

# 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 February 8, 2019
Authorized User Accounts	Correspondent Section 2.01 Agency Loan Programs-Guideline	<ul style="list-style-type: none"> <li>Standard Agency (LPA)</li> <li>Agency Plus (LPA)</li> <li>Home Possible® Mortgage (LPA)</li> <li>Texas Section 50 (a)(6) Mortgages (LPA)</li> </ul>	<p><b>Credit Requirements / Authorized User Accounts</b></p> <p><b>Freddie Mac LP</b></p> <ul style="list-style-type: none"> <li>Follow LP guidelines which are noted below: <ul style="list-style-type: none"> <li>When the decision repository file used to create the selected borrower's credit report contains any authorized user accounts, the Loan Prospector decision is considered valid if the lender obtains and retains in the mortgage file documentation that evidences at least one of the following for each authorized user account: <ul style="list-style-type: none"> <li>another borrower on the mortgage owns the tradeline in question,</li> <li>the tradeline is owned by the borrower's spouse, or</li> <li>the borrower has been making the payments on the account for the last 12 months</li> </ul> </li> <li>If the lender is unable to document one of the above three requirements for each authorized user account, the lender may consider the Loan Prospector decision valid and underwrite the mortgage as a Loan Prospector mortgage if the lender determines that the authorized user accounts have an insignificant impact on the borrower's overall credit history and the information on the credit report is representative of the borrower's own credit reputation. The lender should base its determination on the number of the borrower's own tradelines, as well as their age, type, size and the payment history, as compared to the authorized user accounts. The lender must document its determination on Form 1077, Uniform Underwriting and Transmittal Summary, or another document in the mortgage file.</li> </ul> </li> </ul> <hr/> <p><b>Underwriting the Borrower / Freddie Mac LPA Loans</b></p> <p><b>Freddie Mac LPA</b> Follow LPA requirements, which are as follows:</p> <p><i>Note: Below is an EXCERPT only of the guidelines from the above referenced section. All other currently published guidelines in this section remain the same.</i></p> <ul style="list-style-type: none"> <li>Loan Product Advisor is an automated underwriting system that utilizes the information obtained from: <ul style="list-style-type: none"> <li>Data input by the Lender</li> <li>Credit repositories</li> </ul> <p><b>Note:</b> Trended credit data is expanded credit information reflecting historical tradeline data such as balances, scheduled payments and actual payments reported for each month over an extended period of time. At this time, Freddie Mac is not incorporating trended credit data into Loan Product Advisor requirements and therefore, trended credit data will not be considered by Freddie Mac for LPA loan transactions.</p> </li> <li>Freddie Mac's Home Value Explorer (HVE)</li> <li>Loan Product Advisor uses statistical models and judgmental rules to analyze the data received and then returns a Feedback Certificate. Loan Product Advisor will return credit information and for certain mortgages will provide HVE support for the mortgaged premises.</li> </ul>	<p><b>Credit Requirements / Authorized User Accounts</b></p> <p><b>Freddie Mac LPA</b></p> <ul style="list-style-type: none"> <li>Follow <u>LPA requirements</u>, which are <u>as follows</u>: <ul style="list-style-type: none"> <li>When the decision repository file used to create the selected borrower's credit report contains <u>tradelines for accounts for which the borrower is not the primary account holder but is listed as an authorized user, Loan Product Advisor will return a feedback message indicating when the following requirements must be met</u>: <ul style="list-style-type: none"> <li><u>The mortgage file must contain documentation evidencing that for each authorized user account</u>: <ul style="list-style-type: none"> <li>another borrower on the mortgage owns the tradeline in question, <u>or</u></li> <li>the tradeline is owned by the borrower's spouse, or</li> <li>the borrower has been making the payments on the account for the last 12 months</li> </ul> </li> <li><u>OR,</u></li> <li>If the lender is unable to document one of the <u>above requirements</u> for each authorized user account, the lender <u>may make the determination that</u> the authorized user accounts have an insignificant impact on the borrower's overall credit history and the information on the credit report is representative of the borrower's own credit reputation. The lender should base its determination on the number of the borrower's own tradelines, as well as their age, type, size and the payment history, as compared to the authorized user accounts. The lender must document its <u>determination in</u> the mortgage file.