

Agency Standards Revisions

Note: Truist specific overlays are underlined.

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards Effective for EXISTING AND NEW Loan Applications ON OR AFTER April 19, 2024
Age of Documentation Requirements	Correspondent Section 2.01 Agency Loan Standard	<ul style="list-style-type: none"> Standard Agency (LPA) Agency Plus (LPA) Agency Plus Select (LPA) Home Possible® (LPA) Texas Section 50(a)(6) Mortgages (LPA) 	<p>Income / General Income Documentation Requirements</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> General Documentation Requirements <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <ul style="list-style-type: none"> Age of Documentation <ul style="list-style-type: none"> Verifications of employment, income, and current receipt of income must be dated no more than 120 days before the note date, and must be used in evaluating the creditworthiness of the borrower. Any information verified more than 120 days before the note date, must be reverified. Verifications made after the note date do not satisfy the requirements of this section. Refer to the “Employed Income Documentation and Verification Requirements” section subsequently presented in this subtopic for additional requirements for year-to-date paystubs. Refer to the “Age of Tax Return Requirements” section subsequently presented in this subtopic for age of tax return requirements. For mortgages using automated income assessment with Loan Product Advisor using tax return data, see “Automated Income Assessment with Loan Product Advisor Using Tax Return Data” in the “Freddie Mac LPA Loans” subtopic subsequently presented in the “Underwriting the Borrower” topic for age of tax return requirements. In addition, no more than 10 business days prior to the note date, the lender must confirm the borrower’s employment by obtaining a 10-day pre-closing verification of employment in accordance with the requirements outlined in the “Verbal Verification of Employment (VVOE) / 10-Day Pre-Closing Verification (PCV)” subtopic subsequently presented in this topic. For mortgages using automated employment assessment with Loan Product Advisor using account data, see “Automated Employment Assessment with Loan Product Advisor Using Account Data” in the “Freddie Mac LPA Loans” subtopic subsequently presented in the “Underwriting the Borrower” topic for verification report requirements. For a self-employed borrower, the lender must obtain a verification of the current existence of the borrower’s business no more than 120 calendar days prior to the note date in accordance with the requirements outlined in the “Verbal Verification of Employment (VVOE) / 10-Day Pre-Closing Verification (PCV)” subtopic subsequently presented in this topic. Alternatively, the lender may obtain the verification of employment or the existence of business, as applicable, after the note date but prior to the delivery date (to Truist). See the “Verbal Verification of Employment (VVOE) / 10-Day Pre-Closing Verification (PCV)” subtopic subsequently presented in this topic for additional information regarding 10-day pre-closing verifications of employment and applicable documentation requirements. <p><i>All other currently published requirements in this section remain the same.</i></p>	<p>Income / General Income Documentation Requirements</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> General Documentation Requirements <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <ul style="list-style-type: none"> Age of Documentation <ul style="list-style-type: none"> Age of Verifications <ul style="list-style-type: none"> Verifications of <u>information used to evaluate the borrower’s creditworthiness</u> must be dated no more than 120 <u>calendar</u> days before the note <u>date</u>. <u>Verifications subject to this requirement include verification of:</u> <ul style="list-style-type: none"> Employment Income, including current receipt of income Refer to the “Employed Income Documentation and Verification Requirements” section subsequently presented in this subtopic for additional requirements for year-to-date paystubs. Refer to the “Age of Tax Return Requirements” section subsequently presented in this subtopic for age of tax return requirements. For mortgages using automated income assessment with Loan Product Advisor using tax return data, see “Automated Income Assessment with Loan Product Advisor Using Tax Return Data” in the “Freddie Mac LPA Loans” subtopic subsequently presented in the “Underwriting the Borrower” topic for age of tax return requirements. For an employed borrower, the lender must <u>also</u> confirm the borrower’s employment by obtaining a 10-day pre-closing <u>verification in</u> accordance with the requirements outlined in the “Verbal Verification of Employment (VVOE) / 10-Day Pre-Closing Verification (PCV)” subtopic subsequently presented in this topic. For mortgages using automated employment assessment with Loan Product Advisor using account data, see “Automated Employment Assessment with Loan Product Advisor Using Account Data” in the “Freddie Mac LPA Loans” subtopic subsequently presented in the “Underwriting the Borrower” topic for verification report requirements. For a self-employed borrower, the lender must <u>also</u> obtain a verification of the current existence of the borrower’s <u>business in</u> accordance with the requirements outlined in the “Verbal Verification of Employment (VVOE) / 10-Day Pre-Closing Verification (PCV)” subtopic subsequently presented in this topic. Alternatively, the lender may obtain the verification of employment or the existence of business, as applicable, after the note date but prior to the delivery date (to Truist). See the “Verbal Verification of Employment (VVOE) / 10-Day Pre-Closing Verification (PCV)” subtopic subsequently presented in this topic for additional information regarding 10-day pre closing verifications of employment and applicable documentation requirements. For additional guidance related to verifications, refer to: <ul style="list-style-type: none"> the “Employed Income Documentation and Verification Requirements” section subsequently presented in this subtopic for additional requirements for year-to-date paystubs, and the “Age of Tax Return Requirements” section subsequently presented in this subtopic for age of tax return requirements.

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Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards Effective for EXISTING AND NEW Loan Applications ON OR AFTER April 19, 2024
			<p>Liabilities and Qualifying Ratios / Acceptable Documentation</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> • Age of Documentation. Verifications of payment history must be dated no more than 120 days before the note date, and must be used in evaluating the creditworthiness of the borrower. Any information verified more than 120 days before the note date must be reverified. Verifications made after the note date do not satisfy the requirements of this section. 	<ul style="list-style-type: none"> • Age of Documentation when Data Used for Loan Product Advisor Assessments <ul style="list-style-type: none"> • For mortgages when data is used for the Loan Product Advisor assessment and a verification report is obtained, the expiration of the verification report reflected in feedback messaging on the Last Feedback Certificate complies with the “Age of Verifications” requirements above. Refer to the following section in the “Freddie Mac LPA Loans” subtopic subsequently presented in the “Underwriting the Borrower” topic for additional guidance related to the verification report requirements for mortgages using automated assessment: <ul style="list-style-type: none"> • “Automated Income Assessment with Loan Product Advisor Using Employer Data” • For mortgages using automated income assessment with Loan Product Advisor using tax return data, see “Automated Income Assessment with Loan Product Advisor Using Tax Return Data” in the “Freddie Mac LPA Loans” subtopic subsequently presented in the “Underwriting the Borrower” topic for age of tax return requirements. <p style="color: red; text-align: center;"><i>All other currently published requirements in this section remain the same.</i></p>
			<p>Credit Requirements / General Credit Documentation Requirements</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <p style="color: red;"><i>Note: Below is an EXCERPT only of the requirements from the above referenced section. All other currently published requirements in this section remain the same.</i></p> <ul style="list-style-type: none"> • Age of Documentation <ul style="list-style-type: none"> • Verifications of payment history must be dated no more than 120 days before the note date. 	<p>Credit Requirements / General Credit Documentation Requirements</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <p style="color: red;"><i>Note: Below is an EXCERPT only of the requirements from the above referenced section. All other currently published requirements in this section remain the same.</i></p> <ul style="list-style-type: none"> • Age of Documentation <ul style="list-style-type: none"> • Age of Verifications <ul style="list-style-type: none"> • Verifications of information used to evaluate the borrower's creditworthiness must be dated no more than 120 calendar days before the note date. Verifications subject to this requirement include verification of payment history.

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Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards Effective for EXISTING AND NEW Loan Applications ON OR AFTER April 19, 2024
			<p>Cash Requirements / General Asset Documentation Requirements</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section. All other currently published requirements in this section remain the same.</i></p> <ul style="list-style-type: none"> • Age of Asset Documentation <ul style="list-style-type: none"> • Verifications of source of funds must be dated no more than 120 days before the note date and must be used in evaluating the creditworthiness of the borrower. Any information verified more than 120 days before the note date must be reverified. Verifications made after the note date do not satisfy the requirements of this section. 	<p>Cash Requirements / General Asset Documentation Requirements</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section. All other currently published requirements in this section remain the same.</i></p> <ul style="list-style-type: none"> • Age of Documentation <ul style="list-style-type: none"> • Age of Verifications <ul style="list-style-type: none"> • Verifications of information used to evaluate the borrower's creditworthiness must be dated no more than 120 calendar days before the note date. Verifications subject to this requirement include verification of source of funds. • Age of Documentation when Data Used for Loan Product Advisor Assessments <ul style="list-style-type: none"> • For mortgages when data is used for the Loan Product Advisor assessment and a verification report is obtained, the expiration of the verification report reflected in feedback messaging on the Last Feedback Certificate complies with the "Age of Verifications" requirements above. Refer to the following sections in the "Freddie Mac LPA Loans" subtopic subsequently presented in the "Underwriting the Borrower" topic for additional guidance related to the verification report requirements for mortgages using automated assessment: <ul style="list-style-type: none"> • "Automated Asset Assessment with Loan Product Advisor Using Account Data" • "Automated Income Assessment with Loan Product Advisor Using Account Data" • "Automated Employment Assessment with Loan Product Advisor Using Account Data" • Rent Payment History Included in Loan Product Advisor's Assessment • Borrower Cash Flow Included in Loan Product Advisor's Assessment
Age of Tax Returns	Correspondent Section 2.01 Agency Loan Standard	<ul style="list-style-type: none"> • Standard Agency (LPA) • Agency Plus (LPA) • Agency Plus Select (LPA) • Home Possible® (LPA) • Texas Section 50(a)(6) Mortgages (LPA) 	<p>Income / General Income Documentation Requirements</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> • General Documentation Requirements <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <ul style="list-style-type: none"> • Tax Returns and Tax Return Information: Documentation and Verification Requirements <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <ul style="list-style-type: none"> • Age of Tax Return Requirements <ul style="list-style-type: none"> • The most recent federal income tax return is the last tax return, individual and/or business, that was filed with the IRS by the borrower and, if applicable, the borrower's business. Lenders are encouraged to always confirm with the borrower that the tax returns provided are the tax returns most recently filed with the IRS. • At a minimum, the following date and documentation requirements must be met, based on the application received date and the note date for the mortgage: <ul style="list-style-type: none"> • For mortgages with note dates on or after November 1, 2021 	<p>Income / General Income Documentation Requirements</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> • General Documentation Requirements <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <ul style="list-style-type: none"> • Tax Returns and Tax Return Information: Documentation and Verification Requirements <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <ul style="list-style-type: none"> • Age of Tax Return Requirements <ul style="list-style-type: none"> • The most recent federal income tax return is the last tax return, individual and/or business, that was filed with the IRS by the borrower and, if applicable, the borrower's business. Lenders are encouraged to always confirm with the borrower that the tax returns provided are the tax returns most recently filed with the IRS. • The lender must determine the stable monthly income which may require additional documentation and analysis. Refer to the "Business and Income Analysis" subsection in the "Self-Employment Income" subtopic, subsequently presented in this document, for

