





This reference provides a summary of requirements for Freddie Mac Home Possible® Mortgages, and Freddie Mac Home Possible Advantage® Mortgages. Home Possible Advantage offers additional flexibility of higher loan-to-value (LTV) and total loan-to-value (TLTV) ratios. For complete requirements, refer to Guide Chapter 4501: Purchase of Home Possible Mortgages.

Feature	Home Possible	Home Possible Advantage
Occupancy	All Borrowers must occupy the Mortgaged Premises as their Primary Residence.	Same
Ownership of Other Residential Property	<p>Borrower(s) may not, as of the Note Date, or the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages, have an ownership interest in any other residential properties, except as stated below:</p> <p>The Borrower may have an ownership interest in a residential property other than the Mortgaged Premises if the Borrower does not occupy the property, and the Seller documents the following in the Mortgage file:</p> <ul style="list-style-type: none"> ▪ The Borrower inherited their ownership interest in the property and shares ownership with another party, or ▪ The Borrower owns the property with another party and the debt associated with the property was assigned to the other party by a court order (e.g. divorce decree), or ▪ The Borrower is a cosigner/guarantor on the related Mortgage debt and someone other than the Borrower has made payments on the debt associated with the property for the most recent 12 months, as documented with copies of canceled checks or a statement from the lender. 	Same


Note: Vertical revision bars "|" are used in the margin of this quick reference to highlight new requirements and significant changes.

Feature	Home Possible	Home Possible Advantage
Income Limits	<p>For Loan Product Advisor® Mortgages, Loan Product Advisor will determine the income eligibility of the Mortgage; for Non-Loan Product Advisor Mortgages, the Seller should use the Home Possible Income & Property Eligibility tool:</p> <ul style="list-style-type: none"> ▪ The Borrowers' annual income cannot exceed 100% of the area median income limits or a higher percentage in designated high cost areas as indicated in Guide Section 4501.7 ▪ No income limits apply if the Mortgaged Premises is located in an Underserved Area <p>Seller must attempt to verify all income reported on the Uniform Residential Loan Application. All reported income that is verified and meets the criteria for stable monthly income must be used to qualify the Borrower and submitted to Loan Product Advisor for Loan Product Advisor Mortgages.</p>	Same
Loan Purpose	<ul style="list-style-type: none"> ▪ Purchase ▪ No cash-out refinance 	Same
Eligible Property	<ul style="list-style-type: none"> ▪ 1- to 4-unit primary residence ▪ Manufactured Home (refer to Guide Chapters 4501 and 5703). 	1-unit primary residence, that is not a Manufactured Home.
Eligible Mortgages	<ul style="list-style-type: none"> ▪ First Lien Mortgages that are fully amortizing. ▪ Conventional fixed-rate mortgages with an original maturity not greater than 30 years. ▪ 5/1 (<i>excluding Manufactured Homes</i>), 7/1 or 10/1 ARMs with an original maturity not greater than 30 years on 1- to 2-unit property. ▪ Home Possible Mortgages secured by a Manufactured Home meeting the requirements of Guide Chapter 4501 and Guide Section 5703.3 ▪ Home Possible Mortgages with Rural Housing Service (RHS) Leveraged Seconds meeting the requirements in Guide Section 4205.2 ▪ Construction Conversion and Renovation Mortgages originated in accordance with Guide Chapter 4602 are permitted. 	<ul style="list-style-type: none"> ▪ First Lien Mortgages that are fully amortizing. ▪ Conventional fixed-rate mortgages with an original maturity not greater than 30 years ▪ Construction Conversion and Renovation Mortgages originated in accordance with Guide Chapter 4602 are permitted.