</li> <li>If the lender is unable to document any of the above four requirements when the feedback message is returned, <u>the lender must consider the Loan Product Advisor decision invalid and follow non-AUS guidelines.</u></li> </ul> </li> </ul> </li> </ul> <hr/> <p><b>Underwriting the Borrower / Freddie Mac LPA Loans</b></p> <p><b>Freddie Mac LPA</b> Follow LPA requirements, which are as follows:</p> <p><i>Note: Below is an EXCERPT only of the guidelines from the above referenced section. All other currently published guidelines in this section remain the same.</i></p> <ul style="list-style-type: none"> <li>Loan Product Advisor is an automated underwriting system that utilizes the information obtained from: <ul style="list-style-type: none"> <li>Data input by the Lender</li> <li>Credit repositories</li> </ul> <p><b>Note:</b> Trended credit data is expanded credit information reflecting historical tradeline data such as balances, scheduled payments and actual payments reported for each month over an extended period of time. At this time, Freddie Mac is not incorporating trended credit data into Loan Product Advisor requirements and therefore, trended credit data will not be considered by Freddie Mac for LPA loan transactions.</p> </li> <li>Freddie Mac's Home Value Explorer (HVE)</li> <li>Loan Product Advisor uses statistical models and judgmental rules to analyze the data received and then returns a Feedback Certificate. Loan Product Advisor will return credit information and for certain mortgages will provide HVE support for the mortgaged premises.</li> </ul>

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			<ul style="list-style-type: none"> <li>Because this is an automated system, it relies heavily on information from other sources. Consequently, accurate data and accurate data entry are critical. Loan Product Advisor assumes that the last information submitted to Loan Product Advisor is the same as the information for the mortgage that is delivered to Freddie Mac. If the information changes or an error is identified in the prior submission, the mortgage must be resubmitted to Loan Product Advisor with new data. Each new Feedback Certificate invalidates the prior Feedback Certificate.</li> <li>In order for a mortgage to qualify as a Loan Product Advisor mortgage, the mortgage must meet all of the following criteria: <ul style="list-style-type: none"> <li>Be submitted to Loan Product Advisor no more than 120 days before and no later than the Note Date,</li> <li>Have all credit reports (including the Loan Product Advisor credit reports) dated no more than 120 days before and no later than on the Note Date</li> <li>Receive an automated underwriting service (AUS) status of "complete" on the Feedback Certificate based on the last submission to Loan Product Advisor on or before the Note Date,</li> <li>Have a Settlement Date that is not more than 12 months after the Note Date,</li> <li>The Last Feedback Certificate matches the terms of the transaction delivered to Freddie Mac and a copy must be retained in the mortgage file.</li> <li>Information entered into Loan Product Advisor was true, complete and accurate</li> <li>The property address returned on the Last Feedback Certificate is the address of the mortgaged premises</li> <li>The Mortgage was not originated based on fraudulent and/or misrepresented information and/or documentation</li> </ul> </li> <li><b>Significant inaccurate information</b> <ul style="list-style-type: none"> <li>If the lender determines the decision repository file used to create the Selected Borrower's credit report contains significant inaccurate credit information, the lender must consider the Loan Prospector decision invalid and follow Non-AUS guidelines.</li> <li>Significant inaccuracies include: <ul style="list-style-type: none"> <li>Public records information on a bankruptcy, foreclosure, judgment or collection that does not belong to the Borrower</li> <li>Delinquencies that are reported in error</li> <li>One or more Tradelines that do not belong to the Borrower</li> <li>Tradelines for accounts for which the Borrower is not the primary account holder, but is listed as an authorized user.</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Because this is an automated system, it relies heavily on information from other sources. Consequently, accurate data and accurate data entry are critical. Loan Product Advisor assumes that the last information submitted to Loan Product Advisor is the same as the information for the mortgage that is delivered to Freddie Mac. If the information changes or an error is identified in the prior submission, the mortgage must be resubmitted to Loan Product Advisor with new data. Each new Feedback Certificate invalidates the prior Feedback Certificate.