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			<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #2c3e50; color: white;"> <th style="width: 20%;">Application Received Date</th> <th style="width: 20%;">Note Date</th> <th style="width: 60%;">Age of Tax Return and Other Documentation Requirements</th> </tr> </thead> <tbody> <tr> <td>Before: April 19, 2022</td> <td>On or after: November 1, 2022 Before: May 31, 2022</td> <td> <ul style="list-style-type: none"> Most recent federal income tax return(s) filed with the IRS The most recent tax return(s) must be no older than 2020 </td> </tr> <tr> <td>On or after: April 19, 2022</td> <td>Before: May 31, 2022</td> <td rowspan="2"> If borrower has not filed the 2021 tax return(s) with the IRS: <ul style="list-style-type: none"> The most recent tax return must be no older than 2020 The lender must obtain: <ul style="list-style-type: none"> IRS confirmation verifying tax transcripts are not yet available for the tax return(s) (individual, and business, if applicable) from the 2021 tax year¹; and Evidence of completed IRS tax filing extension(s) for the 2021 tax year (e.g., if using IRS tax extension forms to evidence tax filing extension, include IRS Form(s) 4868 and/or 7004, as applicable)² </td> </tr> <tr> <td>All</td> <td>On or after: May 31, 2022 Before: November 1, 2022</td> </tr> <tr> <td>All</td> <td>On or after: November 1, 2022</td> <td> <ul style="list-style-type: none"> The most recent tax return(s) must be no older than 2021 Use of a tax filing extension for the 2021 tax year is not permitted </td> </tr> </tbody> </table>	Application Received Date	Note Date	Age of Tax Return and Other Documentation Requirements	Before: April 19, 2022	On or after: November 1, 2022 Before: May 31, 2022	<ul style="list-style-type: none"> Most recent federal income tax return(s) filed with the IRS The most recent tax return(s) must be no older than 2020 	On or after: April 19, 2022	Before: May 31, 2022	If borrower has not filed the 2021 tax return(s) with the IRS: <ul style="list-style-type: none"> The most recent tax return must be no older than 2020 The lender must obtain: <ul style="list-style-type: none"> IRS confirmation verifying tax transcripts are not yet available for the tax return(s) (individual, and business, if applicable) from the 2021 tax year¹; and Evidence of completed IRS tax filing extension(s) for the 2021 tax year (e.g., if using IRS tax extension forms to evidence tax filing extension, include IRS Form(s) 4868 and/or 7004, as applicable)² 	All	On or after: May 31, 2022 Before: November 1, 2022	All	On or after: November 1, 2022	<ul style="list-style-type: none"> The most recent tax return(s) must be no older than 2021 Use of a tax filing extension for the 2021 tax year is not permitted 	<p>additional guidance about self-employed income when the tax returns for the most recent calendar year are not yet available.</p> <ul style="list-style-type: none"> At a minimum, the following date and documentation requirements must be met, based on the application received date and the note date for the mortgage: <ul style="list-style-type: none"> For Mortgages with Note Dates on or after November 1, 2023 <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #2c3e50; color: white;"> <th style="width: 20%;">Application Received Date</th> <th style="width: 20%;">Note Date</th> <th style="width: 60%;">Age of Tax Return and Other Documentation Requirements</th> </tr> </thead> <tbody> <tr> <td>Before: April 15, 2024</td> <td>On or after: November 1, 2023 Before: May 31, 2024</td> <td> <ul style="list-style-type: none"> Most recent federal income tax return(s) filed with the IRS The most recent tax return(s) must be no older than 2022 </td> </tr> <tr> <td>On or after: April 15, 2024</td> <td>Before: May 31, 2024</td> <td rowspan="2"> If the borrower has not filed the 2023 tax return(s) with the IRS: <ul style="list-style-type: none"> The most recent tax returns must be no older than 2022 The lender must obtain: <ul style="list-style-type: none"> IRS confirmation verifying tax transcript(s) are not yet available for the tax return(s) (individual, and business, if applicable) from the 2023 tax year^{1,2}; and Evidence of completed IRS tax filing extension(s) for the 2023 tax year (e.g., if using IRS tax extension forms to evidence tax filing extension, include IRS Form(s) 4868 and/or 7004, as applicable)³ </td> </tr> <tr> <td>All</td> <td>On or after: May 31, 2024 Before: November 1, 2024</td> </tr> <tr> <td>All</td> <td>On or after:</td> <td> <ul style="list-style-type: none"> The most recent tax </td> </tr> </tbody> </table>	Application Received Date	Note Date	Age of Tax Return and Other Documentation Requirements	Before: April 15, 2024	On or after: November 1, 2023 Before: May 31, 2024	<ul style="list-style-type: none"> Most recent federal income tax return(s) filed with the IRS The most recent tax return(s) must be no older than 2022 	On or after: April 15, 2024	Before: May 31, 2024	If the borrower has not filed the 2023 tax return(s) with the IRS: <ul style="list-style-type: none"> The most recent tax returns must be no older than 2022 The lender must obtain: <ul style="list-style-type: none"> IRS confirmation verifying tax transcript(s) are not yet available for the tax return(s) (individual, and business, if applicable) from the 2023 tax year^{1,2}; and Evidence of completed IRS tax filing extension(s) for the 2023 tax year (e.g., if using IRS tax extension forms to evidence tax filing extension, include IRS Form(s) 4868 and/or 7004, as applicable)³ 	All	On or after: May 31, 2024 Before: November 1, 2024	All	On or after:	<ul style="list-style-type: none"> The most recent tax
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Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards	Effective for EXISTING AND NEW Loan Applications ON OR AFTER April 19, 2024									
			<p>¹ If the IRS extends the tax filing due date, the IRS confirmation is required for mortgages with application received dates on or after the IRS income tax filing due date, or May 31, 2022, whichever occurs first; and note dates on or after the last day of the month following the IRS income tax filing due date, or June 30, 2022, whichever occurs first.</p> <p>² If the IRS extends the tax filing due date, evidence of the completed IRS tax filing extension is required for mortgages with application received dates on or after the IRS income tax filing due date and note dates on or after the last day of the month following the IRS income tax filing due date.</p> <p>Reference: For mortgages using income assessment with LPA using tax return data, see “Automated Income Assessment with Loan Product Advisor Using Tax Return Data” in the “Freddie Mac LPA Loans” subtopic subsequently presented in the “Underwriting the Borrower” topic for age of tax return requirements.</p> <ul style="list-style-type: none"> For mortgages with note dates before November 1, 2021 and settlement dates (i.e., the date the loan is purchased by Freddie Mac) on or after February 2, 2022 <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #2c3e50; color: white;"> <th style="width: 15%;">Application Received Date</th> <th style="width: 20%;">Note Date</th> <th style="width: 65%;">Age of Tax Return and Other Documentation Requirements</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">All</td> <td> On or after: June 30, 2021¹ Before: November 1, 2021 </td> <td> If the borrower has filed the 2020 tax return(s) with the IRS: <ul style="list-style-type: none"> 2020, or 2020 and 2019, federal income tax return(s), as applicable, in accordance with the applicable income subtopic subsequently presented in this topic If the borrower has not filed the 2020 tax return(s) with the IRS: <ul style="list-style-type: none"> Evidence of completed IRS tax filing extension(s) for 2020 tax year (e.g., if using IRS tax extension forms to evidence tax filing extension, include IRS Form(s) 4868 and/or 7004, as applicable); IRS confirmation </td> </tr> </tbody> </table>	Application Received Date	Note Date	Age of Tax Return and Other Documentation Requirements	All	On or after: June 30, 2021 ¹ Before: November 1, 2021	If the borrower has filed the 2020 tax return(s) with the IRS: <ul style="list-style-type: none"> 2020, or 2020 and 2019, federal income tax return(s), as applicable, in accordance with the applicable income subtopic subsequently presented in this topic If the borrower has not filed the 2020 tax return(s) with the IRS: <ul style="list-style-type: none"> Evidence of completed IRS tax filing extension(s) for 2020 tax year (e.g., if using IRS tax extension forms to evidence tax filing extension, include IRS Form(s) 4868 and/or 7004, as applicable); IRS confirmation 	<table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <tr> <td style="width: 15%;"></td> <td style="width: 20%; text-align: center;">November 1, 2024</td> <td style="width: 65%;">return(s) must be no older than 2023, regardless of other factors such as tax filing extension status or IRS tax filing deadline relief status.</td> </tr> </table> <p>¹ If the IRS extends the tax filing due date, the IRS confirmation is required for mortgages with application received dates on or after the IRS income tax filing due date, or May 31, 2024, whichever occurs first; and note dates on or after the last day of the month following the IRS income tax filing due date, or June 30, 2024, whichever occurs first.</p> <p>² Alternative documentation is acceptable in lieu of the IRS confirmation that tax transcript(s) are not yet available for the business tax return(s), as follows:</p> <ul style="list-style-type: none"> Confirmation business tax returns were filed after IRS filing due date for the prior year(s) (e.g., 2022 business tax return in file was signed later in the year (e.g., October)) or documentation from third-party tax return preparer confirming 2023 business return has not yet been filed; and Documented evidence of continued income stability using at least one of the examples listed in the “Self-Employment Income/Business and Income Analysis” requirements, subsequently presented in this document, in the row labeled “Business and/or individual tax return(s) – most recent calendar year not yet available.” <p>³ If the IRS extends the tax filing due date, evidence of the completed IRS tax filing extension is required for mortgages with application received dates on or after the IRS income tax filing due date and note dates on or after the last day of the month following the IRS income tax filing due date.</p> <ul style="list-style-type: none"> For mortgages using automated income assessment with Loan Product Advisor using tax return data, see “Automated Income Assessment with Loan Product Advisor Using Tax Return Data” in the “Freddie Mac LPA Loans” subtopic subsequently presented in the “Underwriting the Borrower” topic for age of tax return requirements. For Mortgages with Note Dates before November 1, 2023 and Settlement Dates (i.e., the date the loan is purchased by Freddie Mac) on or after February 7, 2024 <ul style="list-style-type: none"> Apply the age of tax return and other documentation requirements as shown in the table above; however, the prior calendar year may replace the calendar year shown in the table. For mortgages using automated income assessment with Loan Product Advisor using tax return data, see “Automated Income Assessment with Loan Product Advisor Using Tax Return Data” in the “Freddie Mac LPA 		November 1, 2024	return(s) must be no older than 2023, regardless of other factors such as tax filing extension status or IRS tax filing deadline relief status.	
Application Received Date	Note Date	Age of Tax Return and Other Documentation Requirements												
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			<p>verifying tax transcripts are not yet available for the 2020 tax year; and</p> <ul style="list-style-type: none"> 2019, or 2019 and 2018, federal income tax returns, as applicable, in accordance with the applicable income subtopic subsequently presented in this topic <p>¹ For mortgages in states with IRS filing extensions beyond May 17, 2021, the note date is the last day of the month following the IRS income tax filing due date.</p> <p>Reference: For mortgages using income assessment with LPA using tax return data, see “Automated Income Assessment with Loan Product Advisor Using Tax Return Data” in the “Freddie Mac LPA Loans” subtopic subsequently presented in the “Underwriting the Borrower” topic for age of tax return requirements.</p> <p style="color: red;"><i>All other currently published requirements in this section remain the same.</i></p>	<p style="background-color: yellow;">Loans” subtopic subsequently presented in the “Underwriting the Borrower” topic for age of tax return requirements.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #2c3e50; color: white;"> <th style="width: 15%;">Application Received Date</th> <th style="width: 15%;">Note Date</th> <th style="width: 70%;">Age-of-Tax-Return-and-Other Documentation Requirements</th> </tr> </thead> <tbody> <tr> <td style="text-align: center; vertical-align: top;">All</td> <td style="vertical-align: top;"> <p>On or after: June 30, 2021¹</p> <p>Before: November 1, 2021</p> </td> <td style="vertical-align: top; color: red;"> <p>If the borrower has filed the 2020 tax return(s) with the IRS:</p> <ul style="list-style-type: none"> 2020, or 2020 and 2019, federal income tax return(s), as applicable, in accordance with the applicable income subtopic subsequently presented in this topic <p>If the borrower has not filed the 2020 tax return(s) with the IRS:</p> <ul style="list-style-type: none"> Evidence of completed IRS tax filing extension(s) for 2020 tax year (e.g., if using IRS tax extension forms to evidence tax filing extension, include IRS Form(s) 4868 and/or 7004, as applicable); IRS confirmation verifying tax transcripts are not yet available for the 2020 tax year; and 2019, or 2019 and 2018, federal income tax returns, as applicable, in accordance with the applicable income subtopic subsequently presented in this topic </td> </tr> </tbody> </table> <p>¹ For mortgages in states with IRS filing extensions beyond May 17, 2021, the note date is the last day of the month following the IRS income tax filing due date.</p>	Application Received Date	Note Date	Age-of-Tax-Return-and-Other Documentation Requirements	All	<p>On or after: June 30, 2021¹</p> <p>Before: November 1, 2021</p>	<p>If the borrower has filed the 2020 tax return(s) with the IRS:</p> <ul style="list-style-type: none"> 2020, or 2020 and 2019, federal income tax return(s), as applicable, in accordance with the applicable income subtopic subsequently presented in this topic <p>If the borrower has not filed the 2020 tax return(s) with the IRS:</p> <ul style="list-style-type: none"> Evidence of completed IRS tax filing extension(s) for 2020 tax year (e.g., if using IRS tax extension forms to evidence tax filing extension, include IRS Form(s) 4868 and/or 7004, as applicable); IRS confirmation verifying tax transcripts are not yet available for the 2020 tax year; and 2019, or 2019 and 2018, federal income tax returns, as applicable, in accordance with the applicable income subtopic subsequently presented in this topic
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Business and income analysis	<p>Business Review and Analysis The lender's analysis of the business must support that the business has sufficient liquidity and is financially capable of producing stable monthly income for the borrower.</p> <ul style="list-style-type: none"> The analysis must include a review of the business tax returns The lender's review must include, at a minimum, an analysis of gross receipts or sales, cost of goods sold and gross profits. All should be typical for the type of business and reflect consistent year over year trends. In addition, the business expenses should be reasonable for the type of business activity and level of business income. Business tenure should be considered. The lender may determine that review and analysis of the business financial statements, business asset statements, and in the case of Partnerships and S corporations, an analysis of the historical cash distributions, is necessary to establish the financial and liquidity standing of the business. In addition, the lender may calculate and consider the liquidity ratios of the business using generally accepted accounting practices when analyzing the liquidity of the business. <p>Use of Business Income Reported on the Borrower's Federal Individual Income Tax Returns</p> <ul style="list-style-type: none"> For sole proprietorships, stable monthly income must be based on the income reported on Schedule C of the borrower's federal individual income tax returns For partnerships and S corporations, stable monthly income may be based on the borrower's proportionate share of income (e.g., ordinary income, guaranteed payments) carried from the Form 1065 or 1120 S, through the Schedule K-1 and onto the borrower's federal individual income tax returns. Although cash distributions reported on the Schedule K-1 may not be used as qualifying income, 													
Minimum history of receipt of income	The borrower's federal income tax returns must reflect at least one year of self-employment income													
Geographical relocation	<p>If the borrower is relocating to a different geographic area, prior to considering the income for qualifying purposes, at a minimum the lender must:</p> <ul style="list-style-type: none"> Consider and evaluate the acceptance of the company's service or products in the marketplace. Additional information, such as market studies or relevant industry research, may support this evaluation. Provide a written analysis justifying the borrower's income will continue at the same level in the new location 													
				<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #2c3e50; color: white;"> <th colspan="2">Analysis</th> </tr> <tr style="background-color: #34495e; color: white;"> <th style="width: 30%;">Topic</th> <th style="width: 70%;">Requirements and Guidance</th> </tr> </thead> <tbody> <tr> <td style="background-color: #34495e; color: white;">Business and income analysis</td> <td> <p>Business Review and Analysis The lender's analysis of the business must support that the business has sufficient liquidity and is financially capable of producing stable monthly income for the borrower.</p> <ul style="list-style-type: none"> The analysis must include a review of the business tax returns The lender's review must include, at a minimum, an analysis of gross receipts or sales, cost of goods sold and gross profits. All should be typical for the type of business and reflect consistent year over year trends. In addition, the business expenses should be reasonable for the type of business activity and level </td> </tr> </tbody> </table>	Analysis		Topic	Requirements and Guidance	Business and income analysis	<p>Business Review and Analysis The lender's analysis of the business must support that the business has sufficient liquidity and is financially capable of producing stable monthly income for the borrower.</p> <ul style="list-style-type: none"> The analysis must include a review of the business tax returns The lender's review must include, at a minimum, an analysis of gross receipts or sales, cost of goods sold and gross profits. All should be typical for the type of business and reflect consistent year over year trends. In addition, the business expenses should be reasonable for the type of business activity and level 				
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			<p>they may be used to establish business liquidity and access to business funds, provided they are reasonably consistent with the ordinary income.</p> <ul style="list-style-type: none"> For S corporations and corporations, stable monthly income may be based on the income reported on the borrower's W-2 from the business. The corporate tax returns and Form 1125-E if applicable, must be reviewed for confirmation of the borrower's W-2 income from the business. <p>Use of Business Income Not Reported on the Borrower's Federal Individual Income Tax Returns</p> <ul style="list-style-type: none"> Income reported on the business tax returns but not on the personal tax returns may be considered as stable monthly income, provided the lender's analysis confirms that based on the financial strength of the business, the use of these funds as personal income would not have a detrimental impact on the business <p>Access to Business Income</p> <ul style="list-style-type: none"> Documentation is not required to verify access to business income for the following: <ul style="list-style-type: none"> Sole proprietorships Ordinary income, net rental real estate income, other net rental income and guaranteed payments received from partnerships and S corporations W-2 income received from S corporations and corporations, Corporations, if the borrower holds 100% ownership interest If business income not reported on the borrower's federal individual income tax returns is being used to qualify and none of the categories above apply, then the lender must verify that the borrower's legal right to the business income that is used as stable monthly income is not encumbered, restricted or prevented by the corporate resolution, partnership agreement, or other comparable document. <p>Income Calculation</p> <ul style="list-style-type: none"> The lender's calculation of a self-employed borrower's average monthly income must be based on a review of the borrower's complete federal individual income tax returns (Form 1040) including W-2's and Schedule K-1's (if applicable) and the borrower's complete federal income tax returns for 	<p>of business income. Business tenure should be considered.</p> <ul style="list-style-type: none"> The lender may determine that review and analysis of the business financial statements, business asset statements, and in the case of Partnerships and S corporations, an analysis of the historical cash distributions, is necessary to establish the financial and liquidity standing of the business. In addition, the lender may calculate and consider the liquidity ratios of the business using generally accepted accounting practices when analyzing the liquidity of the business. <p>Use of Business Income Reported on the Borrower's Federal Individual Income Tax Returns</p> <ul style="list-style-type: none"> For sole proprietorships, stable monthly income must be based on the income reported on Schedule C of the borrower's federal individual income tax returns For partnerships and S corporations, stable monthly income may be based on the borrower's proportionate share of income (e.g., ordinary income, guaranteed payments) carried from the Form 1065 or 1120 S, through the Schedule K-1 and onto the borrower's federal individual income tax returns. Although cash distributions reported on the Schedule K-1 may not be used as qualifying income, they may be used to establish business liquidity and access to business funds, provided they are reasonably consistent with the ordinary income. For S corporations and corporations, stable monthly income may be based on the income reported on the borrower's W-2 from the business. The corporate tax returns and Form 1125-E if applicable, must be reviewed for confirmation of the borrower's W-2 income from the business. <p>Use of Business Income Not Reported on the Borrower's Federal Individual Income Tax Returns</p> <ul style="list-style-type: none"> Income reported on the business tax returns but not on the personal tax returns may be considered as stable monthly income, provided the lender's analysis confirms that based on the financial strength of the business, the use of these funds as personal income would not have a detrimental impact on the business <p>Access to Business Income</p>