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LTV/TLTV/ HLT TV	<ul style="list-style-type: none"> Purchase and No Cash-out Refinance <table border="1" data-bbox="370 268 915 470"> <thead> <tr> <th>Property Type</th> <th>Maximum LTV/TLTV/HLT TV Ratio</th> </tr> </thead> <tbody> <tr> <td>1- to 4-unit</td> <td>95%</td> </tr> <tr> <td>Manufactured Home</td> <td>See Guide Chapter 5703</td> </tr> </tbody> </table> No minimum LTV ratio 	Property Type	Maximum LTV/TLTV/HLT TV Ratio	1- to 4-unit	95%	Manufactured Home	See Guide Chapter 5703	<ul style="list-style-type: none"> Purchase and No Cash-out Refinance <table border="1" data-bbox="945 268 1481 470"> <thead> <tr> <th>Property Type</th> <th>Maximum LTV Ratio</th> <th>Maximum TLTV* Ratio</th> </tr> </thead> <tbody> <tr> <td>1-unit</td> <td>97%</td> <td>105%</td> </tr> <tr> <td>Manufactured Home</td> <td>N/A</td> <td>N/A</td> </tr> </tbody> </table> <p>*Secondary financing must be an Affordable Second® and the Affordable Second may not be a HELOC</p> <ul style="list-style-type: none"> No minimum LTV ratio 	Property Type	Maximum LTV Ratio	Maximum TLTV* Ratio	1-unit	97%	105%	Manufactured Home	N/A	N/A																							
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Mortgage Insurance Coverage Levels (Standard & Custom)	<table border="1" data-bbox="370 642 1481 1020"> <thead> <tr> <th colspan="6">Home Possible and Home Possible Advantage Mortgages</th> </tr> <tr> <th rowspan="2">Transaction Type</th> <th rowspan="2">MI Coverage</th> <th colspan="4">LTV Ratio</th> </tr> <tr> <th>>80% & ≤85%</th> <th>>80% & ≤90%</th> <th>>90% & ≤95%</th> <th>>95% & ≤97%</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Fixed-rate, term ≤ 20 years</td> <td>Standard</td> <td>6%</td> <td>12%</td> <td>25%</td> <td>25%</td> </tr> <tr> <td>Custom¹</td> <td>N/A</td> <td>N/A</td> <td>16%</td> <td>18%</td> </tr> <tr> <td rowspan="2">Fixed-rate, term > 20 years; ARMS; and manufactured homes²</td> <td>Standard</td> <td>12%</td> <td>25%</td> <td>25%</td> <td>25%</td> </tr> <tr> <td>Custom¹</td> <td>6%</td> <td>12%</td> <td>16%</td> <td>18%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Custom Mortgage insurance is only available for Accept Mortgages. Lender-paid and financed mortgage insurance premiums described in Guide Section 4701.2 are permitted with standard mortgage insurance; however, not permitted with custom mortgage insurance. ¹If custom mortgage insurance is chosen, in addition to all other applicable delivery fees, the custom mortgage insurance delivery fee in Exhibit 19 applies, including on Home Possible Mortgages. ²Manufactured Homes are limited to a maximum LTV ratio of 95% and are not eligible for Home Possible Advantage. 		Home Possible and Home Possible Advantage Mortgages						Transaction Type	MI Coverage	LTV Ratio				>80% & ≤85%	>80% & ≤90%	>90% & ≤95%	>95% & ≤97%	Fixed-rate, term ≤ 20 years	Standard	6%	12%	25%	25%	Custom ¹	N/A	N/A	16%	18%	Fixed-rate, term > 20 years; ARMS; and manufactured homes ²	Standard	12%	25%	25%	25%	Custom ¹	6%	12%	16%	18%
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Secondary Financing	<ul style="list-style-type: none"> Secondary financing, including an Affordable Second, is permitted and must meet the requirements in Guide Chapter 4204 <ul style="list-style-type: none"> An Affordable Second that does not require a monthly payment before the Due Date of the 61st payment under the Home Possible Mortgage may be entered in the “Total Gift Fund” field of Loan Product Advisor. Refer to Guide Section 4204.2 <p>Rural Housing Service (RHS) Leveraged Seconds meeting Guide Section 4205.2 requirements are permitted.</p>	<ul style="list-style-type: none"> Only permitting Affordable Seconds meeting the requirements in Guide Section 4204.2 The Affordable Second financing cannot be a Home Equity Line of Credit An Affordable Second that does not require a monthly payment before the Due Date of the 61st payment under the Home Possible Mortgage may be entered in the “Total Gift Fund” field of Loan Product Advisor. Refer to Guide Section 4204.2 <p>Rural Housing Service (RHS) Leveraged Seconds are not permitted.</p>																																						