</li> <li>In order for a mortgage to qualify as a Loan Product Advisor mortgage, the mortgage must meet all of the following criteria: <ul style="list-style-type: none"> <li>Be submitted to Loan Product Advisor no more than 120 days before and no later than the note date,</li> <li>Have all credit reports (including the Loan Product Advisor credit reports) dated no more than 120 days before and no later than on the note date</li> <li>Receive an automated underwriting service (AUS) status of "complete" on the Feedback Certificate based on the last submission to Loan Product Advisor on or before the note date,</li> <li>Have a settlement date that is not more than 12 months after the note date,</li> <li>The Last Feedback Certificate matches the terms of the transaction delivered to Freddie Mac and a copy must be retained in the mortgage file.</li> <li><b>A completed Uniform Underwriting and Transmittal Summary (Form 1077), or equivalent form (e.g., a Feedback Certificate), must be included in the mortgage file.</b></li> <li>Information entered into Loan Product Advisor was true, complete and accurate</li> <li>The property address returned on the Last Feedback Certificate is the address of the mortgaged premises</li> <li>The mortgage was not originated based on fraudulent and/or misrepresented information and/or documentation</li> </ul> </li> <li><b>Significant inaccurate information</b> <ul style="list-style-type: none"> <li>If the lender determines the decision repository file used to create the Selected Borrower's credit report contains significant inaccurate credit information, the lender must consider the Loan Prospector decision invalid and follow Non-AUS guidelines.</li> <li>Significant inaccuracies include: <ul style="list-style-type: none"> <li>Public records information on a bankruptcy, foreclosure, judgment or collection that does not belong to the borrower</li> <li>Delinquencies that are reported in error</li> <li>One or more tradelines that do not belong to the borrower</li> </ul> </li> </ul> </li> </ul>
Primary Residence – Mortgage Premises Occupied by Borrower’s Parent or Disabled Child	Correspondent Section 2.01 Agency Loan Programs- Guideline	<ul style="list-style-type: none"> <li>Standard Agency (DU &amp; LPA)</li> <li>Agency Plus (DU &amp; LPA)</li> <li>HomeReady® Mortgage (DU)</li> <li>Home Possible® Mortgage (LPA)</li> </ul>	<p><b>Occupancy/Property Types / Primary Residences</b></p> <p><b>Fannie Mae DU</b></p> <ul style="list-style-type: none"> <li>Follow DU requirements, which are the same as non-AUS guidelines, except as follows. <ul style="list-style-type: none"> <li><b>Special Feature Code Requirements:</b> Use SFC H32 to identify the loan as a primary residence for a disabled child or elderly parent(s).</li> </ul> </li> </ul> <p><b>Freddie Mac LPA</b></p> <ul style="list-style-type: none"> <li>Follow LPA requirements, which are as follows: <ul style="list-style-type: none"> <li>Mortgaged premises purchased or refinanced by a borrower for an individual as described below will be considered to be a primary residence for all purposes, subject to the following provisions: <ul style="list-style-type: none"> <li>The mortgage must comply with the provisions of one of the following: <ul style="list-style-type: none"> <li>the borrower is the parent(s), conservator or guardian of an individual with a physical</li> </ul> </li> </ul> </li> </ul> </li> </ul>	<p><b>Occupancy/Property Types / Primary Residences</b></p> <p><b>Fannie Mae DU</b></p> <p><b>Follow</b> DU requirements, which are the same as non-AUS guidelines.</p> <p><b>Freddie Mac LPA</b></p> <p><b>Follow</b> LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> <li>A mortgage will not qualify to be an owner-occupied property mortgage unless the borrower is an individual or individuals, and at least one of the borrowers will occupy all or part of the mortgaged premises as a primary residence, except as follows: <ul style="list-style-type: none"> <li>A borrower may be considered an occupying borrower, if the mortgaged premises is occupied as a primary residence by an individual(s) who: <ul style="list-style-type: none"> <li>Is the borrower’s parent(s), or</li> </ul> </li> </ul> </li> </ul>

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			<p>handicap or developmental disability or a person acting as attorney-in-fact pursuant to a power granted by the Individual and purchases or refinances the mortgaged premises as the primary residence for such individual. The individual may be unable to work or may have income that is not sufficient for him/her to qualify for a mortgage on his/her own.</p> <ul style="list-style-type: none"> <li>For purchase money transactions, the individual need not be an applicant for the mortgage loan and need not sign the note.</li> <li>For refinance transactions, at least one of the borrower(s) on the mortgage being refinanced, or a person legally authorized to act and sign on that borrower's behalf, must also be a borrower on the new refinance transaction secured by the subject property.