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			<p>the business (Forms 1120, 1120 S and 1065), when applicable.</p> <ul style="list-style-type: none"> The lender must analyze the tax returns and document the calculation of the borrower's self-employed income on Form 91, Income Calculations, or a similar alternative form. <p>Income Fluctuation</p> <ul style="list-style-type: none"> As part of the analysis, the lender must consider whether the borrower's self-employed income has increased or decreased over the previous two years when the lender's analysis includes a review of documentation covering a history greater than one year If the analysis reflects that the borrower's income has significantly increased or decreased, the lender must provide sufficient documentation and justification to support the determination that the income used to qualify the borrower is stable and likely to continue for the next three years It may be necessary to obtain additional years' tax returns when the borrower's self-employment income fluctuates in order to determine the stability of the income 	<ul style="list-style-type: none"> Documentation is not required to verify access to business income for the following: <ul style="list-style-type: none"> Sole proprietorships Ordinary income, net rental real estate income, other net rental income and guaranteed payments received from partnerships and S corporations W-2 income received from S corporations and corporations, Corporations, if the borrower holds 100% ownership interest If business income not reported on the borrower's federal individual income tax returns is being used to qualify and none of the categories above apply, then the lender must verify that the borrower's legal right to the business income that is used as stable monthly income is not encumbered, restricted or prevented by the corporate resolution, partnership agreement, or other comparable document. <p>Income Calculation</p> <ul style="list-style-type: none"> The lender's calculation of a self-employed borrower's average monthly income must be based on a review of the borrower's complete federal individual income tax returns (Form 1040) including W-2's and Schedule K-1's (if applicable) and the borrower's complete federal income tax returns for the business (Forms 1120, 1120 S and 1065), when applicable. The lender must analyze the tax returns and document the calculation of the borrower's self-employed income on Form 91, Income Calculations, or a similar alternative form. <p>Income Fluctuation</p> <ul style="list-style-type: none"> As part of the analysis, the lender must consider whether the borrower's self-employed income has increased or decreased over the previous two years when the lender's analysis includes a review of documentation covering a history greater than one year If the analysis reflects that the borrower's income has significantly increased or decreased, the lender must provide sufficient documentation and justification to support the determination that the income used to qualify the borrower is stable and likely to continue for the next three years It may be necessary to obtain additional years' tax returns when the borrower's self-employment
			<p>Business financial statements</p> <p>Business financial statements typically consist of a profit and loss statement and a balance sheet for the business that cover a specified period of time (e.g., YTD, quarterly, annual).</p> <ul style="list-style-type: none"> Financial statements for the business may be prepared by multiple parties, including but not limited to, the Certified Public Accountant (CPA), accountant or tax preparer that prepares the tax returns for the business, or the borrower Financial statements may not be used for the calculation of stable monthly income (unless audited); however, they may provide additional support for the lender's business and income analysis Financial statements for the business may be used to assist in evaluating and determining various components of self-employment analysis, including, but not limited to, business liquidity, income stability when tax returns are on extension, evaluating a newer business and the impact of business fund withdrawals 	
			<p>Business and/or individual tax return(s) - most recent calendar</p> <p>If the borrower's federal individual and/or business income tax returns for the most recent calendar year, or fiscal year as applicable, are not available (e.g., borrower and/or borrower's business filed an IRS extension, tax</p>	

