

Agency Guideline Revisions

Note: SunTrust specific overlays are underlined.

Topic	Impacted Document	Impacted Products	Current Guidelines	Revised Guidelines Effective for NEW AND EXISTING Loan Applications ON OR AFTER January 11, 2019
Properties Subject to Resale Restrictions	Correspondent Section 2.01 Agency Loan Programs-Guideline	<ul style="list-style-type: none"> • Standard Agency (non-AUS, DU & LPA) • Agency Plus (DU & LPA) • HomeReady® Mortgage (non-AUS & DU) • Home Possible® Mortgage (LPA) • Texas Section 50(a)(6) Mortgages (non-AUS, DU & LPA) 	<p>Occupancy/Property Types Properties with Resale Restrictions</p> <p>Non-AUS</p> <ul style="list-style-type: none"> • Overview <ul style="list-style-type: none"> • The high cost of housing has become a challenge for people who want to purchase homes in many markets around the country. To help address this issue, many governmental and nonprofit entities support the development of properties subject to resale restrictions. Those strategies help to create and preserve affordable housing stock in communities over the long-term. • The lender must review the terms and conditions of the affordable housing program, including any documents that describe the resale restrictions. • Background <ul style="list-style-type: none"> • Resale restrictions are a right in perpetuity or for a certain number of years, stated in the form of a restriction, easement, covenant, or condition in any deed, mortgage, ground lease (other than a community land trust ground lease), agreement, or other instrument executed by or on behalf of the owner of the land. <p>Note: <u>Community land trusts are not eligible for origination.</u></p> <ul style="list-style-type: none"> • Resale restrictions may limit the use of all or part of the land to occupancy by persons or families of low-income or moderate-income or on the basis of age (senior communities must comply with applicable law), or may restrict the resale price of the property to ensure its availability to future low-income and moderate-income borrowers. • The restricted resale price provides a subsidy to the homeowner, in an amount equal to the difference between the sales price and the market value of the property without resale restrictions. • The resale restrictions are binding on current and subsequent property owners, and remain in effect until they are formally removed or modified, or terminate in accordance with their terms, such as at a foreclosure sale or upon acceptance of a deed-in-lieu of foreclosure. <ul style="list-style-type: none"> • Compliance with Community Seconds Requirements <ul style="list-style-type: none"> • Resale restrictions may be found in the terms and conditions of the second mortgage or deed of trust (referred to as a Community Seconds mortgage), which Fannie Mae does not purchase. • In other cases, the resale restrictions are found in a covenant or provision of an agreement that is recorded against the land, and no Community Seconds mortgage exists. • When the resale restrictions are documented by a second mortgage or deed of trust, the lender must ensure that the second mortgage or deed of trust complies with Community Seconds guidelines. The second mortgage or deed of trust must be subordinate to the first mortgage that Fannie Mae purchases. • If the resale restrictions are included in a separate covenant or agreement instead of a second mortgage or deed of trust, the resale restrictions must comply, if applicable, with Community Seconds loan eligibility requirements, related to shared appreciation in property value. The right of the subsidy provider to shared appreciation must be clearly subordinate to the lien of the first mortgage that Fannie Mae purchases. • Any provisions addressing balloon payments, the interest rate, and negative amortization must be documented in the Community Seconds mortgage, and not in a covenant or agreement. <p>Reference: See the community seconds guidelines previously presented in this document for additional information.</p>	<p>Occupancy/Property Types Properties with Resale Restrictions</p> <p>Non-AUS</p> <ul style="list-style-type: none"> • Overview <ul style="list-style-type: none"> • The high cost of housing has become a challenge for people who want to purchase homes in many markets around the country. To help address this issue, many governmental and nonprofit entities support the development of properties subject to resale restrictions. 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			<ul style="list-style-type: none"> Loan Eligibility and Occupancy Types <ul style="list-style-type: none"> The following table describes the eligible transaction types, products, occupancy types, and properties for loans with resale restrictions. <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <thead> <tr style="background-color: #003366; color: white;"> <th colspan="3" style="text-align: center;">Eligibility Based on Type of Deed Restriction</th> </tr> <tr style="background-color: #003366; color: white;"> <th></th> <th style="text-align: center;">Affordable</th> <th style="text-align: center;">Age-Related</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Transaction Types</td> <td colspan="2" style="text-align: center;">Purchase and Refinance</td> </tr> <tr> <td style="text-align: center;">Products</td> <td colspan="2">Loans must be fixed-rate or adjustable-rate mortgages with an initial fixed period of five years or more, and can be any Fannie Mae product described in our product guidelines.