







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.	
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 <p>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.</p>	
Income Limits	<p>To determine whether the Borrower's income exceeds the income limits, the Seller must rely on the income used to qualify the Borrower and submitted to Loan Product Advisor® for Loan Product Advisor Mortgages.</p> <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 	
Loan Purpose	<ul style="list-style-type: none"> ▪ Purchase ▪ No cash-out refinance 	
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 or 5/5 with an original maturity not greater than 30 years on 1- top 2-unit property, <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. 	<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.

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

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Eligible Mortgages (continued)	<ul style="list-style-type: none"> 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. 																																									
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Mortgage Insurance Coverage Levels (Standard & Custom) (continued)	<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. <p>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.</p> <p>²Manufactured Homes are limited to a maximum LTV ratio of 95% and are not eligible for Home Possible Advantage.</p>																																									

Feature	Home Possible	Home Possible Advantage
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 ▪ 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 ▪ Rural Housing Service (RHS) Leveraged Seconds meeting Guide Section 4205.2 requirements are permitted. 	<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 ▪ Rural Housing Service (RHS) Leveraged Seconds are not permitted.
Underwriting Path	<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>

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<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="370 361 857 617"> <thead> <tr> <th colspan="2">Underwriting Path</th> </tr> <tr> <th>Loan Product Advisor Mortgages</th> <th>Manually Underwritten Mortgages</th> </tr> </thead> <tbody> <tr> <td>Determined by Loan Product Advisor</td> <td>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="941 361 1468 617"> <thead> <tr> <th colspan="2">Underwriting Path</th> </tr> <tr> <th>Loan Product Advisor Mortgages</th> <th>Manually Underwritten Mortgages</th> </tr> </thead> <tbody> <tr> <td>Determined by Loan Product Advisor</td> <td>43%</td> </tr> </tbody> </table>	Underwriting Path		Loan Product Advisor Mortgages	Manually Underwritten Mortgages	Determined by Loan Product Advisor	43%			
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<p>Source of Funds</p>	<p>Refer to Guide Chapter 5501 and Guide Section 4501.10 for more information.</p>																
<p>Reserves</p>	<ul style="list-style-type: none"> For Loan Product Advisor Mortgages, verify all reserves required by Loan Product Advisor, as stated on the Feedback Certificate. Manually Underwritten Mortgages: <ul style="list-style-type: none"> 1-unit: No reserves required 2- to 4-units: 2 months' reserves <p>See Guide Section 4501.10 for eligible sources of funds.</p>	<p>1-unit:</p> <ul style="list-style-type: none"> For Loan Product Advisor Mortgages, verify all reserves required by Loan Product Advisor, as stated on the Feedback Certificate. 															

Feature	Home Possible	Home Possible Advantage
Temporary Subsidy Buydown Plans	<ul style="list-style-type: none"> ▪ 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 ▪ 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>Limited Buydown:</p> <ul style="list-style-type: none"> ▪ Initial interest rate reduced no more than 2 percentage points below the Note Rate, and ▪ Increased by no more than one percentage point annually for no more than 2 years. <p>Extended Buydown:</p> <ul style="list-style-type: none"> ▪ Initial interest rate reduced no more than 3 percentage points below the Note Rate, and ▪ Increased by no more than one percentage point annually for more than 2 but no more than 3 years. <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. 	<ul style="list-style-type: none"> ▪ Permitted for Mortgages secured by a 1-unit property meeting the requirements of Guide Sections 4204.4 and 4501.5 ▪ 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>Same, except ARMs are not permitted</p>
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. 	<p>Same, except 2- to 4-unit properties are not permitted.</p>

Feature	Home Possible	Home Possible Advantage
Homebuyer Education (continued)	<ul style="list-style-type: none"> ▪ 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. - www.homeownershipstandards.com) - 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

Feature	Home Possible	Home Possible Advantage
Early Delinquency Counseling	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)	
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	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.

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