</li> <li>Or, the borrower is the adult child (or children), conservator, or guardian of elderly individual(s) or person acting as attorney-in-fact pursuant to a power of attorney granted by the elderly individual(s) and purchases or refinances the mortgaged premises as the primary residence for such elderly individual(s). The elderly individual(s) may be unable to work or may have income that is not sufficient for him/her to qualify for a mortgage on his/her own. <ul style="list-style-type: none"> <li>For purchase money transactions, the elderly individual(s) need not be an applicant for the mortgage loan and need not sign the note.</li> <li>For refinance transactions, at least one of the borrower(s) on the mortgage being refinanced, or a person legally authorized to act and sign on that borrower's behalf, must also be a borrower on the new refinance transaction secured by the subject property.</li> </ul> </li> <li>the mortgage must be secured by a 1-unit property,</li> <li>the mortgage must be included in the calculation of the number of financed properties that are owned by borrower,</li> <li>the borrower must not own more than one property that is considered a primary residence pursuant to the provisions of this section, and</li> <li><b>Special Feature Code Requirements:</b> Use SFC H32 to indicate primary residence purchased for child or parent.</li> </ul> <p>Regardless of whether rental income is used in qualifying the borrower, the ULDD Data Point <i>Property Dwelling Unit Eligible Rent Amount</i> for each non-owner occupied unit in a 2- to 4-unit primary residence must be delivered.</p> <ul style="list-style-type: none"> <li>Enter the gross monthly rental income for each non-owner-occupied unit as indicated on the signed lease(s) for the mortgaged premises. If there is no active lease for a unit, or the borrower rents the unit to a family member, enter the gross monthly rental income as estimated on the applicable appraisal report or addenda.</li> </ul>	<ul style="list-style-type: none"> <li>Has a physical or developmental disability and the borrower is the individual(s)'s parent or legal guardian</li> <li>Regardless of whether rental income is used in qualifying the borrower, the ULDD Data Point <i>Property Dwelling Unit Eligible Rent Amount</i> for each non-owner occupied unit in a 2- to 4-unit primary residence must be delivered. <ul style="list-style-type: none"> <li>Enter the gross monthly rental income for each non-owner-occupied unit as indicated on the signed lease(s) for the mortgaged premises. If there is no active lease for a unit, or the borrower rents the unit to a family member, enter the gross monthly rental income as estimated on the applicable appraisal report or addenda.</li> </ul> </li> </ul>
Property Condition	Correspondent Section 1.07 Appraisal Guidelines	<ul style="list-style-type: none"> <li>Standard Agency (LPA)</li> <li>Agency Plus (LPA)</li> <li>Home Possible® Mortgage (LPA)</li> <li>Texas Section 50 (a)(6) Mortgages (LPA)</li> </ul>	<p><b>Appraisal Analysis: Agency Loan Programs / Property Condition and Quality of Construction of the Improvements</b></p> <p><b>Freddie Mac LPA</b> Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> <li>The appraiser is responsible for reporting the condition and quality that best describes the overall condition and quality of the subject property and each comparable property. For appraisal reports that are required to be completed using the Uniform Appraisal Dataset (UAD), the appraiser must utilize the condition and quality ratings and the level of updating definitions identified <a href="#">here</a>.</li> <li>The condition and quality ratings must be based on a holistic view of the property and any improvements. When selecting the condition and quality ratings, an appraiser must: <ul style="list-style-type: none"> <li>Consider all improvements to determine an overall condition and quality rating. The appraiser should then select the rating that best reflects the property in its entirety.</li> </ul> </li> </ul>	<p><b>Appraisal Analysis: Agency Loan Programs / Property Condition and Quality of Construction of the Improvements</b></p> <p><b>Freddie Mac LPA</b> Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> <li>The appraiser is responsible for reporting the condition and quality that best describes the overall condition and quality of the subject <b>property. For</b> appraisal reports that are required to be completed using the Uniform Appraisal Dataset (UAD), the appraiser must utilize the condition and quality ratings and the level of updating definitions identified <a href="#">here</a>. <b>For appraisal reports not required to be completed using the UAD, the UAD specifications may be utilized to the extent that they are applicable to the particular appraisal report form.</b></li> <li>The condition and quality ratings must be based on a holistic view of the property and any improvements. When selecting the condition and quality ratings, an appraiser must:</li> </ul>