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			<p>year not yet available</p> <p>returns are not yet filed with the IRS), examples of factors and documentation to consider when using older tax returns to determine continued income stability include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • Business review and analysis of current business activity through a review of the most recent financial statement(s) that cover the period since the last tax return filing(s) • Business review and analysis of current business activity through a review of at least the most recent three months of business bank statements • Signed IRS Form 941, Employer's Quarterly Federal Tax Return, for the prior calendar year and current calendar year quarter(s) that supports wages and other compensation documented on the most recent business tax return • Review of tax liability reported with IRS tax filing extension(s) (e.g., IRS Form 4868, IRS Form 7004) to determine consistency with tax liability reported on prior year(s) tax return(s) • Review of W-2s, 1099s and/or K-1s from the most recent calendar year, if available <p>If the continued stability of the income cannot be determined, then the borrower's federal individual and/or business income tax returns from the most recent calendar year may need to be obtained to make the determination.</p> <p>Refer to the "Age of Tax Return Requirements" section previously presented in the "General Income Documentation Requirements" subtopic for additional information about age of tax return requirements</p>		<p>income fluctuates in order to determine the stability of the income</p>
			<p>Income analysis – adjustments (examples)</p> <p>The following list includes common examples of items that may be considered for inclusion in income when performing the self-employed income calculations on Form 91, Income Calculations, or a similar alternative form.</p> <p>Non-Cash Deductions</p> <ul style="list-style-type: none"> • Non-cash items such as depreciation, depletion and amortization <p>Non-Recurring Losses</p> <ul style="list-style-type: none"> • Documented nonrecurring losses, such as casualty losses and loss carry-overs from previous tax years <p>Mortgages and Notes Payable in Less than One Year</p> <ul style="list-style-type: none"> • The lender must analyze the terms of the mortgages and notes payable in less than one year and determine whether the income should be reduced by the debt when performing the income analysis 		<p>Business financial statements</p> <p>Business financial statements typically consist of a profit and loss statement and a balance sheet for the business that cover a specified period of time (e.g., YTD, quarterly, annual).</p> <ul style="list-style-type: none"> • Financial statements for the business may be prepared by multiple parties, including but not limited to, the Certified Public Accountant (CPA), accountant or tax preparer that prepares the tax returns for the business, or the borrower • Financial statements may not be used for the calculation of stable monthly income (unless audited); however, they may provide additional support for the lender's business and income analysis • Financial statements for the business may be used to assist in evaluating and determining various components of self-employment analysis, including, but not limited to, business liquidity, income stability when tax returns are on extension, evaluating a newer business and the impact of business fund withdrawals
					<p>Business and/or individual tax return(s) - most recent calendar year not yet available</p> <p>If the borrower's federal individual and/or business income tax returns for the most recent calendar year, or fiscal year as applicable, are not available (e.g., borrower and/or borrower's business filed an IRS extension, tax returns are not yet filed with the IRS), examples of factors and documentation to consider when using older tax returns to determine continued income stability include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • Business review and analysis of current business activity through a review of the most recent financial statement(s) that cover the period since the last tax return filing(s) • Business review and analysis of current business activity through a review of at least the most recent three months of business bank statements • Signed IRS Form 941, Employer's Quarterly Federal Tax Return, for the prior calendar year and current calendar year quarter(s) that supports wages and other compensation documented on the most recent business tax return • Review of tax liability reported with IRS tax filing extension(s) (e.g., IRS Form 4868, IRS Form 7004) to determine consistency with tax liability reported on prior year(s) tax return(s) • Review of W-2s, 1099s and/or K-1s from the most recent calendar year, if available

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			<ul style="list-style-type: none"> The analysis must include factors such as whether the business has sufficient liquidity to pay off the debt without a negative impact to the business, if the business type is indicative of debt that would continually roll over, and/or if the debt is a line of credit that is consistently renewable. If these factors are present, the income does not need to be reduced by the debt when performing the income analysis. 	<p>If the continued stability of the income cannot be determined, then the borrower's federal individual and/or business income tax returns from the most recent calendar year may need to be obtained to make the determination.</p> <p>Refer to the "Age of Tax Return Requirements" section previously presented in the "General Income Documentation Requirements" subtopic for additional information about age of tax return requirements, including, but not limited to, the requirement to document evidence of continued income stability using at least one of the examples listed above when the lender has not obtained the IRS confirmation verifying tax transcript(s) are not yet available for the business tax return(s).</p> <p>Income analysis – adjustments (examples)</p> <p>The following list includes common examples of items that may be considered for inclusion in income when performing the self-employed income calculations on Form 91, or a similar alternative form.</p> <p>Non-Cash Deductions</p> <ul style="list-style-type: none"> Non-cash items such as depreciation, depletion and amortization <p>Non-Recurring Losses</p> <ul style="list-style-type: none"> Documented nonrecurring losses, such as casualty losses and loss carry-overs from previous tax years <p>Mortgages and Notes Payable in Less than One Year</p> <ul style="list-style-type: none"> The lender must analyze the terms of the mortgages and notes payable in less than one year and determine whether the income should be reduced by the debt when performing the income analysis The analysis must include factors such as whether the business has sufficient liquidity to pay off the debt without a negative impact to the business, if the business type is indicative of debt that would continually roll over, and/or if the debt is a line of credit that is consistently renewable. If these factors are present, the income does not need to be reduced by the debt when performing the income analysis. 					
			<p>Borrower debt paid by business</p> <p>See the "Business Debt in Borrower's Name / Self-Employed Borrower's Debt Paid by the Borrower's Business" subtopic previously presented in this document for requirements.</p>						
			<p>IRS Form 8825, Rental Real Estate Income and Expenses of a Partnership or an S Corporation</p> <p>Rental Real Estate Income and Expenses Reported on Form 8825</p> <ul style="list-style-type: none"> All rental real estate income and expenses reported on IRS Form 8825 for partnerships and S corporations are to be treated as self-employment income, regardless of whether or not the borrower is personally obligated on the note and regardless of the borrower's percentage of ownership interest in the partnership or S corporation. The requirements outlined in the "Business Debt in Borrower's Name / Self-Employed Borrower's Debt Paid by the Borrower's Business" subtopic, previously presented in this document, are not applicable. Refer to Form 91 for the appropriate treatment and calculation of the borrower's proportionate share of the net rental real estate income or loss. 						
			<ul style="list-style-type: none"> Self-Employment Income Not Used for Qualification <ul style="list-style-type: none"> The following chart contains requirements and guidance pertaining to self-employment income not used for qualification: 						
			<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #2c3e50; color: white;"> <th colspan="2" style="text-align: center;">Self-employment income not used for qualification</th> </tr> <tr style="background-color: #34495e; color: white;"> <th style="width: 30%;">Subject</th> <th style="width: 70%;">Requirements and Guidance</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"> <p>Self-employment disclosed on Form 65, Uniform Residential Loan Application (or other documentation) but not used to qualify</p> </td> <td> <ul style="list-style-type: none"> The lender is not required to obtain any additional documentation or evaluate the income or loss from the self-employment for each borrower on the mortgage who: <ul style="list-style-type: none"> Has a primary source of income, other than self-employment, used for qualifying for the mortgage (e.g., salaried income from primary employment), and Is self-employed and self-employment income is a secondary source of income For each borrower on the mortgage who is self-employed and does not have another source of </td> </tr> </tbody> </table>	Self-employment income not used for qualification		Subject	Requirements and Guidance	<p>Self-employment disclosed on Form 65, Uniform Residential Loan Application (or other documentation) but not used to qualify</p>	<ul style="list-style-type: none"> The lender is not required to obtain any additional documentation or evaluate the income or loss from the self-employment for each borrower on the mortgage who: <ul style="list-style-type: none"> Has a primary source of income, other than self-employment, used for qualifying for the mortgage (e.g., salaried income from primary employment), and Is self-employed and self-employment income is a secondary source of income For each borrower on the mortgage who is self-employed and does not have another source of
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			<p>Borrower debt paid by business</p> <p>See the "Business Debt in Borrower's Name / Self-Employed Borrower's Debt Paid by the Borrower's Business" subtopic <u>subsequently</u> presented in this document for requirements.</p>						
			<p>IRS Form 8825, Rental Real Estate Income and Expenses of a</p> <p>Rental Real Estate Income and Expenses Reported on Form 8825</p> <ul style="list-style-type: none"> All rental real estate income and expenses reported on IRS Form 8825 for partnerships and S 						