</td> </tr> <tr> <td style="text-align: center;">Borrowers</td> <td colspan="2">Must meet applicable criteria of the deed restriction. Note: Age-related deed restrictions generally apply to the unit occupant and frequently require only one occupant to be aged 55 and over. In such a case, the borrower could be younger than 55 provided there is a unit occupant aged 55 and over. This occupant can be a non-borrower household member or a renter in the case of investment property. (It is permissible for both affordable and age-related requirements to apply to a single loan.)</td> </tr> <tr> <td style="text-align: center;">Occupancy Types</td> <td style="text-align: center;">Primary residences only</td> <td style="text-align: center;">All occupancy types</td> </tr> <tr> <td style="text-align: center;">Properties</td> <td>One- and two-unit properties, PUDs, and condos. 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			<ul style="list-style-type: none"> • Eligible Borrowers for Affordability Related Deed Restrictions <ul style="list-style-type: none"> • Eligible borrowers must satisfy the specific eligibility criteria and resale restrictions established by the subsidy provider. • Calculation of LTV Ratios <ul style="list-style-type: none"> • When resale restrictions terminate automatically upon foreclosure (or the expiration of any applicable redemption period), or the recordation of a deed-in-lieu of foreclosure, the LTV, TLTV, and HTLTV ratios <u>must be calculated</u> using the lesser of the sale price or appraised value. <p>SunTrust Note: Fannie Mae has clarified that the “appraised value” referenced above is the appraised value of the property without resale restrictions.</p> <p>Fannie Mae is permitting this calculation based on the market value without resale restrictions because it is indicative of the actual value of the property in the event of a foreclosure or acceptance of a deed-in-lieu of foreclosure (disregarding factors that may affect value after origination and prior to foreclosure).</p> • Allowable Resale Restrictions <ul style="list-style-type: none"> • Fannie Mae will purchase mortgages that are subject to one or more of the following types of resale restrictions (although some restrictions are likely to occur only in combination with others): <ul style="list-style-type: none"> • income limits, • age related requirements (senior communities must comply with applicable laws), • purchasers must be employed by the subsidy provider, • primary residence requirements, • first-time home buyer requirements as designated by the subsidy provider, • properties that are group homes or that are principally used to serve disabled residents, and • resale price limits. • Duration of Resale Restrictions <ul style="list-style-type: none"> • Mortgages secured by properties with resale restrictions (age related AND income-based) that survive foreclosure are <u>not eligible</u>. • There are no restrictions on the length of the period in which the resale restrictions may remain in place on the property. • When the resale restrictions terminate at foreclosure, the subsidy provider is not entitled to obtain any proceeds from future sale(s) or transfer(s) of the property after foreclosure or acceptance of a deed-in-lieu of foreclosure. • Resale Restriction Appraisal Requirements <ul style="list-style-type: none"> • When the resale restrictions terminate automatically upon foreclosure (or the expiration of any applicable redemption period), or upon recordation of a deed-in-lieu of foreclosure, the appraisal should reflect the market value of the property without resale restrictions. • The lender must ensure that the borrower and appraiser are aware of the resale restrictions and should advise the appraiser that he or she must include the following statement in the appraisal report: <ul style="list-style-type: none"> • “This appraisal is made on the basis of a hypothetical condition that the property rights being appraised are without resale and other restrictions that are terminated automatically upon the latter of foreclosure or the expiration of any applicable redemption period, or upon recordation of a deed-in-lieu of foreclosure.” 	<ul style="list-style-type: none"> • Eligible borrowers must satisfy the specific eligibility criteria and resale restrictions established by the subsidy provider. • Calculation of LTV Ratios <ul style="list-style-type: none"> • When resale restrictions terminate automatically upon foreclosure (or the expiration of any applicable redemption period), or the recordation of a deed-in-lieu of foreclosure, the LTV, TLTV, and HTLTV ratios <u>must be calculated</u> using the lesser of the sale price or appraised value. <p>SunTrust Note: Fannie Mae has clarified that the “appraised value” referenced above is the appraised value of the property without resale restrictions.</p> <p>Fannie Mae is permitting this calculation based on the market value without resale restrictions because it is indicative of the actual value of the property in the event of a foreclosure or acceptance of a deed-in-lieu of foreclosure (disregarding factors that may affect value after origination and prior to foreclosure).