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			<ul style="list-style-type: none"> <li>Describe the subject property as of the effective date of the appraisal on an absolute basis, meaning the property must be rated on its own merits. The rating should not be selected on a relative basis, meaning it is not selected on how the property relates or compares to other properties in the neighborhood. The condition and quality ratings for comparable properties must also be made on an absolute basis and reflect the property as of the date of sale of that comparable property.</li> <li>The appraisal report must contain additional commentary, descriptions and explanations as required to enable the intended users of the appraisal to understand the property condition and quality.</li> <li>For appraisal reports not required to be completed using the UAD, the UAD specifications may be utilized to the extent that they are applicable to the particular appraisal report form.</li> <li>Freddie Mac does not provide minimum specifications for materials and construction. However, a <b>mortgaged premises with an overall quality rating of Q6 is not acceptable collateral to secure a mortgage sold to Freddie Mac, unless</b> all issues that caused the property to be rated Q6 are cured prior to delivery of the mortgage to Freddie Mac. In such cases, the appraisal must be completed subject to the hypothetical condition that the repairs or alterations have been completed and the appraiser must report the quality rating for the property based on the as completed condition. Items that may be required to be cured include modifying the property to make it habitable as a year-round residence; upgrading the electrical, plumbing, and other mechanical systems and equipment to meet community standards; correcting any substandard or non-conforming additions to the original structure; and curing any other quality related items needed to make the mortgaged premises acceptable to typical purchasers in the market in which the property is located.</li> <li>A mortgaged premises with an overall condition rating of C5 or C6 is not acceptable collateral to secure a mortgage sold to Freddie Mac, unless all issues that caused the property to be rated C5 or C6 are cured prior to delivery of the mortgage to Freddie Mac. In such cases, the appraisal must be completed subject to the hypothetical condition that the repairs or alterations have been completed and the appraiser must report the condition rating for the property based on the as completed condition.</li> <li>If a property has deficiencies or defects that are severe enough to affect the safety, soundness or structural integrity of the improvements, then the property's condition must be rated C6. Deficiencies that affect the safety, soundness, structural integrity, mechanical systems or habitability of the improvements must be repaired.</li> <li>Cosmetic repairs, those that do not affect the safety, soundness, structural integrity, mechanical systems or habitability need not be made as long as:             <ul style="list-style-type: none"> <li>The appraiser has made any necessary adjustments to the comparables</li> <li>The appraisal is not made subject to repairs, and</li> <li>The appraiser has addressed whether the condition affects the value or marketability of the property</li> <li>Examples of cosmetic repairs include: worn floor coverings, minor cracks in windows, minor holes in interior walls or interior doors, etc.</li> </ul> </li> <li><b>Detrimental Conditions</b> <ul style="list-style-type: none"> <li>The appraiser must note the presence of detrimental conditions, such as expansive soils, underground mines or subsidence in the immediate area of the subject property. In addition, the appraiser must note any evidence of dampness, infestation or abnormal settlement observed in the subject property and call for correction of the observed condition or professional inspections to determine the seriousness of the condition. The appraiser must also consider the effect of such conditions in estimating the subject property's market value and/or any effect on marketability.</li> <li>For any appraisal that is made subject to inspections or conditions due to detrimental conditions, the lender must include in the mortgage file evidence of corrective action as called for by the inspector or appraiser. The evidence of the corrective action must meet Freddie Mac requirements.