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			<p>income that is used in qualifying for the mortgage, the following requirements apply:</p> <ul style="list-style-type: none"> The lender must obtain pages 1 and 2 of the borrower's federal individual income tax returns, and the applicable schedules (e.g., Schedule C, Schedule E), to determine if there is a business loss that may have an impact on the stable monthly income. See "IRS Tax Transcripts" in the "Tax Returns: Documentation and Verification Requirements" section in the "General Income Documentation Requirements" subtopic for information about using IRS tax transcripts to meet certain portions of this requirement. If a business loss is reported and the borrower qualifies with the loss, then the lender is not required to obtain any additional documentation relating to the business loss If a business loss is reported and the borrower does not qualify with the loss, then the lender must perform a business and income analysis to determine whether depreciation adjustments or other factors such as business closure or evidence of a one-time non-recurring event justify a reduction of the reported loss when calculating the stable monthly income. The lender must obtain additional documentation needed in order to fully evaluate the loss and support the analysis (e.g., business tax returns (final or otherwise), evidence of a one-time non-recurring event). If the tax returns or other documentation in the mortgage file (e.g., IRS tax transcripts, additional Schedule K-1's) reflect positive income from self-employment but that income is not used to qualify, additional documentation (e.g., complete business or federal individual income tax return(s)) is not required. 	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Partnership or an S Corporation</td> <td> <p>corporations are to be treated as self-employment income, regardless of whether or not the borrower is personally obligated on the note and regardless of the borrower's percentage of ownership interest in the partnership or S corporation. The requirements outlined in the "Business Debt in Borrower's Name / Self-Employed Borrower's Debt Paid by the Borrower's Business" subtopic, subsequently presented in this document, are not applicable.</p> <ul style="list-style-type: none"> Refer to Form 91 for the appropriate treatment and calculation of the borrower's proportionate share of the net rental real estate income or loss. </td> </tr> </table> <ul style="list-style-type: none"> Self-Employment Income Not Used for Qualification <ul style="list-style-type: none"> The following chart contains requirements and guidance pertaining to self-employment income not used for qualification: <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #4b4b8b; color: white;"> <th colspan="2" style="text-align: left;">Self-employment income not used for qualification</th> </tr> <tr style="background-color: #4b4b8b; color: white;"> <th style="width: 30%;">Subject</th> <th>Requirements and Guidance</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">Self-employment disclosed on Form 65, Uniform Residential Loan Application (or other documentation) but not used to qualify</td> <td> <ul style="list-style-type: none"> The lender is not required to obtain any additional documentation or evaluate the income or loss from the self-employment for each borrower on the mortgage who: <ul style="list-style-type: none"> Has a primary source of income, other than self-employment, used for qualifying for the mortgage (e.g., salaried income from primary employment), and Is self-employed and self-employment income is a secondary source of income For each borrower on the mortgage who is self-employed and does not have another source of income that is used in qualifying for the mortgage, the following requirements apply: <ul style="list-style-type: none"> The lender must obtain pages 1 and 2 of the borrower's federal individual income tax returns, and the applicable schedules (e.g., Schedule C, Schedule E), to determine if there is a business loss that may have an impact on the stable monthly income. See "IRS Tax Transcripts" in the "Tax Returns and Tax Returns Information: Documentation and Verification Requirements" section in the "General Income Documentation Requirements" subtopic for information about using IRS tax transcripts to meet certain portions of this requirement. <ul style="list-style-type: none"> If a business loss is reported and the borrower qualifies with the loss, </td></tr></tbody></table> 	Partnership or an S Corporation	<p>corporations are to be treated as self-employment income, regardless of whether or not the borrower is personally obligated on the note and regardless of the borrower's percentage of ownership interest in the partnership or S corporation. The requirements outlined in the "Business Debt in Borrower's Name / Self-Employed Borrower's Debt Paid by the Borrower's Business" subtopic, subsequently presented in this document, are not applicable.</p> <ul style="list-style-type: none"> Refer to Form 91 for the appropriate treatment and calculation of the borrower's proportionate share of the net rental real estate income or loss. 	Self-employment income not used for qualification		Subject	Requirements and Guidance	Self-employment disclosed on Form 65, Uniform Residential Loan Application (or other documentation) but not used to qualify	<ul style="list-style-type: none"> The lender is not required to obtain any additional documentation or evaluate the income or loss from the self-employment for each borrower on the mortgage who: <ul style="list-style-type: none"> Has a primary source of income, other than self-employment, used for qualifying for the mortgage (e.g., salaried income from primary employment), and Is self-employed and self-employment income is a secondary source of income For each borrower on the mortgage who is self-employed and does not have another source of income that is used in qualifying for the mortgage, the following requirements apply: <ul style="list-style-type: none"> The lender must obtain pages 1 and 2 of the borrower's federal individual income tax returns, and the applicable schedules (e.g., Schedule C, Schedule E), to determine if there is a business loss that may have an impact on the stable monthly income. See "IRS Tax Transcripts" in the "Tax Returns and Tax Returns Information: Documentation and Verification Requirements" section in the "General Income Documentation Requirements" subtopic for information about using IRS tax transcripts to meet certain portions of this requirement. <ul style="list-style-type: none"> If a business loss is reported and the borrower qualifies with the loss,
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| | | | - Business Assets Used for Closing** | |

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			<ul style="list-style-type: none"> See “Business Assets” in the “Cash Requirements” topic previously presented in this document for guidance. Verification of Current Existence of the Business <ul style="list-style-type: none"> See the “Verbal Verification of Employment (VVOE) / 10-Day Pre-Closing Verification (PCV)” subtopic subsequently presented in this topic for specific requirements. Documentation Requirements <ul style="list-style-type: none"> The lender must establish and calculate the stable monthly income using at least the following required documentation. Additional documentation may be needed to support income stability, as described within this subtopic. <ul style="list-style-type: none"> <u>Form 91, Income Calculations</u>, or a similar alternative form (e.g., Income Calculation Report as described in the “Automated Income Assessment with Loan Product Advisor Using Tax Return Data” subsection in the “Freddie Mac LPA Loans” subtopic subsequently presented in the “Underwriting the Borrower” topic. Verification of the current existence of the business as described in the “Verbal Verification of Employment (VVOE) / 10-Day Pre-Closing Verification (PCV)” subtopic Federal income tax returns, as required in the chart below, including all applicable schedules and forms must reflect at least 12 months of self-employed income Verification of how long the business has been in existence: <ul style="list-style-type: none"> For partnerships, S corporations and corporations, the federal income tax return(s) for the business must indicate the number of years that the business has been in existence For sole proprietorships, the federal individual income tax return(s) and any other documentation or information received must not contradict the number of years that the business has been in existence as documented on Form 65, Uniform Residential Loan Application 	<p>then the lender is not required to obtain any additional documentation relating to the business loss</p> <ul style="list-style-type: none"> If a business loss is reported and the borrower does not qualify with the loss, then the lender must perform a business and income analysis to determine whether depreciation adjustments or other factors such as business closure or evidence of a one-time non-recurring event justify a reduction of the reported loss when calculating the stable monthly income. The lender must obtain additional documentation needed in order to fully evaluate the loss and support the analysis (e.g., business tax returns (final or otherwise), evidence of a one-time non-recurring event). If the tax returns or other documentation in the mortgage file (e.g., IRS tax transcripts, additional Schedule K-1's) reflect positive income from self-employment but that income is not used to qualify, additional documentation (e.g., complete business or federal individual income tax return(s)) is not required. 																
			<table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #2c3e50; color: white;"> <th colspan="3" style="text-align: center;">Streamlined Accept and Standard Documentation Levels</th> </tr> <tr style="background-color: #2c3e50; color: white;"> <th style="text-align: left;">Business structure</th> <th style="text-align: center;">Business in existence greater than or equal to five years¹</th> <th style="text-align: center;">Business in existence less than five years</th> </tr> </thead> <tbody> <tr> <td>Sole Proprietorship</td> <td>Complete signed federal individual (Form 1040) income tax return for the most recent year.</td> <td>Complete signed federal individual (Form 1040) income tax returns for the most recent two years.</td> </tr> <tr> <td>Partnership</td> <td>Complete signed federal individual and partnership (Form 1065) income tax returns, including the Schedule K-1(s) for the most recent year.</td> <td>Complete signed federal individual and partnership (Form 1065) income tax returns, including the Schedule K-1(s) for the most recent two years.</td> </tr> <tr> <td>S Corporation</td> <td>Complete signed federal individual and S corporation (Form 1120S) income tax returns, including the Schedule K-1(s), Form 1125-E and W-2(s) if applicable, for the most recent year.</td> <td>Complete signed federal individual and S corporation (Form 1120S) income tax returns, including the Schedule K-1(s), Form 1125-E and W-2(s) if applicable, for the most recent two years.</td> </tr> </tbody> </table>	Streamlined Accept and Standard Documentation Levels			Business structure	Business in existence greater than or equal to five years ¹	Business in existence less than five years	Sole Proprietorship	Complete signed federal individual (Form 1040) income tax return for the most recent year.	Complete signed federal individual (Form 1040) income tax returns for the most recent two years.	Partnership	Complete signed federal individual and partnership (Form 1065) income tax returns, including the Schedule K-1(s) for the most recent year.	Complete signed federal individual and partnership (Form 1065) income tax returns, including the Schedule K-1(s) for the most recent two years.	S Corporation	Complete signed federal individual and S corporation (Form 1120S) income tax returns, including the Schedule K-1(s), Form 1125-E and W-2(s) if applicable, for the most recent year.	Complete signed federal individual and S corporation (Form 1120S) income tax returns, including the Schedule K-1(s), Form 1125-E and W-2(s) if applicable, for the most recent two years.	<ul style="list-style-type: none"> Business Assets Used for Closing <ul style="list-style-type: none"> See “Business Assets” in the “Cash Requirements” topic <u>subsequently</u> presented in this document for guidance. Verification of Current Existence of the Business <ul style="list-style-type: none"> See the “Verbal Verification of Employment (VVOE) / 10-Day Pre-Closing Verification (PCV)” subtopic subsequently presented in this topic for specific requirements. Documentation Requirements <ul style="list-style-type: none"> The lender must establish and calculate the stable monthly income using at least the following required documentation. Additional documentation may be needed to support income stability, as described within this subtopic. <ul style="list-style-type: none"> <u>Form 91, Income Calculations</u>, or a similar alternative form (e.g., Income Calculation Report as described in the “Automated Income Assessment with Loan Product Advisor Using Tax Return Data” subsection in the “Freddie Mac LPA Loans” subtopic subsequently presented in the “Underwriting the Borrower” topic. Verification of the current existence of the business as described in the “Verbal Verification of Employment (VVOE) / 10-Day Pre-Closing Verification (PCV)” subtopic 	
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				<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p style="background-color: yellow; display: inline-block; margin: 0;">representation and warranty relief is granted, evidence of continued income stability has been met.</p> </div> <p>If the IRS extends the tax filing due date, evidence of the completed IRS tax filing extension is required for mortgages with application received dates on or after the IRS income tax filing due date and note dates on or after the last day of the month following the IRS income tax filing due date.</p> <ul style="list-style-type: none"> • Tax Transcript Obtained by the Service Provider <ul style="list-style-type: none"> • The lender must maintain in the mortgage file the tax transcript received from the IRS via the service provider.
Asset Documentation / Direct Account Verifications	Correspondent Section 2.01 Agency Loan Standard	<ul style="list-style-type: none"> • Standard Agency (LPA) • Agency Plus (LPA) • Agency Plus Select (LPA) • Home Possible® (LPA) • Texas Section 50(a)(6) Mortgages (LPA) 	<p>Cash Requirements / General Asset Documentation Requirements</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <ul style="list-style-type: none"> • Asset Documentation Requirements <ul style="list-style-type: none"> • This section describes documentation requirements for sources of funds used to qualify the borrower for the mortgage transaction (i.e., any funds required to be paid by the borrower and borrower reserves). Eligible sources of funds are listed in the “Eligible Asset Types for Borrower Personal Funds” and “Special Requirements for Other Eligible Sources of Funds” sections previously presented in the “General Asset Information” subtopic. • General Documentation Requirements <ul style="list-style-type: none"> • The mortgage file must include evidence of verification of all eligible sources of funds used to qualify the borrower for the mortgage transaction. • All documentation of funds used to qualify the borrower for the mortgage transaction must meet the requirements of this section, the “General Requirements for Verifying Documents” section outlined above, the “Age of Documentation” section outlined below, and the requirements outlined in the applicable asset subtopic, subsequently presented in this topic. • Requirements for Direct Account Verifications and Asset Account Statements <ul style="list-style-type: none"> • Direct account verifications and asset account statements used to verify the borrower’s accounts held in financial institutions must meet the following additional requirements: <ul style="list-style-type: none"> • Direct account verifications (i.e., verification of deposit form (VOD)) must: <ul style="list-style-type: none"> • Identify the financial institution • Identify the account owner(s) • Identify the account number, which at a minimum must include the last four digits • Identify the type of account • Identify account open date • Identify the current account balance • Identify the average balance for the previous two months • Identify any outstanding loans secured by the asset • Include the title, signature and phone number of the depository representative who completed the verification 	<p>Cash Requirements / General Asset Documentation Requirements</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <ul style="list-style-type: none"> • Asset Documentation Requirements <ul style="list-style-type: none"> • This section describes documentation requirements for sources of funds used to qualify the borrower for the mortgage transaction (i.e., any funds required to be paid by the borrower and borrower reserves). Eligible sources of funds are listed in the “Eligible Asset Types for Borrower Personal Funds” and “Special Requirements for Other Eligible Sources of Funds” sections previously presented in the “General Asset Information” <u>subtopic</u>. • General Documentation Requirements <ul style="list-style-type: none"> • <u>The</u> mortgage file must include evidence of verification of all eligible sources of funds used to qualify the borrower for the mortgage transaction. • <u>All</u> documentation of funds used to qualify the borrower for the mortgage transaction must meet the requirements of this section, the “General Requirements for Verifying Documents” section outlined above, the “Age of Documentation” section outlined below, and the requirements outlined in the applicable asset subtopic, subsequently presented in this topic. • Requirements for Direct Account Verifications and Asset Account Statements <ul style="list-style-type: none"> • Direct account verifications and asset account statements used to verify the borrower’s accounts held in financial institutions must meet the following additional requirements: <ul style="list-style-type: none"> • Direct account verifications (i.e., verification of deposit form (VOD)) must: <ul style="list-style-type: none"> • Identify the financial institution • Identify the account owner(s) • Identify the account number, which at a minimum must include the last four digits • Identify the type of account • Identify account open date • Identify the current account balance • Identify the average balance for the previous two months • Identify any outstanding loans secured by the asset