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<p>Underwriting Path</p>	<ul style="list-style-type: none"> ▪ A Home Possible Mortgage may be submitted to Loan Product Advisor or may be a Manually Underwritten Mortgage ▪ A Home Possible Mortgage secured by a Manufactured Home must be submitted to Loan Product Advisor, (refer to Guide Section 4501.8). <p> Manually Underwritten Mortgages must meet the requirements of Guide Chapter 4501 and Topics 5100 through 5500, including but not limited to, the requirement that each Borrower individually, and all Borrowers collectively, have an acceptable credit reputation as described in Guide Topics 5100 and 5200.</p> <p> Loan Product Advisor® will assess mortgages when no borrower has a credit score starting on May 14, 2017. These mortgages can be delivered to Freddie Mac starting on June 26, 2016</p> <p>For complete requirements, including Mortgage eligibility and exclusions, refer to “Mortgages for Borrowers Without Credit Scores”.</p>	<p>Same, except Manufactured Homes are not permitted.</p> <p> Manually Underwritten Mortgages must meet the requirements of Guide Chapter 4501 and Topics 5100 through 5500, including but not limited to, the requirement that each Borrower individually, and all Borrowers collectively, have an acceptable credit reputation as described in Guide Topics 5100 and 5200.</p> <p> A Home Possible Advantage Mortgage where none of the Borrowers have a usable Credit Score is not eligible. An Indicator Score must be established for the Mortgage and must meet the required limits.</p>												
<p>Qualifying Ratios</p>	<ul style="list-style-type: none"> ▪ There is no maximum monthly housing expense-to-income ratio ▪ Debt payment-to-income ratio: <table border="1" data-bbox="358 1325 846 1581"> <thead> <tr> <th colspan="2" data-bbox="358 1325 846 1371">Underwriting Path</th> </tr> <tr> <th data-bbox="358 1371 596 1472">Loan Product Advisor Mortgages</th> <th data-bbox="596 1371 846 1472">Manually Underwritten Mortgages</th> </tr> </thead> <tbody> <tr> <td data-bbox="358 1472 596 1581">Determined by Loan Product Advisor</td> <td data-bbox="596 1472 846 1581">45%</td> </tr> </tbody> </table>	Underwriting Path		Loan Product Advisor Mortgages	Manually Underwritten Mortgages	Determined by Loan Product Advisor	45%	<ul style="list-style-type: none"> ▪ There is no maximum monthly housing expense-to-income ratio ▪ Debt payment-to-income ratio: <table border="1" data-bbox="932 1325 1455 1581"> <thead> <tr> <th colspan="2" data-bbox="932 1325 1455 1371">Underwriting Path</th> </tr> <tr> <th data-bbox="932 1371 1192 1472">Loan Product Advisor Mortgages</th> <th data-bbox="1192 1371 1455 1472">Manually Underwritten Mortgages</th> </tr> </thead> <tbody> <tr> <td data-bbox="932 1472 1192 1581">Determined by Loan Product Advisor</td> <td data-bbox="1192 1472 1455 1581">43%</td> </tr> </tbody> </table>	Underwriting Path		Loan Product Advisor Mortgages	Manually Underwritten Mortgages	Determined by Loan Product Advisor	43%
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Borrower Contribution	<table border="1" data-bbox="358 258 906 625"> <thead> <tr> <th colspan="3" data-bbox="358 258 906 331">Minimum Contribution from Borrower Personal Funds</th> </tr> <tr> <th data-bbox="358 331 560 443">Property Type</th> <th data-bbox="560 331 716 443">LTV/TLTV /HTLTV ≤ 80%</th> <th data-bbox="716 331 906 443">LTV/TLTV /HTLTV >80% ≤ 95%</th> </tr> </thead> <tbody> <tr> <td data-bbox="358 443 560 489">1-unit</td> <td data-bbox="560 443 716 489">None</td> <td data-bbox="716 443 906 489">None</td> </tr> <tr> <td data-bbox="358 489 560 541">2- to 4-unit</td> <td data-bbox="560 489 716 541">None</td> <td data-bbox="716 489 906 541">3%</td> </tr> <tr> <td data-bbox="358 541 560 625">Manufactured Home</td> <td data-bbox="560 541 716 625">None</td> <td data-bbox="716 541 906 625">None</td> </tr> </tbody> </table> <p data-bbox="358 632 906 695">See Guide Section 4501.10 for eligible sources of funds.</p>	Minimum Contribution from Borrower Personal Funds			Property Type	LTV/TLTV /HTLTV ≤ 80%	LTV/TLTV /HTLTV >80% ≤ 95%	1-unit	None	None	2- to 4-unit	None	3%	Manufactured Home	None	None	<p data-bbox="932 243 1382 302">1-unit: No minimum contribution from Borrower Personal Funds is required.</p>
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1-unit	None	None															
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Manufactured Home	None	None															
Source of Funds	<p data-bbox="358 716 906 768">Refer to Guide Chapter 5501 and Guide Section 4501.10 for more information.</p>	<p data-bbox="932 716 1003 741">Same</p>															
Reserves	<ul data-bbox="358 789 906 1016" style="list-style-type: none"> <li data-bbox="358 789 906 909">For Loan Product Advisor Mortgages, verify all reserves required by Loan Product Advisor, as stated on the Feedback Certificate. <li data-bbox="358 915 906 1016">Manually Underwritten Mortgages: <ul data-bbox="402 951 906 1016" style="list-style-type: none"> <li data-bbox="402 951 906 982">1-unit: No reserves required <li data-bbox="402 989 906 1016">2- to 4-units: 2 months' reserves <p data-bbox="358 1024 906 1083">See Guide Section 4501.10 for eligible sources of funds.</p>	<p data-bbox="932 789 1013 814">1-unit:</p> <ul data-bbox="932 831 1422 951" style="list-style-type: none"> <li data-bbox="932 831 1422 951">For Loan Product Advisor Mortgages, verify all reserves required by Loan Product Advisor, as stated on the Feedback Certificate. 															
Temporary Subsidy Buydown Plans	<ul data-bbox="358 1104 906 1472" style="list-style-type: none"> <li data-bbox="358 1104 906 1224">Permitted for Mortgages secured by 1- to 2-unit property, other than a Manufactured Home, meeting the requirements of Guide Sections 4204.4 and 4501.5 <li data-bbox="358 1230 906 1472">If a Home Possible Mortgage with a temporary subsidy buydown plan is subject to secondary financing, including an Affordable Second that requires repayment to begin before the Due Date of the 61st monthly payment under the Home Possible Mortgage, the secondary financing must have a fixed-interest rate <p data-bbox="358 1480 570 1505">Limited Buydown:</p> <ul data-bbox="358 1522 906 1707" style="list-style-type: none"> <li data-bbox="358 1522 906 1608">Initial interest rate reduced no more than 2 percentage points below the Note Rate, and <li data-bbox="358 1619 906 1707">Increased by no more than one percentage point annually for no more than 2 years. <p data-bbox="358 1717 594 1743">Extended Buydown:</p> <ul data-bbox="358 1759 906 1938" style="list-style-type: none"> <li data-bbox="358 1759 906 1845">Initial interest rate reduced no more than 3 percentage points below the Note Rate, and <li data-bbox="358 1856 906 1938">Increased by no more than one percentage point annually for more than 2 but no more than 3 years. 	<ul data-bbox="932 1104 1463 1440" style="list-style-type: none"> <li data-bbox="932 1104 1463 1190">Permitted for Mortgages secured by a 1-unit property meeting the requirements of Guide Sections 4204.4 and 4501.5 <li data-bbox="932 1201 1463 1440">If a Home Possible Mortgage with a temporary subsidy buydown plan is subject to an Affordable Second that requires repayment to begin before the Due Date of the 61st monthly payment under the Home Possible Mortgage, the Affordable Second must have a fixed-interest rate. <p data-bbox="932 1486 1382 1512">Same, except ARMs are not permitted</p>															