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Consider all improvements to determine an overall condition and quality rating. The appraiser should then select the rating that best reflects the <b>holistic view of the property</b>. However, an exception exists for the Q6 quality rating and the C6 condition rating as identified below:             <ul style="list-style-type: none"> <li>The Q6 quality rating is an exception because it indicates that the property is impacted by one or more deficiencies that negatively affect the safety, soundness or structural integrity of the property. If any portion of the improvements has a quality of construction consistent with a Q6 quality rating the property must be identified with a Q6 quality rating.</li> <li>The C6 condition rating is also an exception because it indicates that the property is impacted by one or more deficiencies that negatively affect the safety, soundness or structural integrity of the property. If any portion of the improvements has a condition consistent with a C6 condition rating, the property must be identified with a C6 condition rating.</li> </ul> </li> <li>Describe the subject property as of the effective date of the appraisal on an absolute basis, meaning the property must be rated on its own merits. <b>It should be noted that the</b> rating should not be selected on a relative basis, meaning it is not selected on how the property relates or compares to other properties in the neighborhood. The condition and quality ratings for comparable properties must also be made on an absolute basis and reflect the property as of the date of sale of <b>the</b> comparable property.</li> <li><b>As necessary, provide</b> additional commentary, descriptions and <b>explanations to</b> enable the intended users of the appraisal to understand the property condition and quality.</li> <li><b>Properties with a Q6 quality rating</b> <ul style="list-style-type: none"> <li><b>A mortgaged premises with an overall quality rating of Q6 is not acceptable collateral to secure a mortgage sold to Freddie Mac unless</b> all issues that caused the property to be rated <b>with a Q6 quality rating</b> are cured prior to delivery of the mortgage. In such cases, the appraisal must be completed <b>"subject to"</b> and the reported quality rating must reflect the hypothetical condition that the repairs or alterations have been completed. See "Appraisal Age, Appraisal Update and/or Completion Report, and Appraisal Use Requirements" in the "Appraisal Requirements" topic outlined in <a href="#">Section 2.01: Agency Loan Programs</a> of the <i>Correspondent Seller Guide</i> for additional information related to appraisals completed "subject to" completion, repairs or alterations, or an inspection. Examples of conditions indicating the property has a Q6 quality rating and as a result has conditions that must be cured include, but are not limited to:                 <ul style="list-style-type: none"> <li>Quality such that the property is not habitable as a year-round residence</li> <li>Minimal or non-existent electrical, plumbing, and/or other mechanical systems</li> <li>Substandard additions to the original structure, or</li> <li>Any other quality related items needed to make the mortgaged premises acceptable to typical purchasers in the market in which the property is located</li> </ul> </li> </ul> </li> <li><b>Properties with a C5 or C6 condition rating</b> <ul style="list-style-type: none"> <li><b>A mortgaged premises with an overall condition rating of C5 or C6 is not acceptable collateral to secure a mortgage sold to Freddie Mac unless</b> all issues that caused the property to be rated <b>with a C5 or C6 condition rating</b> are cured prior to delivery of the mortgage. In such cases, the appraisal must be completed <b>"subject to"</b> and the reported condition rating must reflect the hypothetical condition that the repairs or alterations have been completed. See "Appraisal Age, Appraisal Update and/or Completion Report, and Appraisal Use Requirements" in the "Appraisal Requirements" topic outlined in <a href="#">Section 2.01: Agency Loan Programs</a> of the <i>Correspondent Seller Guide</i> for additional information related to appraisals completed "subject to" completion, repairs or alterations, or an inspection. Examples of deficiencies identified by the appraiser that indicate the property is in C5 or C6 condition include, but are not limited to:                 <ul style="list-style-type: none"> <li>Active roof leaks</li> <li>Water seepage or significant plumbing leaks</li> <li>Uncapped wiring</li> </ul> </li> </ul> </li> </ul>