</p> • When resale restrictions survive foreclosure or a deed-in-lieu of foreclosure and the resale restrictions limit the sales price of the property, the lender must use the lesser of the sales price or appraised value of the property with resale restrictions when calculating the LTV, TLTV, and HTLTV ratios, which is the standard method of calculation. Fannie Mae is requiring the standard calculation on the lower value due to the presence of resale restrictions, which would limit the property’s sales price in the event of foreclosure or acceptance of a deed-in-lieu of foreclosure. • Allowable Resale Restrictions <ul style="list-style-type: none"> • Fannie Mae will purchase mortgages that are subject to one or more of the following types of resale restrictions (although some restrictions are likely to occur only in combination with others): <ul style="list-style-type: none"> • income limits, • age related requirements (senior communities must comply with applicable laws), • purchasers must be employed by the subsidy provider, • primary residence requirements, • first-time home buyer requirements as designated by the subsidy provider, • properties that are group homes or that are principally used to serve disabled residents, and • resale price limits. • Duration of Resale Restrictions <ul style="list-style-type: none"> • Fannie Mae will purchase mortgages secured by properties subject to resale restrictions: <ul style="list-style-type: none"> • when the restrictions terminate automatically upon foreclosure (or the expiration of any applicable redemption period), • upon the recordation of a deed-in-lieu of foreclosure, or • when the resale restrictions survive foreclosure. • There are no restrictions on the length of the period in which the resale restrictions may remain in place on the property. • If the resale restrictions survive foreclosure, the lender represents and warrants that the resale restrictions do not impair the servicer’s ability to foreclose on the restricted property. • If the resale restrictions terminate at foreclosure, the subsidy provider is not entitled to obtain any proceeds from future sale(s) or transfer(s) of the property after foreclosure or acceptance of a deed-in-lieu of foreclosure. • If the resale restrictions survive foreclosure, the subsidy provider is not entitled to obtain any proceeds from the initial sale or transfer of the property after foreclosure, from the foreclosing

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However, the resale restrictions may limit the cash-out amount in order to protect the subsidy invested in the property. Lenders must document that the subsidy provider has approved the refinance transaction and should ensure that the cash-out amount complies with the provisions of the specific resale restrictions. • Notification to Third Parties <ul style="list-style-type: none"> • Fannie Mae will purchase mortgages when the resale restrictions require the servicer to notify a third party when the borrower is in default or the property is in foreclosure. • The servicer must ensure that proper notification is provided, as required in the provisions of the resale restrictions. • If notification requirements exist, the servicer is still responsible for adhering to Fannie Mae’s established time frames within which routine foreclosures must be completed. • Third-party notifications required in addition to the required statutory notifications will not be considered an impairment to the servicer’s ability to foreclose. • Private Transfer Fee Covenants <ul style="list-style-type: none"> • See the “Properties with Private Transfer Fee Covenants” topic outlined in this document for guidance. • Massachusetts Resale Restriction Loan Eligibility Requirements <ul style="list-style-type: none"> • Lender Eligibility <ul style="list-style-type: none"> • Lenders may deliver mortgage loans in Massachusetts that are subject to the Affordable Housing Restriction document without further approval from Fannie Mae. This includes any federal, state, or local subsidy program for properties located in Massachusetts. • Use of the <i>Affordable Housing Restriction</i> document (copies of which can be obtained from the Massachusetts Housing Finance Agency) without modification, alteration or update, other than filling in the blanks or checking boxes contained in the form, eliminates the need for the 	<p style="background-color: yellow;">mortgage holder who obtained the property at foreclosure or pursuant to a deed-in-lieu of foreclosure.</p> <ul style="list-style-type: none"> • Resale Restriction Appraisal Requirements <ul style="list-style-type: none"> • <u>In cases where</u> the resale restrictions terminate automatically upon foreclosure (or the expiration of any applicable redemption period), or upon recordation of a deed-in-lieu of foreclosure, the appraisal should reflect the market value of the property without resale restrictions. <ul style="list-style-type: none"> • The lender must ensure that the borrower and appraiser are aware of the resale restrictions and should advise the appraiser that he or she must include the following statement in the appraisal report: <ul style="list-style-type: none"> • “This appraisal is made on the basis of a hypothetical condition that the property rights being appraised are without resale and other restrictions that are terminated automatically upon the latter of foreclosure or the expiration of any applicable redemption period, or upon recordation of a deed-in-lieu of foreclosure.” • <u>In cases where the resale restrictions survive foreclosure or deed-in-lieu of foreclosure, the appraisal must reflect the impact the restrictions have on value and be supported by comparables with similar restrictions.