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Temporary Subsidy Buydown Plans (continued)	 <p>Qualifying for Limited and Extended Temporary Subsidy Buydowns:</p> <ul style="list-style-type: none"> - For fixed-rate mortgages, the Borrower must be qualified using monthly payments calculated at the Note rate. - For ARMs, the Borrower must be qualified using monthly payments calculated at the higher of the Note rate or the fully indexed rate as defined in Guide Section 4401.8. 	
Homebuyer Education	<ul style="list-style-type: none"> ▪ For purchase transaction secured by 1- to 4-unit Primary Residences, Homeownership education is required before the Note Date, or the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages, for at least one qualifying Borrower if all Borrower(s) are First-Time Homebuyers*; or ▪ For any transaction when the credit reputation for all borrowers is established using only noncredit payment references. ▪ Homeownership education must not be provided by an interested party to the transaction, the originating lender or by the Seller. ▪ A copy of Exhibit 20, Homeownership Education Certification, or another document containing comparable information must be retained in the mortgage file. ▪ Homeownership education programs may use different formats and require different lengths of time to complete. The following are acceptable: <ul style="list-style-type: none"> - Programs developed by HUD-approved counseling agencies, Housing Finance Agencies (HFAs) or Community Development Financial Institutions (CDFIs). - Homeownership education programs developed by mortgage insurance companies, or other providers' programs that meet the standards of the National Industry Standards for Homeownership Education and Counseling. <p>www.homeownershipstandards.com)</p>	<p>Same, except 2- to 4-unit properties are not permitted.</p>