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				<ul style="list-style-type: none"> <li>• Curled, cupped, or missing roof shingles</li> <li>• Damaged or failing foundations</li> <li>• A mechanical system where it is apparent it has exceeded its expected life or mechanical systems that are non-functional, or</li> <li>• A sanitary system with evidence of failure</li> <li>• <b>Appraisals completed "subject to" an inspection</b> <ul style="list-style-type: none"> <li>• If an appraiser observes conditions that require further investigation, the appraiser must make the appraisal "subject to" an inspection by an appropriately licensed professional or another person trained in the particular field of concern. Examples of conditions that may require an inspection include, but are not limited to, observations of severe cracks in foundations or walls, active infestation, significant water damage and/or wet basements or crawl spaces, or a potentially contaminated water source. See "Appraisal Age, Appraisal Update and/or Completion Report, and Appraisal Use Requirements" in the "Appraisal Requirements" topic outlined in <a href="#">Section 2.01: Agency Loan Programs</a> of the <i>Correspondent Seller Guide</i> for additional information related to appraisals completed "subject to" completion, repairs or alterations, or an inspection.</li> </ul> </li> <li>• <b>Existing properties with minor needed repairs or deficiencies or deferred maintenance</b> <ul style="list-style-type: none"> <li>• Freddie Mac allows an appraisal to be completed "as is" for an existing property when there are minor needed repairs or deficiencies, or deferred maintenance. The appraiser must make appropriate adjustments for these conditions in the appraisal report, when necessary.</li> <li>• Examples of acceptable minor needed repairs or deficiencies, or deferred maintenance items include, but are not limited to:                             <ul style="list-style-type: none"> <li>• Worn floor finishes or coverings</li> <li>• Minor cracks in windows</li> <li>• Minor damage to interior walls</li> <li>• Damaged or missing interior doors</li> <li>• Damaged or missing window screens or cabinetry doors</li> <li>• Missing handrails</li> <li>• Damaged or deteriorating countertops</li> <li>• Missing hardware such as handles</li> <li>• Missing light fixtures, electrical switches or faceplates</li> <li>• Damaged or missing trim</li> <li>• Minor plumbing leaks that do not cause damage (such as dripping faucets), or</li> <li>• Deteriorated sidewalks</li> </ul> </li> </ul> </li> <li>• <b>Detrimental Conditions</b> <ul style="list-style-type: none"> <li>• The appraiser must note the presence of detrimental conditions, such as expansive soils, underground mines or subsidence in the immediate area of the subject property. In addition, the appraiser must note any evidence of dampness, infestation or abnormal settlement observed in the subject property and call for correction of the observed condition or professional inspections to determine the seriousness of the condition. The appraiser must also consider the effect of such conditions in estimating the subject property's market value and/or any effect on marketability.</li> <li>• For any appraisal that is made subject to inspections or conditions due to detrimental conditions, the lender must include in the mortgage file evidence of corrective action as called for by the inspector or appraiser. The evidence of the corrective action must meet Freddie Mac requirements.</li> </ul> </li> </ul>
Self-Employment Income	Correspondent Section 2.01 Agency Loan Programs-	<ul style="list-style-type: none"> <li>• Standard Agency (LPA)</li> <li>• Agency Plus (LPA)</li> </ul>	<p><b>Income / Self-Employment Income</b></p> <p><b>Freddie Mac LPA</b> Follow LPA requirements, which are as follows:</p>	<p><b>Income / Self-Employment Income</b></p> <p><b>Freddie Mac LPA</b> Follow LPA requirements, which are as follows:</p>

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	Guideline	<ul style="list-style-type: none"> <li>Home Possible® Mortgage (LPA)</li> <li>Texas Section 50 (a)(6) Mortgages (LPA)</li> </ul>	<p><i>Note: Below is an EXCERPT only of the guidelines from the above referenced section. All other currently published guidelines in this section remain the same.</i></p> <ul style="list-style-type: none"> <li><b>Self-Employment Income Not Used for Qualification</b> <ul style="list-style-type: none"> <li>The following chart contains requirements and guidance pertaining to self-employment income not used for qualification:</li> </ul> </li> </ul> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th colspan="2" style="background-color: #0056b3; color: white;">Self-employment income not used for qualification</th> </tr> <tr> <th style="background-color: #0056b3; color: white;">Subject</th> <th style="background-color: #0056b3; color: white;">Requirements and Guidance</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"> <b>Self-employment disclosed on Form 65, Uniform Residential Loan Application (or other documentation) but not used to qualify</b> </td> <td> <ul style="list-style-type: none"> <li>If the borrower is self-employed and the self-employment is not considered for qualification purposes, 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. 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