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Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards Effective for EXISTING AND NEW Loan Applications ON OR AFTER April 19, 2024
			<p>For purchase transactions, when using a direct account verification, the lender must include documentation of the source of funds when an account is opened within 90 days of verification and/or when the current balance in an account exceeds the average balance by more than 50% of the sum of:</p> <ul style="list-style-type: none"> The total monthly qualifying income for the mortgage, and The amount derived for the asset calculation for establishing the debt payment-to-income ratio in accordance with the requirements of the “Assets as Qualifying Income / Assets as a Basis for Repayment of Obligations (LPA Terminology)” subtopic previously presented in the “Income” topic, if applicable. Asset account statements must: <ul style="list-style-type: none"> Identify the financial institution Identify the account owner(s) Identify the account number, which at a minimum must include the last four digits Show all transactions Show the period covered Show the ending balance Show any outstanding loans secured by the asset <p>A transaction history that is computer-generated and downloaded by the borrower from the internet or by a financial institution representative from the institution's system is acceptable. The transaction history must identify the name of the institution and the source, and include the information required above for asset account statements, unless:</p> <ul style="list-style-type: none"> It is used in combination with other asset verifications containing the missing information, and It can clearly establish that the transaction history pertains to the same account <p style="color: red; font-style: italic;">All other currently published requirements in this section remain the same.</p>	<ul style="list-style-type: none"> Include the title, signature and phone number of the depository representative who completed the verification, <u>unless the direct account verification is generated electronically by the financial institution</u> <p>For purchase transactions, when using a direct account verification, the lender must include documentation of the source of funds when an account is opened within 90 days of verification and/or when the current balance in an account exceeds the average balance by more than 50% of the sum of:</p> <ul style="list-style-type: none"> <u>The</u> total monthly qualifying income for the mortgage, and <u>The</u> amount derived <u>from</u> the asset calculation for establishing the debt payment-to-income ratio in accordance with the requirements of the “Assets as Qualifying Income / Assets as a Basis for Repayment of Obligations (LPA Terminology)” subtopic previously presented in the “Income” topic, if applicable. Asset account statements must: <ul style="list-style-type: none"> Identify the financial institution Identify the account owner(s) Identify the account number, which at a minimum must include the last four digits Show all transactions Show the period covered Show the ending balance Show any outstanding loans secured by the asset <p>A transaction history that is computer-generated and downloaded by the borrower from the internet or by a financial institution representative from the institution's system is acceptable. The transaction history must identify the name of the institution and the source, and include the information required above for asset account statements, unless:</p> <ul style="list-style-type: none"> It is used in combination with other asset verifications containing the missing information, and It can clearly establish that the transaction history pertains to the same account <p style="color: red; font-style: italic;">All other currently published requirements in this section remain the same.</p>
Automated Collateral Evaluation (ACE)	Correspondent Section 2.01 Agency Loan Standard	<ul style="list-style-type: none"> Standard Agency (LPA) Agency Plus (LPA) 	<p>Appraisal Requirements / Freddie Mac’s LPA Automated Collateral Evaluation</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> Overview <ul style="list-style-type: none"> For certain Loan Product Advisor mortgages, the automated collateral evaluation provides a lender with the option to accept an appraisal waiver and originate the mortgage without an appraisal. When the appraisal waiver option is accepted, Freddie Mac will accept the purchase price by the lender for purchase transactions or the estimated value submitted by the lender for refinance transactions for the purposes of underwriting the mortgage, and will not exercise its remedies, including the issuance of repurchase requests, in connection with a breach of the lender’s selling representations and warranties related to value, condition, and marketability of the mortgaged premises. 	<p>Appraisal Requirements / Freddie Mac’s LPA Automated Collateral Evaluation (ACE)</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> Overview <ul style="list-style-type: none"> For certain Loan Product Advisor mortgages, the automated collateral evaluation provides <u>the</u> lender with the option to accept an appraisal waiver and originate the mortgage without an appraisal. <u>If the lender accepts the appraisal waiver option, for purchase transactions,</u> Freddie Mac will accept the purchase price <u>as the value of the mortgaged premises,</u> and for refinance transactions, <u>Freddie Mac will accept</u> the estimated value <u>as the value of the mortgaged premises,</u> and <u>Freddie Mac</u> will not exercise its remedies, including the issuance of repurchase requests, in connection

