



Affordable Seconds®

A funding option for low- and moderate-income borrowers

Affordable Seconds are approved secondary financing loans that can come from any duly authorized authority or agency of the federal, State, local or municipal government, a nonprofit community or religious organization (other than a credit union), the borrower's employer, or a regional Federal Home Loan Bank under one of its affordable housing programs. Freddie Mac purchases the first mortgage, but not the Affordable Second. After meeting the minimum amount required from specified sources of borrower funds for the specific mortgage, borrowers may use Affordable Seconds to supplement their down payment, closing and financing costs, prepaids, and rehabilitation costs.

➤ Borrower Profile

- Borrowers who need flexible secondary financing
- Low- and moderate-income borrowers

➤ Key Features

- Available through Loan Prospector®
- Multiple Affordable Seconds may be used within TLTV limits
- May be originated with Home Possible® Mortgages

➤ Borrower Benefits

- Increases homeownership opportunities
- Offers funding flexibility for a down payment; closing and financing costs; prepaids; and rehabilitation costs through various sources

ORIGINATION & UNDERWRITING REQUIREMENTS	
How Affordable Seconds Work	<ul style="list-style-type: none"> • The Affordable Second must be provided by an agency under an established, ongoing, documented secondary financing or financial assistance program. • Secondary financing loans that meet our criteria are “Affordable Seconds.” • Low- and moderate-income borrowers who need secondary financing to qualify for a Home Possible Mortgage may use Affordable Seconds. • Freddie Mac purchases the first mortgage but does not purchase the Affordable Second.
Eligible First Mortgages	<ul style="list-style-type: none"> • Affordable Seconds may be originated with the following Freddie Mac first mortgage product: <ul style="list-style-type: none"> ▪ Home Possible[®] Mortgages
Ratios	<ul style="list-style-type: none"> • Multiple Affordable Seconds may be used within total loan-to-value (TLTV) limits. • If monthly payments on the Affordable Second begin before the 61st monthly payment under the first lien mortgage, such monthly payments must be included in the borrower’s monthly housing expense-to-income ratio and monthly debt payment-to-income ratio. If monthly payments on the Affordable Second begin on or after the 61st monthly payment under the first lien mortgage or if repayment of the entire Affordable Second amount is due only upon sale or default, the amount of the Affordable Second monthly payment may be excluded from both ratios.
Secondary Financing Criteria to Qualify for Affordable Seconds	<ul style="list-style-type: none"> • Refer to <i>Single-Family Seller/Servicer Guide (Guide) Chapter 25.1</i> for more details.
Loan Prospector Evaluation	<ul style="list-style-type: none"> • Home Possible Mortgages with Affordable Seconds can be submitted to Loan Prospector with the Affordable Second amount entered in the “Total Gift Fund” field instead of the Subordinate Amount field, provided it does not require a payment before the Due Date of the 61st monthly payment under the Home Possible Mortgage and all other Affordable Seconds requirements are met (except for entering the amount as a gift, Sellers must include Affordable Seconds as secondary financing in all circumstances).
DELIVERY REQUIREMENTS	
Eligible Executions	<ul style="list-style-type: none"> • Mortgages with Affordable Seconds may be sold through most cash and guarantor executions based on eligibility for the particular mortgage product. Freddie Mac does not purchase the Affordable Second.
Delivery Fees	<ul style="list-style-type: none"> • A secondary financing delivery fee will not be assessed on a mortgage with an Affordable Second meeting the requirements of Guide Section 25.1.

Learn more about Affordable Seconds:

- Review Chapter 25 of the Single Family Seller/Servicer Guide
- Call (800) FREDDIE
- Visit www.FreddieMac.com