</u> <ul style="list-style-type: none"> • <u>The appraisal report must note the existence of the resale restrictions and comment on any impact the resale restrictions have on the property’s value and marketability.</u> • Resale Restriction Title and Insurance Requirements <ul style="list-style-type: none"> • The source and terms of the resale restrictions must be included in the public land records so that they are readily identifiable in a routine title search. • Default Remedies <ul style="list-style-type: none"> • The presence of resale restrictions must not impair Fannie Mae’s legal rights to cure a default under the mortgage terms, to foreclose on the mortgage, or to otherwise protect Fannie Mae’s interests under the mortgage. • The subsidy provider also may have rights to remedy a borrower default. • Rights to Insurance Settlements and Condemnation Proceeds <ul style="list-style-type: none"> • Fannie Mae must have first claim to insurance settlements and condemnation proceeds. • Default or Refinancing of Resale Restriction Loans <ul style="list-style-type: none"> • The subsidy provider may retain the right of first refusal or option to purchase a resale restricted property when the borrower is in default or the property is in foreclosure. • The terms of the right of first refusal or option to purchase must be specified in the terms of the resale restrictions. • The subsidy provider must exercise its right of first refusal or option to purchase within 90 days of receiving notification of the borrower default or the property foreclosure. • The subsidy provider may permit borrowers to refinance their mortgage and take cash out of the transaction. However, the resale restrictions may limit the cash-out amount in order to protect the subsidy invested in the property. Lenders must document that the subsidy provider has approved the refinance transaction and should ensure that the cash-out amount complies with the provisions of the specific resale restrictions. • Notification to Third Parties <ul style="list-style-type: none"> • Fannie Mae will purchase mortgages when the resale restrictions require the servicer to notify a third party when the borrower is in default or the property is in foreclosure.

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			<p>lender to review the terms and conditions of the particular subsidy program with respect to mortgage loans delivered to Fannie Mae secured by properties in Massachusetts that are subject to resale restriction.</p> <ul style="list-style-type: none"> • Legal Considerations <ul style="list-style-type: none"> • The <i>Affordable Housing Restriction</i> document provides for third-party notification by the foreclosing servicer and provides for a 120-day time period between notification of foreclosure to the municipality by the foreclosing servicer and the completion of the repurchase of the property by the municipality. • While Fannie Mae’s standard guidelines require a 90-day time period for notification, use of this instrument for mortgage loans subject to a resale restriction secured by property in Massachusetts is acceptable without further approval from Fannie Mae. • All other applicable requirements for resale restrictions continue to apply. <p>Fannie Mae DU Follow DU requirements, which are the same as non-AUS guidelines, except as outlined below:</p> <ul style="list-style-type: none"> • DU will issue a message that the lender must ensure that the loan meets all the requirements for properties with resale restrictions, including property type, amortization type, and loan purpose. <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> • Mortgages secured by properties subject to age-based resale restrictions (such as senior housing or units restricted to one or more occupants age 55 and over), are eligible if the requirements of this section are met. The resale restrictions must be in compliance with all federal, State and local laws, rules and regulations. • Mortgages secured by properties with income based resale restrictions (restrictions that terminate AND restrictions that survive foreclosure) are <u>not eligible</u>. • The restrictions are binding on current and subsequent property owners, and remain in effect (i.e., survive) until they are formally removed or modified, or terminate automatically in accordance with their terms, such as at a foreclosure sale or upon completion of a deed-in-lieu of foreclosure. <ul style="list-style-type: none"> • General purchase requirements for all mortgages secured by properties subject to an age-based resale restrictions <ul style="list-style-type: none"> • Freddie Mac purchase requirements, including, but not limited to, all applicable condominium project and planned unit development (PUD) requirements must be met. • Length of resale restrictions; effect of foreclosure or deed-in-lieu of foreclosure <ul style="list-style-type: none"> • A mortgage secured by a property subject to an age-based resale restriction is eligible for purchase if the resale restriction: <ul style="list-style-type: none"> • Survives foreclosure or completion of a deed-in-lieu of foreclosure, or • Terminates upon foreclosure or completion of a deed-in-lieu of foreclosure • Right of first refusal <ul style="list-style-type: none"> • For properties subject to age-based resale restrictions, any right of first refusal must run to the enabling authority or jurisdiction that imposed the resale restrictions, with a time period not exceeding 90 days from the date of written notice to the authority or jurisdiction that the restricted property is being offered for sale. • Public land records 	<ul style="list-style-type: none"> • The servicer must ensure that proper notification is provided, as required in the provisions of the resale restrictions. • If notification requirements exist, the servicer is still responsible for adhering to Fannie Mae’s established time frames within which routine foreclosures must be completed. • Third-party notifications required in addition to the required statutory notifications will not be considered an impairment to the servicer’s ability to foreclose. <ul style="list-style-type: none"> • Mortgage Insurance <ul style="list-style-type: none"> • If a mortgage loan is subject to resale restrictions that survive foreclosure or deed-in-lieu of foreclosure and mortgage insurance is required, the lender must first contact its mortgage insurance provider and obtain confirmation that the mortgage insurer is willing, on a program basis, to insure these mortgages under the lender’s master primary policy. <ul style="list-style-type: none"> • Private Transfer Fee Covenants <ul style="list-style-type: none"> • See the “Properties with Private Transfer Fee Covenants” topic outlined in this document for guidance. <ul style="list-style-type: none"> • Special Feature Code (SFC) Requirement <ul style="list-style-type: none"> • Lenders must report SFC 631 when delivering mortgages secured by properties with resale restrictions that survive foreclosure or deed-in-lieu of foreclosure. <ul style="list-style-type: none"> • Massachusetts Resale Restriction Loan Eligibility Requirements <ul style="list-style-type: none"> • Lender Eligibility <ul style="list-style-type: none"> • Lenders may deliver mortgage loans in Massachusetts that are subject to the <i>Affordable Housing Restriction</i> document without further approval from Fannie Mae. This includes any federal, state, or local subsidy program for properties located in Massachusetts. • Use of the <i>Affordable Housing Restriction</i> document (copies of which can be obtained from the Massachusetts Housing Finance Agency) without modification, alteration or update, other than filling in the blanks or checking boxes contained in the form, eliminates the need for the lender to review the terms and conditions of the particular subsidy program with respect to mortgage loans delivered to Fannie Mae secured by properties in Massachusetts that are subject to resale restriction. <ul style="list-style-type: none"> • Loan Eligibility Requirements <ul style="list-style-type: none"> • The Massachusetts Housing Finance Agency requires the use of an <i>Affordable Housing Restriction</i> document in connection with mortgage loans secured by properties in Massachusetts that are subject to resale restrictions that survive foreclosure or deed-in-lieu of foreclosure in which it will serve as lender or project administrator. <ul style="list-style-type: none"> • Legal Considerations <ul style="list-style-type: none"> • The <i>Affordable Housing Restriction</i> document provides for third-party notification by the foreclosing servicer and provides for a 120-day time period between notification of foreclosure to the municipality by the foreclosing servicer and the completion of the repurchase of the property by the municipality. • While Fannie Mae’s standard guidelines require a 90-day time period for notification, use of this instrument for mortgage loans subject to a resale restriction secured by property in Massachusetts is acceptable without further approval from Fannie Mae. • All other applicable requirements for resale restrictions continue to apply.

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			<ul style="list-style-type: none"> Agreements or requirements, i.e., enacted ordinances, statutes, published policies or imposed restrictions, must appear in the public land records for the property in a manner discoverable by a routine title search. Payment of financial obligations Any requirement in the deed restrictions requiring the owner of the property to make payments under certain circumstances or requiring repayment of financial subsidies must state that the payment obligation is subordinate to the lien of the first lien mortgage. Private Transfer Fee Covenants See the "Properties with Private Transfer Fee Covenants" topic outlined in this document for guidance. Appraisal requirements for properties with resale restrictions The appraisal report must include at least two comparable sales with similar resale restrictions, an analysis of the comparable sales and reflect impact of the resale restrictions on the property's value and marketability. 	