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Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards Effective for EXISTING AND NEW Loan Applications ON OR AFTER April 19, 2024																							
			<ul style="list-style-type: none"> • Process for Qualifying for and Accepting the Appraisal Waiver Offer <ul style="list-style-type: none"> • For a mortgage to qualify for an appraisal waiver: <ul style="list-style-type: none"> • The lender must submit the mortgage to Loan Product Advisor and receive a Risk Class of Accept • Upon evaluation by Loan Product Advisor, the last Feedback Certificate must indicate that the mortgage is eligible for representation and warranty relief with an appraisal waiver (this represents the "offer"). <li style="margin-top: 10px;">Reference: See "ACE Messaging" below for additional information regarding the specific LPA messaging that indicates ACE eligibility. • Eligible Mortgages <ul style="list-style-type: none"> • The following requirements must be met for mortgages to be eligible to receive an appraisal waiver offer: <ul style="list-style-type: none"> • The mortgage must be secured by a 1-unit dwelling, including a condominium unit • The mortgage must be secured by a primary residence or second home • The mortgage must comply with the following maximum LTV/TLTV ratio requirements: <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #2c3e50; color: white;"> <th style="width: 30%;">Mortgage Purpose</th> <th style="width: 30%;">Property Type</th> <th style="width: 40%;">Maximum LTV/TLTV Ratios</th> </tr> </thead> <tbody> <tr> <td>Purchase</td> <td>Primary residence or second home</td> <td style="text-align: center;">80%</td> </tr> <tr> <td>No cash-out refinance</td> <td>Primary residence or second home</td> <td style="text-align: center;">90%</td> </tr> </tbody> </table> • Ineligible Mortgages <ul style="list-style-type: none"> • The following mortgages are not eligible for an appraisal waiver: <ul style="list-style-type: none"> • Mortgages for which an appraisal has been obtained in connection with the mortgage • Cash-out refinance transactions • Texas Equity Section 50(a)(6) mortgages • <u>Agency Plus Select transactions</u> • Mortgages secured by one of the following: <ul style="list-style-type: none"> • A 2-4 unit property • An investment property • A leasehold estate • Mortgages secured by mortgaged premises subject to resale restrictions, excluding those subject to age-based resale restrictions • Purchases of mortgages secured by a property when the purchase transaction is non-arm's length or the property owner at the time of sale (i.e., the property seller) is a lender or a government entity • Mortgages with an estimate of value or purchase price greater than \$1,000,000 • GreenCHOICE Mortgages[®] • CHOICERenovation[®] Mortgages • In addition, lenders may not accept the appraisal waiver offer if any of the following apply: <ul style="list-style-type: none"> • The lender is required by law or regulation to obtain an appraisal • The lender is using rental income from the subject 1-unit primary residence ADU for qualification purposes 	Mortgage Purpose	Property Type	Maximum LTV/TLTV Ratios	Purchase	Primary residence or second home	80%	No cash-out refinance	Primary residence or second home	90%	<p style="text-align: center;">with a breach of the lender's selling representations and warranties related to the value, condition, and marketability of the mortgaged premises.</p> <ul style="list-style-type: none"> • Process for Qualifying for and Accepting the Appraisal Waiver Offer <ul style="list-style-type: none"> • For a mortgage to qualify for an appraisal waiver: <ul style="list-style-type: none"> • The mortgage must be an Accept mortgage • Upon evaluation by Loan Product Advisor, the last Feedback Certificate must indicate that the mortgage is eligible for representation and warranty relief with an appraisal waiver (this represents the "offer"). <li style="margin-top: 10px;">Reference: See "ACE Messaging" below for additional information regarding the specific LPA messaging that indicates ACE eligibility. • Eligible Mortgages <ul style="list-style-type: none"> • To be eligible for an appraisal waiver offer, the mortgage must: <ul style="list-style-type: none"> • Be secured by a 1-unit dwelling, including a condominium unit • Be secured by a primary residence or second home • Comply with the following maximum LTV/TLTV ratio requirements: <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #2c3e50; color: white;"> <th style="width: 30%;">Mortgage Purpose</th> <th style="width: 30%;">Occupancy Type</th> <th style="width: 40%;">Maximum LTV/TLTV Ratios</th> </tr> </thead> <tbody> <tr> <td>Purchase</td> <td>Primary residence or second home</td> <td style="text-align: center;">80%</td> </tr> <tr> <td>"No cash-out" refinance</td> <td>Primary residence or second home</td> <td style="text-align: center;">90%</td> </tr> <tr> <td rowspan="2">Cash-out refinance</td> <td>Primary residence</td> <td style="text-align: center;">70%</td> </tr> <tr> <td>Second home</td> <td style="text-align: center;">60%</td> </tr> </tbody> </table> • Ineligible Mortgages <ul style="list-style-type: none"> • The following mortgages are not eligible for an appraisal waiver: <ul style="list-style-type: none"> • Mortgages for which an appraisal has been obtained in connection with the mortgage <ul style="list-style-type: none"> • Cash-out refinance transactions • Texas Equity Section 50(a)(6) mortgages • <u>Agency Plus Select transactions</u> • Mortgages secured by one of the following: <ul style="list-style-type: none"> • A 2-4 unit property • An investment property • A leasehold estate • Mortgages secured by mortgaged premises subject to resale restrictions, excluding those subject to age-based resale restrictions • Mortgages secured by a property acquired in a non-arm's length transaction • Mortgages secured by a property where the property owner at the time of sale (i.e., the property seller) is a lender or a government entity • Mortgages with an estimate of value or purchase price greater than \$1,000,000 • GreenCHOICE Mortgages[®] • CHOICERenovation[®] Mortgages • In addition, lenders may not accept the appraisal waiver offer if any of the following apply: <ul style="list-style-type: none"> • The lender is required by law or regulation to obtain an appraisal 	Mortgage Purpose	Occupancy Type	Maximum LTV/TLTV Ratios	Purchase	Primary residence or second home	80%	"No cash-out" refinance	Primary residence or second home	90%	Cash-out refinance	Primary residence	70%	Second home	60%
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			<ul style="list-style-type: none"> The lender is aware of conditions that warrant an appraisal being obtained. Examples include, but are not limited to: <ul style="list-style-type: none"> A contaminated site or hazardous substance exists affecting the property or the neighborhood in which the property is located Adverse physical property conditions that are apparent based on the review of the sales contract, property inspection, disclosure from the borrower, etc. Maintaining Appraisal Waiver Eligibility <ul style="list-style-type: none"> The appraisal waiver offer is valid for 120 days. If the offer is more than 120 days old on the note date, a resubmission to Loan Product Advisor is required to determine ongoing appraisal waiver eligibility. <p>Note: If the lender changes key loan data (e.g., address of the property, loan amount, purchase price, estimate of value, loan type, property type, occupancy of the property) in a subsequent submission, the original offer will be invalidated and Loan Product Advisor may provide a different appraisal waiver eligibility determination.</p> Appraisal Waiver Eligibility in Disaster Areas <ul style="list-style-type: none"> Lenders may continue to accept an appraisal waiver offer if the lender can represent and warrant the value and marketability of the mortgaged premises has not been adversely impacted. See the “Properties Affected by a Disaster” subtopic subsequently outlined in this document for property condition requirements. Lender Representation of Property Review or Valuation <ul style="list-style-type: none"> A lender that has accepted the appraisal waiver offer in connection with a mortgage must not make any representation that Freddie Mac has performed a property review or obtained a valuation of the mortgaged premises. ACE Messaging <ul style="list-style-type: none"> If eligible for the automated collateral evaluation, the Feedback Certificate will include the following messages in the “Property & Appraisal” section: <ul style="list-style-type: none"> Message HA “<i>Loan is eligible for collateral representation and warranty relief with an appraisal waiver until [expiration date]. Freddie Mac accepts the submitted value estimate or purchase price as the value of the subject property; therefore, an appraisal is not required and Seller is relieved of representation and warranties related to value, condition and marketability. If an appraisal is obtained, it must be submitted to the UCDP, and the associated loan will not be eligible for an appraisal waiver.</i>” Message B1 “<i>This loan is eligible for an appraisal waiver. If the waiver is not accepted an appraisal is required.</i>” 	<ul style="list-style-type: none"> The lender is using rental income from an ADU on a subject 1-unit primary residence to qualify the borrower The lender is aware of conditions that warrant an appraisal being obtained. Examples include, but are not limited to: <ul style="list-style-type: none"> A contaminated site or hazardous substance affects the property or the neighborhood in which the property is located Adverse physical property conditions that are apparent based on a review of the sales contract, property inspection, disclosure from the borrower, etc. Acceptable Age of the Appraisal Waiver Offer <ul style="list-style-type: none"> The appraisal waiver offer provided through the Loan Product Advisor Feedback Certificate message is valid for 120 days. If the offer is more than 120 days old on the note date, a resubmission to Loan Product Advisor is required to determine ongoing appraisal waiver eligibility. Maintaining Appraisal Waiver Eligibility <ul style="list-style-type: none"> The appraisal waiver offer is valid for 120 days. If the offer is more than 120 days old on the note date, a resubmission to Loan Product Advisor is required to determine ongoing appraisal waiver eligibility. If the lender changes loan data (e.g., address of the property, loan amount, purchase price, estimate of value, loan type, property type, occupancy of the property, etc.) in a subsequent submission, the original offer will become invalid, and Loan Product Advisor may provide a different appraisal waiver eligibility determination. Appraisal Waiver Eligibility in Disaster Areas <ul style="list-style-type: none"> If the mortgaged premises are located in a disaster area, the lender may accept an appraisal waiver offer if the lender can represent and warrant that the value and marketability of the mortgaged premises has not been adversely impacted. See the “Properties Affected by a Disaster” subtopic subsequently outlined in this document for property condition requirements. Lender Representation of Property Review or Valuation <ul style="list-style-type: none"> A lender that has accepted an appraisal waiver offer must not make any representation that Freddie Mac has performed a property review or obtained a valuation of the mortgaged premises. ACE Messaging <ul style="list-style-type: none"> If eligible for the automated collateral evaluation, the Feedback Certificate will include the following messages in the “Property & Appraisal” section: <ul style="list-style-type: none"> Message HA “<i>Loan is eligible for collateral representation and warranty relief with an appraisal waiver through [Appraisal Alternative Eligibility Expiration Date]. The submitted value estimate or purchase price is accepted as the value of the subject property; an appraisal is not required and Seller will be relieved of representations and warranties related to value, condition and marketability. If an appraisal is obtained, it must be submitted to the UCDP, and the associated loan will not be eligible for an appraisal waiver.</i>” Message B1 “<i>This loan is eligible for an appraisal waiver. If the waiver is not accepted an appraisal is required.</i>”

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				<p style="color: red;"><i>The Trainer certifies that the Borrower named above has completed the following Homeownership Education Program:</i></p> <p style="color: red;"><i>[Insert Name of Program]</i></p> <ul style="list-style-type: none"> • Form 1103, Supplemental Consumer Information Form <ul style="list-style-type: none"> • Additionally, as part of the mortgage application process, Form 1103, Supplemental Consumer Information Form, must be presented to at least one borrower on the loan application. The "Homeownership Education and Housing Counseling" section of the form must be completed for any transaction where homeownership education is required. A copy of this form must be maintained in the loan file.
IRS Form 4506-C	Correspondent Section 2.01 Agency Loan Standard	<ul style="list-style-type: none"> • Standard Agency (LPA) • Agency Plus (LPA) • Agency Plus Select (LPA) • Home Possible® (LPA) • Texas Section 50(a)(6) Mortgages (LPA) 	<p>Income / General Income Documentation Requirements</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> • General Documentation Requirements <p style="color: red;"><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <ul style="list-style-type: none"> • IRS Form 4506-C Requirements for all Income and Asset Qualification Sources <ul style="list-style-type: none"> • All borrowers, whose income is used to qualify or whose assets are used as a basis for repayment of obligations, are required to sign Internal Revenue Service (IRS) Form 4506-C (or an alternate form acceptable to the IRS that authorizes the release of comparable tax information). The Form 4506-C must be signed no later than the note date. <p>Reference: See the "Assets as Qualifying Income / Assets as a Basis for Repayment of Obligations (LPA Terminology)" subtopic subsequently presented in this topic for additional guidance regarding assets used as a basis for repayment of obligations.</p> <ul style="list-style-type: none"> • If submitting the Form 4506-C to the IRS, the lender must ensure that the IRS receives the form prior to the form's expiration date. The lender must retain the tax documentation received back from the IRS in the mortgage file. • For borrowers with income that is derived from sources in Puerto Rico, Guam or the U.S. Virgin Islands that are exempt from federal income taxation under the Internal Revenue Code, the above requirements apply, except as follows: <ul style="list-style-type: none"> • In lieu of a Form 4506-C, borrowers with income that is derived from sources in Puerto Rico must sign the most recent version of Commonwealth of Puerto Rico Form 2907 titled "Request For Copy of the Return, Estate or Gift Certificate of Release" (Modelo SC 2907 "Solicitud De Copia De Planilla, Relevo De Herencia Y De Donacion") for submission to the Puerto Rico Department of the Treasury, Internal Revenue Area. • Borrowers with income that is derived from sources in Guam or the U.S. Virgin Islands must sign the Form 4506-C (or an alternate form that authorizes the release of comparable tax information) for submission to the Guam Department of Taxation and Revenue or Virgin Islands Bureau of Internal Revenue, as applicable. • For mortgages using automated income assessment with Loan Product Advisor using employer data that receive a Risk Class of Accept and are underwritten using income types that are eligible for representation and warranty relief as described in the "Automated 	<p>Income / General Income Documentation Requirements</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> • General Documentation Requirements <p style="color: red;"><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <ul style="list-style-type: none"> • IRS Form 4506-C Requirements for all Income and Asset Qualification Sources <ul style="list-style-type: none"> • All borrowers, whose income is used to qualify or whose assets are used as a basis for repayment of obligations, are required to sign Internal Revenue Service (IRS) Form 4506-C (or an alternate form acceptable to the IRS that authorizes the release of comparable tax information to a third party). The Form 4506-C must be signed no later than the note date and must be retained in the mortgage file. <p>Reference: See the "Assets as Qualifying Income / Assets as a Basis for Repayment of Obligations (LPA Terminology)" subtopic subsequently presented in this topic for additional guidance regarding assets used as a basis for repayment of obligations.</p> <ul style="list-style-type: none"> • If submitting the Form 4506-C to the IRS, the lender must ensure that the IRS receives the form prior to the form's expiration date. The lender must retain the tax documentation received back from the IRS in the mortgage file. • For borrowers with income that is derived from sources in Puerto Rico, Guam or the U.S. Virgin Islands that are exempt from federal income taxation under the Internal Revenue Code, the above requirements apply, except as follows: <ul style="list-style-type: none"> • In lieu of a Form 4506-C, borrowers with income that is derived from sources in Puerto Rico must sign the most recent version of Commonwealth of Puerto Rico Form 2907 titled "Request For Copy of the Return, Estate or Gift Certificate of Release" (Modelo SC 2907 "Solicitud De Copia De Planilla, Relevo De Herencia Y De Donacion") for submission to the Puerto Rico Department of the Treasury, Internal Revenue Area. • Borrowers with income that is derived from sources in Guam or the U.S. Virgin Islands must sign the Form 4506-C (or an alternate form that authorizes the release of comparable tax information to a third party) for submission to the Guam Department of Taxation and Revenue or Virgin Islands Bureau of Internal Revenue, as applicable. • For mortgages using automated income assessment with Loan Product Advisor using employer data that receive a Risk Class of Accept and are underwritten using income types

