



Key Features:

- 1-unit primary residences
- 15-, 20-, 30- and 40-year* fixed-rate mortgages, most standard ARMs and 5- and 7-year balloon/resets
- Purchase only
- Max. 75% LTV/TLTV/HTLTV
- Minimum down payment of the greater of \$25,000 or 25%

Looking for More Opportunities to Streamline Approvals for Your Borrowers?

Visit FreddieMac.com for more information on:

- Streamlined Purchase for Homeowners Mortgages
- Streamlined Refinance Mortgages

**40-year fixed-rate mortgages are eligible for assessment in Loan Prospector, and commitment and delivery through the selling system, beginning September 1, 2006.*

Alternative Stated Income Mortgage

More Choices and No Income Verification Requirements for Your Self-Employed Borrowers

Increase your market potential and approve more mortgages for self-employed borrowers with fewer income documentation requirements. Our Alternative Stated Income Mortgage is designed specifically for your self-employed borrowers with excellent credit quality and large down payments.

With this option, you can offer self-employed borrowers time savings, convenience and financial privacy by eliminating substantial amounts of income documentation. Your borrower only needs to provide a signed IRS Form 4506 or 8821, verifying only income history and source, not amount. By eliminating the need for the large amount of income documentation and complexities inherent in self-employment, you'll be able to offer quicker turnaround times for loan approval and loan closing. Plus, you'll foster a more positive customer relationship by shifting the emphasis from documentation to your borrower's strong credit and capacity.

Use Loan Prospector® to assess an Alternative Stated Income Mortgage to further streamline your process at the point of sale.

Lender Benefits

The Alternative Stated Income Mortgage helps you:

- Strengthen your offerings by providing a more flexible, streamlined and lower-cost mortgage to your self-employed borrowers through a combination of reduced documentation and competitive pricing.
- Manage your pipeline more effectively and more efficiently with a cash or securities sale.
- Cross-sell other services you offer that appeal to customers with high credit quality and large amounts of cash.

Borrower Benefits

The Alternative Stated Income Mortgage helps your self-employed borrowers:

- Purchase their homes faster and with fewer documentation requirements than traditionally possible.
- Maintain more financial privacy and confidentiality.
- Maximize financing flexibilities when Alternative Stated Income is coupled with ARM or balloon/reset mortgage advantages.

See reverse for underwriting, execution and other details.

Eligible Property Types

- 1-unit primary residence

Eligible Mortgages

- Purchase transaction only
- 15-, 20-, 30- and, 40-year fixed-rate mortgages
- 5- and 7-year balloon/reset mortgages
- Most standard ARMs
- Most product types are eligible, except:
 - ⇒ Home Possiblesm Mortgages
 - ⇒ Initial Interestsm Mortgages
 - ⇒ Freddie Mac 100 Mortgage
 - ⇒ Alt 97[®] Mortgage
 - ⇒ Affordable Gold[®] Mortgages
 - ⇒ Section 502 GRH Mortgage
 - ⇒ Section 184 Native American Mortgages
 - ⇒ A-minus Mortgages
 - ⇒ Seasoned Mortgages
- Max. 75% LTV/TLTV/HTLTV

Borrower Eligibility Requirements

- Loan Prospector Accept with a minimum Indicator Score equal to or greater than 720.
- Non-Loan Prospector Mortgages with a minimum Indicator Score equal to or greater than 720.
- Maximum 41% debt-to-income ratio.
- Verification of reserves equal to at least six monthly PITI payments required.
- Two-year credit history required, with at least three open trade lines that have been active for two years or more.
- Borrower must be self-employed in the same business for at least two years.
- No 30-day late payments in the last 12 months.
- No bankruptcy, foreclosure or deed-in-lieu of foreclosure within the last seven years.

Down Payment, Closing Costs, Financing Costs & Prepaids/Escrows

- The greater of \$25,000 or 25% down payment required from borrower funds.
- Down payment amount may come from cash or other equity. Gifts, grants and sweat equity are not permitted.

Special Underwriting Requirements

- Although each borrower is not required to have a minimum mortgage payment history, the Seller must verify both the current and prior mortgage payment histories for the last 12 months.
- If credit reports do not contain a reference covering at least the most recent 12 months for the borrower's mortgage, the Seller must directly verify and document in the mortgage file the borrower's mortgage payment history in accordance with *Single-Family Seller/Service Guide* (Guide) Section 37.11. The Seller must warrant that during the prior 12-month period, each borrower was never 30 days or more delinquent on any mortgage or combination of mortgages.
- The Seller is not required to obtain Federal business tax returns, balance sheet or YTD profit and loss for the borrower's business.
- The mortgage file must contain:
 - ⇒ Evidence confirming the current existence of the business, which may be the business license; a signed statement from the borrower's accountant; verbal verification with a local or state business regulatory or registration office or trade organization.
 - ⇒ Evidence confirming a two-year history of self-employment in the same business, such as Articles of Incorporation; a signed statement from the borrower's accountant; verbal verification with a local or state business regulatory or registration office or trade organization; the first business license issued; or two years of the borrower's federal income tax returns or applicable schedules.
 - ⇒ Signed IRS Forms 4506 or 8821 required.

- See Sections 37.22(a) and 37.23(a) of the Guide for special eligibility requirements for Alternative Stated Income Mortgages

Collateral Assessment

The Seller must obtain an appraisal report with an interior and exterior inspection that meets the requirements of Chapter 44.

Eligible Executions

- Servicing-retained Cash
- WAC ARM Cash
- Fixed-rate Guarantor
- WAC ARM Guarantor
- MultiLender Swap
- 40-year fixed-rate mortgages may be sold under Fixed-rate Guarantor and cash executions through the selling system only, beginning September 1, 2006.

Delivery Requirements

- Offering Code: 510

Delivery Fees

An Alternative Stated Income Mortgage postsettlement delivery fee applies, in addition to any other fees based on the individual characteristics of the mortgage. See Guide Exhibit 19 for details. Visit Guide Exhibit 19 online at www.FreddieMac.com/singlefamily/pdf/ex19.pdf.

Learn more about Freddie Mac Alternative Stated Income Mortgages:

- Call (800) FREDDIE
- Visit FreddieMac.com
- Refer to Guide Section 17.32 and 37.22 for details

The information in this document is not a replacement or substitute for information found in the *Single-Family Seller/Service Guide* and/or the terms of your Master Agreement and/or Master Commitment.