<p>Fannie Mae DU Follow DU requirements, which are the same as non-AUS guidelines, except as outlined below:</p> <ul style="list-style-type: none"> DU will issue a message that the lender must ensure that the loan meets all the requirements for properties with resale restrictions, including property type, amortization type, and loan purpose. <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"> Mortgages secured by properties subject to resale restrictions including, but not limited to, income-based restrictions and age-based restrictions (such as senior housing or units restricted to one or more occupants age 55 and over), are eligible if the requirements of this section are met. The resale restrictions must be in compliance with all federal, state and local laws, rules and regulations. The restrictions are binding on current and subsequent property owners, and remain in effect (i.e., survive) until they are formally removed or modified, or terminate automatically in accordance with their terms, such as upon completion of foreclosure or recordation of a deed-in-lieu of foreclosure and, if necessary, upon recordation of the associated deed transferring the property to Freddie Mac or third-party purchaser. Income-based resale restrictions typically are imposed by state or local governments, municipalities and non-profit entities, including entities administering government-sponsored subsidy programs to create and preserve affordable housing by limiting the occupancy and resale of the property to individuals or households of very-low, low- or moderate-incomes. The income-based resale restrictions are stated in an easement, covenant or condition in a deed or other instrument executed by or on behalf of the owner of the land. These restrictions may be in effect for a certain number of years or continue in perpetuity. General Purchase Requirements for all Mortgages Secured by Properties Subject to Resale Restrictions <ul style="list-style-type: none"> The mortgages must be first lien, conventional mortgages. Freddie Mac purchase requirements including, but not limited to, all applicable condominium project and planned unit development (PUD) requirements must be met. See "Special Requirements for all Mortgages Secured by Property with Income-Based Resale Restrictions" presented below for special additional requirements applicable to mortgages secured by property with income-based resale restrictions administered by a subsidy provider (state or local government, municipality or other non-profit entity) providing homeownership opportunities to very low-, low- or moderate-income households. Length of Resale Restrictions; Effect of Foreclosure or Deed-in-Lieu of Foreclosure <ul style="list-style-type: none"> There are no restrictions on the length of the period in which the resale restrictions may remain in place on the property. A mortgage secured by a property subject to a resale restriction is eligible for purchase if the resale restriction: <ul style="list-style-type: none"> Survives conveyance of the property following foreclosure or recordation of a deed-in-lieu of foreclosure, or Terminates upon foreclosure or recordation of a deed-in-lieu of foreclosure. If the resale restrictions survive foreclosure and a deed-in-lieu of foreclosure, the lender represents and warrants that the resale restrictions do not impair the lender/servicer's ability to foreclose on the restricted property. If the resale restrictions survive foreclosure and a deed-in-lieu of foreclosure, the subsidy provider is not entitled to obtain any proceeds from the initial sale or transfer of the property after foreclosure or a deed-in-lieu of foreclosure, from the foreclosing mortgage holder who obtained the property at

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				<p>foreclosure or pursuant to a deed-in-lieu of foreclosure.</p> <ul style="list-style-type: none"> • If the resale restrictions terminate at foreclosure or upon recordation of a deed-in-lieu of foreclosure, the subsidy provider is not entitled to obtain any proceeds from future sale(s) or transfer(s) of the property after foreclosure or recordation of a deed-in-lieu of foreclosure. <ul style="list-style-type: none"> • Public Land Records <ul style="list-style-type: none"> • Agreements or requirements (i.e., enacted ordinances, statutes, published policies or imposed restrictions) must appear in the public land records for the property in a manner discoverable by a routine title search. • Right of First Refusal and Resale Restriction Controls <ul style="list-style-type: none"> • Right of First Refusal <ul style="list-style-type: none"> • For properties subject to resale restrictions, any right of first refusal must run to the enabling authority or jurisdiction that imposed the resale restrictions, with a time period not exceeding 90 days from the date of written notice to the authority or jurisdiction that the restricted property is being offered for sale. • Resale Restriction Controls <ul style="list-style-type: none"> • Except for those relating to age-based restrictions, the resale restriction controls must be administered by a duly authorized authority of state, local or municipal government or an agent of the authority that has established mechanisms to provide applicant screening and processing on an ongoing basis. • Payment of Financial Obligations <ul style="list-style-type: none"> • Any requirement in the deed restrictions requiring the owner of the property to make payments under certain circumstances or requiring repayment of financial