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Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards Effective for EXISTING AND NEW Loan Applications ON OR AFTER April 19, 2024
			<p>Income Assessment with Loan Product Advisor Using Employer Data” subsection in the “Freddie Mac LPA Loans” subtopic subsequently presented in the “Underwriting the Borrower” topic.</p> <ul style="list-style-type: none"> See “Representation and Warranty Relief and Additional Requirements” in the “Automated Income Assessment with Loan Product Advisor Using Employer Data” subsection in the “Freddie Mac LPA Loans” subtopic subsequently presented in the “Underwriting the Borrower” topic for requirements pertaining to IRS Form 4506-C. For mortgages using automated income assessment with Loan Product Advisor using account data that receive a Risk Class of Accept and are underwritten using income types that are eligible for representation and warranty relief as described in “Automated Income Assessment with Loan Product Advisor Using Account Data” subsection in the “Freddie Mac LPA Loans” subtopic subsequently presented in the “Underwriting the Borrower” topic: <ul style="list-style-type: none"> See “Representation and Warranty Relief and Additional Requirements” in the “Automated Income Assessment with Loan Product Advisor Using Account Data” subsection in the “Freddie Mac LPA Loans” subtopic subsequently presented in the “Underwriting the Borrower” topic for requirements pertaining to IRS Form 4506-C. See the section below on how to address “Rejected IRS Form 1040 Transcripts.” <p style="color: red; text-align: center;"><i>All other currently published requirements in this section remain the same.</i></p>	<p>that are eligible for representation and warranty relief as described in the “Automated Income Assessment with Loan Product Advisor Using Employer Data” subsection in the “Freddie Mac LPA Loans” subtopic subsequently presented in the “Underwriting the Borrower” topic.</p> <ul style="list-style-type: none"> See “Representation and Warranty Relief and Additional Requirements” in the “Automated Income Assessment with Loan Product Advisor Using Employer Data” subsection in the “Freddie Mac LPA Loans” subtopic subsequently presented in the “Underwriting the Borrower” topic for requirements pertaining to IRS Form 4506-C. For mortgages using automated income assessment with Loan Product Advisor using account data that receive a Risk Class of Accept and are underwritten using income types that are eligible for representation and warranty relief as described in “Automated Income Assessment with Loan Product Advisor Using Account Data” subsection in the “Freddie Mac LPA Loans” subtopic subsequently presented in the “Underwriting the Borrower” topic: <ul style="list-style-type: none"> See “Representation and Warranty Relief and Additional Requirements” in the “Automated Income Assessment with Loan Product Advisor Using Account Data” subsection in the “Freddie Mac LPA Loans” subtopic subsequently presented in the “Underwriting the Borrower” topic for requirements pertaining to IRS Form 4506-C. See the section below on how to address “Rejected IRS Form 1040 Transcripts.” <p style="color: red; text-align: center;"><i>All other currently published requirements in this section remain the same.</i></p>
Underwriting the Borrower	Correspondent Section 2.01 Agency Loan Standard	<ul style="list-style-type: none"> Standard Agency (LPA) Agency Plus (LPA) Agency Plus Select (LPA) Home Possible® (LPA) Texas Section 50(a)(6) Mortgages (LPA) 	<p>Underwriting the Borrower / Freddie Mac LPA Loans</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <p style="color: red;"><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <ul style="list-style-type: none"> Rent Payment History Included in Loan Product Advisor's Assessment <p style="color: red;"><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <ul style="list-style-type: none"> Verification Reports <ul style="list-style-type: none"> The verification report obtained by the lender must either be produced by a third-party service provider designated by Freddie Mac (the "third party verification report") or produced by Freddie Mac using the approved financial institution's data transmitted to Loan Product Advisor through an application programming interface (API) (the "Freddie Mac financial institution verification report"). In order for the lender to transmit data through the API, the lender must obtain Freddie Mac's approval. References in this section to the verification report refer to either the third-party verification report or the Freddie Mac financial institution verification report, as applicable. For each verification report obtained, the lender must: <ul style="list-style-type: none"> Confirm that each depository account is owned by the borrower and that the account(s) is the one from which the borrower pays rent. Confirm that the age of the verification report complies with the “Age of Documentation” requirements, as described in the “General Income Documentation Requirements” subtopic previously presented in this document. Ensure that the most current version of the verification report is used by Loan Product Advisor. If the lender obtains an updated report, the mortgage must be resubmitted to 	<p>Underwriting the Borrower / Freddie Mac LPA Loans</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <p style="color: red;"><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <ul style="list-style-type: none"> Rent Payment History Included in Loan Product Advisor's Assessment <p style="color: red;"><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <ul style="list-style-type: none"> Verification Reports <ul style="list-style-type: none"> The verification report obtained by the lender must be produced by a third-party service provider designated by Freddie Mac or produced through a Freddie Mac-supplied application programming interface (API) using data transmitted by the lender. The lender must obtain Freddie Mac's written approval to transmit data through the API. For each verification report obtained, the lender must: <ul style="list-style-type: none"> Confirm that each depository account is owned by the borrower and that the account(s) is the one from which the borrower pays rent. Confirm that the age of the verification report complies with the “Age of Documentation” requirements, as described in the “General Income Documentation Requirements” subtopic previously presented in this document. Ensure that the most current version of the verification report is used by Loan Product Advisor. If the lender obtains an updated report, the mortgage must be resubmitted to Loan Product Advisor to ensure assessment of the most current information. Maintain the verification report in the mortgage file for transactions where the Feedback Certificate includes a feedback message that the rent payment history was successfully identified in Loan Product Advisor, resulting in a Risk Class of Accept.

Agency Standards Revisions

Note: Truist specific overlays are underlined.

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			<p>Loan Product Advisor to ensure assessment of the most current information.</p> <ul style="list-style-type: none"> Maintain the verification report in the mortgage file for transactions where the Feedback Certificate includes a feedback message that the rent payment history positively impacted Loan Product Advisor 's credit assessment. <p><i>All other currently published requirements in this section remain the same.</i></p> <hr/> <p>Underwriting the Borrower / Freddie Mac LPA Loans</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <ul style="list-style-type: none"> Borrower cash flow included in Loan Product Advisor's assessment <ul style="list-style-type: none"> Overview <ul style="list-style-type: none"> For certain mortgages, a borrower's monthly cash flow may positively impact Loan Product Advisor's credit assessment. Loan Product Advisor will assess the transaction patterns present in the borrower's checking, savings, investment and retirement accounts and changes in account balances using data transmitted by a third-party service provider designated by Freddie Mac or transmitted by the lender through an API. The lender must obtain Freddie Mac's written approval to transmit data through an API. Eligibility Requirements <ul style="list-style-type: none"> The following requirements must be met for Loan Product Advisor to consider cash flow in the credit assessment: <ul style="list-style-type: none"> At least one borrower on the transaction must have a usable credit score as determined by Loan Product Advisor At least 12 months of account data must be transmitted to Loan Product Advisor Verification Reports <ul style="list-style-type: none"> The verification report obtained by the lender must be produced by a third-party service provider designated by Freddie Mac or through a Freddie Mac-supplied API using data transmitted by the lender. The lender must obtain Freddie Mac's written approval to transmit data through the API. For each verification report obtained, the lender must: <ul style="list-style-type: none"> Confirm that each asset in the verification report is owned by at least one borrower and such borrower has access to the funds Confirm that the age of the verification report complies with the "Age of Documentation" requirements, as described in the "General Income Documentation Requirements" subtopic subsequently presented in this document. Ensure that the most current version of the verification report is used by Loan Product Advisor. If the lender obtains an updated report, the mortgage must be resubmitted to Loan Product Advisor to ensure assessment of the most current information. Maintain the verification report in the mortgage file if the Feedback Certificate includes a feedback message that positive borrower cash flow was identified and resulted in a Risk Class of Accept 	<ul style="list-style-type: none"> The expiration date of the verification report reflected in feedback messaging complies with the age of documentation requirements. <p><i>All other currently published requirements in this section remain the same.</i></p> <hr/> <p>Underwriting the Borrower / Freddie Mac LPA Loans</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <ul style="list-style-type: none"> Borrower Cash Flow Included in Loan Product Advisor's Assessment <ul style="list-style-type: none"> Overview <ul style="list-style-type: none"> For certain mortgages, a borrower's monthly cash flow may positively impact Loan Product Advisor's credit assessment. Loan Product Advisor will assess the transaction patterns present in the borrower's checking, savings, investment and retirement accounts and changes in account balances using data transmitted by a third-party service provider designated by Freddie Mac or transmitted by the lender through an API. The lender must obtain Freddie Mac's written approval to transmit data through an API. Eligibility Requirements <ul style="list-style-type: none"> The following requirements must be met for Loan Product Advisor to consider cash flow in the credit assessment: <ul style="list-style-type: none"> At least one borrower on the transaction must have a usable credit score as determined by Loan Product Advisor At least 12 months of account data must be transmitted to Loan Product Advisor Verification Reports <ul style="list-style-type: none"> The verification report obtained by the lender must be produced by a third-party service provider designated by Freddie Mac or through a Freddie Mac-supplied API using data transmitted by the lender. The lender must obtain Freddie Mac's written approval to transmit data through the API. For each verification report obtained, the lender must: <ul style="list-style-type: none"> Confirm that each asset in the verification report is owned by at least one borrower and such borrower has access to the funds Confirm that the age of the verification report complies with the "Age of Documentation" requirements, as described in the "General Income Documentation Requirements" subtopic subsequently presented in this document. Ensure that the most current version of the verification report is used by Loan Product Advisor. If the lender obtains an updated report, the mortgage must be resubmitted to Loan Product Advisor to ensure assessment of the most current information. Maintain the verification report in the mortgage file if the Feedback Certificate includes a feedback message that positive borrower cash flow was identified and resulted in a Risk Class of Accept The expiration date of the verification report reflected in feedback messaging complies with

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			<i>All other currently published requirements in this section remain the same.</i>	<p style="text-align: center;"><u>the age of documentation requirements.</u></p> <p><i>All other currently published requirements in this section remain the same.</i></p>