

# FANNIEMAE or FREDDIEMAC?

## A Side-by-Side Comparison



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ELIGIBILITY MATRIX (LTV/CLTV/HCLTV)	Units	Purchase or Rate/Term		Cash-Out		FREDDIE OWNED	IMPAC Overlay
		FNMA	FHLMC	FNMA	FHLMC	R/T Refinance	
<b>OCCUPANCY</b>	1	97	95	80	80		
<b>PRIMARY</b>	2	85	80	75	75	95	1
	3 - 4	75	80	75	75		
<b>SECOND HOME</b>	1	90	85	75	75	95	1
<b>INVESTMENT</b>	1	Purch = 85 R/T = 75	Purch = 85 R/T = 85	75 75	75 75		
	2 - 4	75	75	70	70		

(4203.4)

### FANNIEMAE

### FREDDIEMAC

<b>APPRAISAL</b>	PIW Allowed (SEL 2016-08)	No PIW	
<b>PROPERTY CONDITION RATING</b>	C6 eligible only if items that impact the safety, soundness, or structural integrity of the property are repaired prior to the delivery of the loan (B4-1.3-06)	Property Condition Rating of C5 or C6 is not acceptable (5601.12)	2
<b>PROPERTY QUALITY RATING</b>	Q6 eligible only if items that impact the safety, soundness, or structural integrity of the property are repaired prior to the delivery of the loan (B4-1.3-06)	Property Quality Rating of Q6 is not acceptable (5601.12)	
<b>AUTO ALLOWANCE</b>	2 years history. Difference between allowance and actual may be used as either income or liability (B3-3.1-09)	2 years history, 3 years continuance. Add full amount of allowance to income (5303.4)	
<b>AGE OF DOCUMENTATION</b>	Credit documents may be no more than 4 months old on the Note Date. (B1-1-03)	Verifications of employment, income, current receipt of income, source of funds and payment history must be dated no more than 120 days before Note Date. (5102.4)	
<b>CONDOMINIUM</b>	FNMA CPM or Limited Review	Allows FNMA CPM on existing. Streamlined Review.	
<b>ALIMONY, CHILD SUPPORT</b>	Copy of divorce decree or separation agreement if divorce not final (B3-3.1-09)	Copy of signed court order required. (5305.2)	
<b>CREDIT SCORE</b>	FNMA minimum DU credit score is 620	LPA Accept mortgages do not require a credit score (5203.2)	3

#### Impac Overlays

1. Freddie to Freddie R/T refinance flexibility is not available
2. Property Condition C5 and C6 are not eligible for Fannie or Freddie programs
3. Minimum 620 credit score is required

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<b>COMMISSION INCOME</b>	12 - 24 months may be acceptable (B3-3.1-04)	2 year history required (5303.4)
<b>DISPUTED ACCOUNT</b>	Address if on findings (B3-5.3-09)	Inaccurate information requires manual underwriting
<b>MULTIPLE FINANCED PROPERTIES</b>	When subject is second home or investment property borrower may have 10 total financed properties including subject (B2-2-03)  7-10 financed properties requires 720 score	When subject is second home or investment property borrower may have 6 total financed properties including subject  N/A
<b>DOCUMENTATION LEVEL</b>	DU indicates minimum documentation levels (B3-2-04)	LPA offers Streamlined Accept or Standard Documentation for employment, income and asset verification (5101.4)
<b>LIVING TRUST / INTER-VIVOS TRUST</b>	FNMA Specific Guidelines and documents (B2-2-05 and B8-5-02)	FHLMC Specific Guidelines and documents (5103.5 and Exhibit 9)
<b>RENTAL INCOME FROM SCHEDULE E</b>	Calculated as follows: Net income + depreciation, mortgage interest, real estate taxes, hazard insurance, divided by 12, - mortgage payments = net income/loss (Form 1037, Form 1038)	Calculated as follows: Net income + depreciation, divided by 12 = net income/loss (5306.1)
<b>RENTAL INCOME FROM BOARDERS</b>	Allowed for borrower with disabilities from live-in personal assistant, up to 30% of qualifying income (B3-3.1-09)	Not Eligible
<b>ASSETS AS BASIS FOR MORTGAGE QUALIFICATION / ASSET DEPLETION</b>	Employment-Related Assets as Qualifying Income; Factor 10% penalty if required, then use 70%, divide by the term of the mortgage in months (B3-3.1-09)	Assets as a basis for Mortgage Qualification; Funds may not be subject to penalty, use 70%, divide by 360 months, regardless of mortgage term (5307.1)
<b>DTI RATIOS</b>	DU applies a maximum allowable DTI of 45%, with flexibilities offered up to 50% for certain loan casefiles with strong compensating factors. (B3-6-02)	LPA Accept means DTI is acceptable (5401.1)
<b>RESERVES</b>	DU determines reserves	Primary Residence 2-4 Unit = 6 months Second Home = 2 months Investment = 6 months

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<b>ADDITIONAL RESERVES</b>	DU calculates reserves for additional properties: 2% UPB for 1-4 financed; 4% UPB 5-6 financed; 6% UPB for 7-10 financed. UPB does not include subject or borrower's principal residence (B4-3.1-01)	2 months for each additional second home and/or 1-4 unit investment property that is financed (5501.2)  Additional reserves must be verified in addition to those on LPA feedback (5501.2)
<b>CONDO RECIPROCAL REVIEW</b>	No FHLMC reciprocal review (B4-2.1-01)	FHLMC accepts FNMA PERS and CPM reviews (5701.9)
<b>ELDERLY PARENTS / DISABLED CHILDREN</b>	May treat subject property as Primary Residence when parents purchase for disabled children or children purchase for elderly parents (B2-1-01)	Must treat as investment property if occupant is not on the loan, otherwise use non-occupant co-borrower rules. (5103.1)
<b>INVESTMENT PROPERTY PRODUCT LIMITATION</b>	None	If borrower owns more than 1 financed investment property, product must be fixed rate or 7/1 or 10/1 ARM (4203.4)
<b>SECONDARY / SUBORDINATE FINANCING</b>	Maturity date < 5 years not acceptable (B2-4.1-04)	A HELOC subordinate lien may be due < 5 years (4204.1)
<b>TERMINOLOGY</b>	Desktop Underwriter (DU) DU Refi Plus High Balance	Loan Product Advisor (LPA) LP Open Access Super Conforming
<b>STUDENT LOAN</b>	Lender must use one of the following:  1% of the outstanding balance; The actual payment that will fully amortize the loan(s) as documented in the credit report, by the student loan lender, or in documentation supplied by the borrower; A calculated payment that will fully amortize the loan(s) based on the documented loan repayment terms; If repayment terms are unknown, a calculated payment that will fully amortize the loan(s) based on the current prevailing student loan interest rate (see B3-6-05)	If no monthly payment is reported on a student loan that is deferred or is in forbearance, and there is no documentation indicating the proposed monthly payment amount, 1% of the outstanding balance will be considered to be the monthly amount for qualifying purposes. (5401.2)