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Homebuyer Education (continued)	<ul style="list-style-type: none"> - As an alternative Freddie Mac's free financial literacy curriculum, CreditSmart®, provided modules 1,2,7,11 and 12 are included, or access the Credit Smart-Steps to Homeownership Tutorial. The financial literacy curriculum cannot be provided by an interested party to the transaction, the originating lender or by the Seller. 	
Landlord Education	<ul style="list-style-type: none"> ▪ For purchase transaction mortgages secured by 2- to 4-unit Primary Residences, at least one qualifying Borrower must participate in a landlord education program before the Note Date or the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages. ▪ For refinance transactions, Freddie Mac does not require landlord education, but recommends it for Borrowers who have not previously attended a program. 	N/A
Early Delinquency Counseling	<ul style="list-style-type: none"> ▪ Seller, as Servicer, must provide (at no cost to the Borrower) Early Delinquency Counseling to all Borrowers who experience problems meeting their Mortgage obligations, in accordance with Sections 9101.2(c) and 9102.5(c) 	Same
Ineligible Mortgages	<ul style="list-style-type: none"> ▪ Affordable Merit Rate Mortgages ▪ A-minus Mortgages ▪ Seasoned Mortgages ▪ Financed Permanent Buydown Mortgages ▪ Seller-Owned Modified Mortgages and Seller-Owned Converted Mortgages ▪ Mortgages with capitalized balances as described in Guide Chapter 4403 ▪ FHA and VA Mortgages ▪ Section 502 GRH Mortgages ▪ Section 184 Native American Mortgages ▪ Super conforming Mortgages as described in Guide Chapter 4603 ▪ Freddie Mac Relief Refinance MortgagesSM – Same Servicer and Freddie Mac Relief Refinance Mortgages – Open Access 	Same, except Home Possible Advantage Mortgage with RHS Leveraged Seconds are not permitted.
Credit Fee in Price	<ul style="list-style-type: none"> ▪ Refer to Guide Exhibit 19 for applicable credit fees in price and Guide Section 4501.14 for delivery fee exclusions. 	Refer to Guide Exhibit 19 for applicable credit fees in price and Guide Section 4501.14 for credit fee in price exclusions.

****First-Time Homebuyer:**

A First-Time Homebuyer is an individual who meets all of the following requirements:

- Is purchasing the Mortgaged Premises
- Will reside in the Mortgaged Premises as a Primary Residence
- Had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the Mortgaged Premises

The related ULDD Data Point name is Borrower First Time Homebuyer Indicator

In addition, a displaced homemaker or a single parent may also be considered a First-Time Homebuyer if the individual had no ownership interest in a residential property during the preceding three-year period other than an ownership interest in the marital residence with a spouse. If a displaced homemaker or a single parent solely owned the marital residence, or solely or jointly owned a second home or Investment Property, the individual may not be considered a First-Time Homebuyer.

If a Living Trust is purchasing the Mortgaged Premises, then for purposes of this definition, an Underwritten Settlor of that Living Trust will be deemed to be purchasing the Mortgaged Premises.

Note: It is important that Borrowers have sufficient information on the terms of a mortgage product and that the associated features, benefits, and risks of the selected mortgage product are clearly explained to the Borrower prior to the Borrower making a product or payment choice.