subsidies must state that the payment obligation is subordinate to the lien of the first lien mortgage. • Private Transfer Fee Covenants <ul style="list-style-type: none"> • See the "Properties with Private Transfer Fee Covenants" topic outlined in this document for guidance. • Appraisal Requirements for Properties with Resale Restrictions <ul style="list-style-type: none"> • The appraisal report must note the existence of the resale restriction and analyze and reflect on any impact of the resale restrictions on the property's value and marketability. <ul style="list-style-type: none"> • Resale Restriction Survives Foreclosure or Recordation of a Deed-in-Lieu of Foreclosure <ul style="list-style-type: none"> • In the instance where the resale restriction survives foreclosure (or expiration of any applicable redemption period) or recordation of a deed-in-lieu of foreclosure, the appraisal must reflect the impact the restrictions have on value and be supported by comparable sales with similar restrictions. • Resale Restriction Terminates Upon Foreclosure or Recordation of a Deed-in-Lieu of Foreclosure <ul style="list-style-type: none"> • In instances where the resale restriction terminates upon foreclosure (or expiration of any applicable redemption period) or recordation of a deed-in-lieu of foreclosure, the appraisal must reflect the market value of the property without resale restrictions. • The lender, or any third party authorized by the lender, must ensure that the borrower and appraiser are aware of the resale restrictions and must advise the appraiser that he or she must include the following statement in the appraisal report:

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				<ul style="list-style-type: none"> • "This appraisal is made on the basis of a hypothetical condition that the property rights being appraised are without resale and other restrictions that are terminated automatically upon the latter of foreclosure or the expiration of any applicable redemption period, or upon recordation of a deed-in-lieu of foreclosure." • Value and Calculation of Loan-to-Value (LTV), Total LTV (TLTV) and Home Equity Line of Credit (HELOC) TLTV (HTLTV) Ratios <ul style="list-style-type: none"> • Resale Restriction Survives Foreclosure or Recordation of a Deed-in-Lieu of Foreclosure <ul style="list-style-type: none"> • In the instance where the resale restriction survives foreclosure (or expiration of any applicable redemption period) or recordation of a deed-in-lieu of foreclosure, in accordance with the requirements outlined in the "Calculation of LTV/TLTV/HTLTV Ratios" subtopic previously presented in the "Eligible Transactions" topic within this document: <ul style="list-style-type: none"> • for a purchase transaction, "value" is the lesser of the appraised value of the mortgaged premises on the note date or the purchase price of the mortgaged premises, and • for a refinance transaction, "value" is the appraised value. • Resale Restriction Terminates Upon Foreclosure or Recordation of a Deed-in-Lieu of Foreclosure <ul style="list-style-type: none"> • Value is the appraised value of the property without resale restrictions. • Submission to Loan Product Advisor® (Purchase Transactions) <ul style="list-style-type: none"> • When submitting a purchase transaction mortgage secured by property subject to a resale restriction that terminates upon foreclosure (or expiration of any applicable redemption period) or recordation of a deed-in-lieu of foreclosure, the lender must enter the appraised value in the purchase price field and the appraised value field. <p style="margin-left: 20px;">SunTrust Note: For purchase transaction mortgages secured by property subject to a resale restriction that terminates upon foreclosure (or expiration of any applicable redemption period) or recordation of a deed-in-lieu of foreclosure, the appraised value must also be entered in the BOTH the purchase price field and the appraised value field on SunTrust systems. The actual sales price is not required to be entered on SunTrust systems or in LPA for these purchase transactions.</p> • Special Requirements for all Mortgages Secured by Property with Income-Based Resale Restrictions <ul style="list-style-type: none"> • In addition to the requirements outlined above, the requirements of this section apply to any mortgage secured by a property subject to income-based resale restrictions, including those administered by a subsidy provider offering homeownership opportunities to very low-, low- or moderate income individuals and households. These providers subsidize properties that require a specified number or percentage of properties in a designated area to be dedicated as housing for very low, low- or moderate-income individuals and households. The lender must review the terms and conditions of the affordable housing program including, but not limited to, any provisions that describe the resale restrictions. • Property Type and Occupancy <ul style="list-style-type: none"> • The mortgage must be secured by a 1-unit primary residence (not a manufactured home). The property must be an attached or detached dwelling unit located on an individual lot or in a condominium project or planned unit development (PUD). • Mortgage Products <ul style="list-style-type: none"> • The mortgage must be a first lien conventional mortgage.

