and 10/6 SOFR ARM loans that are higher priced mortgage loans (HPML) are not permitted.** ▪ State based restrictions apply to the following states and must be qualified at the greater of the Note Rate or Fully Indexed Rate. • Illinois, Maryland (purchase only), Massachusetts, Minnesota, New Mexico, Pennsylvania. **Income** o **First-time homebuyers that are purchasing an investment property as their first real-estate owned must qualify without the use of the rental income from the subject property. The full PITI on the subject property must be counted against the borrower's qualifying debt-to-income ratio. Rental income from the subject property may not be included as qualifying income or as an offset to the PITI regardless of documentation.**	

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- **The following is required when qualifying income has increased 30% or more in the most recent 12 months and cannot be validated with a W2 and W2 transcripts:**
  - **Income must be validated via third-party service (i.e., TheWorkNumber).**
  - **If income cannot be validated via third-party service, then:**
    - **Borrower to provide bank statements reflecting direct deposit of income.**
    - **FMC to validate bank statements using third-party service, AccountCheck, to support increase in income.**
  - **In the event income cannot be validated either through TheWorkNumber (or similar service) or using bank statements and AccountCheck, the increased income is not permitted for qualification.**

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<tr><td>Homeownership Education</td><td>

- When all occupying borrowers are First-Time Homebuyers for a purchase HomeOne transaction, at least one qualifying borrower must participate in a homeownership education program before the note date or the effective date of permanent financing.
- The homeownership education must not be provided by an interested party to the transaction, a party involved in the sale or financing of the property or by the seller. Refer to the full product guidelines for acceptable providers.

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<tr><td>Appraisal Requirements</td><td>

- Loan Product Advisor Feedback will indicate if an appraisal is required and provide eligible appraisals and property data reports (PDR) for the loan. For an overview of the Freddie Mac appraisal reports and PDRs, refer to Freddie Mac Section 5604.1.
- The Feedback Certificate may indicate one of the following options to allow a loan to be originated without a traditional appraisal. Refer to the product guide for complete eligibility requirements.
  - Desktop, Hybrid, ACE+PDR or ACE.
- **Form 400, Warranty of Completion of Construction is not permitted.**
- Properties located in an area impacted by a disaster must refer to Credit Policy Announcement 23-03.

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<tr><td>MI Coverage Requirements</td><td>

Transaction Type	80.01-85.00%	85.01-90.00%	90.01-95.00%	95.01-97.00%
Standard Coverage, Term ≤ 20 Years	6%	12%	25%	35%
Standard Coverage, Term > 20 Years, manufactured homes*; and ARMs	12%	25%	30%	35%

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This document is not all encompassing. It is a summary reference tool to be utilized in conjunction with agency guidelines and applicable FMC credit and compliance policies. Where this document is silent, refer to agency guidelines.

All bolded and highlighted items are Freedom Mortgage overlays.

Pricing and product guidelines are subject to change and may be discontinued at any time.

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