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			<p>Financed Permanent Interest Rate Buydowns</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> For the purposes of this section, the following definitions apply: <ul style="list-style-type: none"> A financed permanent buydown mortgage is a mortgage for which the borrower has permanently reduced the interest rate by financing discount points in the loan amount. Base Mortgage Amount: The mortgage amount without the financed discount points. Gross loan-to-value (LTV), total LTV (TLTV) and Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratios: The LTV, TLTV or HTLTV ratio calculated using the mortgage amount, which includes the financed discount points. Financed permanent buydown mortgages are permitted, except as follows: <ul style="list-style-type: none"> Standard Agency mortgages with an LTV, TLTV, and/or HTLTV greater than 95%, are not permitted 3/1 ARMs are not permitted Temporary subsidy buydowns are not permitted Eligible property types include 1-4 unit primary residences (including condos and PUDs), second homes, and 1-4 unit investment properties. Purchase, "no cash-out" refinance, and cash-out refinance transactions are eligible. Eligibility of financed permanent buydown mortgages is determined using the gross LTV, TLTV, and HTLTV ratios. Financed permanent buydown mortgages must comply with the following requirements: <ul style="list-style-type: none"> The gross LTV, TLTV and HTLTV ratios must not exceed the LTV, TLTV, or HTLTV ratios per the transaction type. The amount of the mortgage insurance coverage must meet the coverage level requirements, using the gross LTV ratio 	<ul style="list-style-type: none"> Mortgage Purpose <ul style="list-style-type: none"> The mortgage must either be (i) a purchase transaction mortgage, or (ii) a "no cash-out" refinance mortgage. Ineligible Mortgages <ul style="list-style-type: none"> Construction conversion and renovation mortgages are not eligible for purchase if the property securing the mortgage is subject to income-based restrictions. Additionally, the following mortgages are not eligible for purchase if the property securing the mortgage is subject to income-based resale restrictions that terminate upon foreclosure or deed-in-lieu of foreclosure and property value is determined in accordance with the "Appraisal Requirements for Properties with Resale Restrictions" subsection outlined above: <ul style="list-style-type: none"> Financed Permanent Buydown Mortgages Seller-Owned Modified Mortgages and Seller-Owned Converted Mortgages Special Feature Code (SFC) Requirements <ul style="list-style-type: none"> Use SFC 630 to identify a mortgage secured by a property with income-based resale restrictions that terminate upon foreclosure (or expiration of any applicable redemption period) or recordation of a deed-in-lieu of foreclosure. Use SFC 631 to identify a mortgage secured by a property with income-based resale restrictions that survive foreclosure (or the expiration of any applicable redemption period) or recordation of a deed-in-lieu of foreclosure. <p>Financed Permanent Interest Rate Buydowns</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> For the purposes of this section, the following definitions apply: <ul style="list-style-type: none"> A financed permanent buydown mortgage is a mortgage for which the borrower has permanently reduced the interest rate by financing discount points in the loan amount. Base Mortgage Amount: The mortgage amount without the financed discount points. Gross loan-to-value (LTV), total LTV (TLTV) and Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratios: The LTV, TLTV or HTLTV ratio calculated using the mortgage amount, which includes the financed discount points. Financed permanent buydown mortgages are permitted, except as follows: <ul style="list-style-type: none"> Standard Agency mortgages with an LTV, TLTV, and/or HTLTV greater than 95%, are not permitted 3/1 ARMs are not permitted Temporary subsidy buydowns are not permitted The mortgage must not be secured by property subject to income-based resale restrictions that terminate upon foreclosure (or expiration of any applicable redemption period) or recordation of a deed-in-lieu of foreclosure, where the property value must be determined in accordance with the "Appraisal Requirements for Properties with Resale Restrictions" subsection outlined in the "Properties with Resale Restrictions" subtopic. Eligible property types include 1-4 unit primary residences (including condos and PUDs), second homes, and 1-4 unit investment properties. Purchase, "no cash-out" refinance, and cash-out refinance transactions are eligible. Eligibility of financed permanent buydown mortgages is determined using the gross LTV, TLTV, and HTLTV ratios.

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			<ul style="list-style-type: none"> The maximum amount a borrower can finance for a permanent buydown is three discount points, calculated based upon the base mortgage amount. For fixed-rate mortgages, borrower qualification is based on the monthly housing expense-to-income ratio calculated using the monthly payment at the permanent bought down note rate. For ARMs, borrower qualification is based on monthly payments calculated in accordance with the guidance previously outlined in the "Qualifying Ratios" subtopic. For ARMs, the permanent buydown is in effect for the initial note rate and each note rate adjustment for the entire term of the mortgage. The lifetime ceiling will be calculated using the permanent bought down initial note rate. The permanent buydown does not affect the margin, initial cap or periodic cap. 	<ul style="list-style-type: none"> Financed permanent buydown mortgages must comply with the following requirements: <ul style="list-style-type: none"> The gross LTV, TLTV and HTLTV ratios must not exceed the LTV, TLTV, or HTLTV ratios per the transaction type. The amount of the mortgage insurance coverage must meet the coverage level requirements, using the gross LTV ratio The maximum amount a borrower can finance for a permanent buydown is three discount points, calculated based upon the base mortgage amount. For fixed-rate mortgages, borrower qualification is based on the monthly housing expense-to-income ratio calculated using the monthly payment at the permanent bought down note rate. For ARMs, borrower qualification is based on monthly payments calculated in accordance with the guidance previously outlined in the "Qualifying Ratios" subtopic. For ARMs, the permanent buydown is in effect for the initial note rate and each note rate adjustment for the entire term of the mortgage. The lifetime ceiling will be calculated using the permanent bought down initial note rate. The permanent buydown does not affect the margin, initial cap or periodic cap.