



## Alt 97<sup>®</sup> Mortgage

### Flexible down payment options for borrowers with limited cash

Freddie Mac's Alt 97 Mortgage can help you reach more borrowers with good credit but limited savings for a down payment. With this mortgage solution, your first-time homebuyers and move-up borrowers can move in or refinance with less cash – as little as a five percent required down payment for purchase transactions coming from a combination of flexible options.

#### > Borrower Profile

- Borrowers with a strong credit history, but limited funds for a down payment
- Borrowers seeking maximum financing

#### > Key Features

- Purchase or no cash-out refinance
- 5% down payment required
- Down payment can come from a variety of non-traditional sources
- No income or geographic limits
- 35% mortgage insurance
- Loan Prospector<sup>®</sup> or manually underwritten mortgages

#### > Borrower Benefits

- Requires only 5% down, regardless of income amount or geographic location
- Borrowers can take advantage of flexible financing options with down payment funds coming from a combination of non-traditional sources, and no minimum requirement from their own funds
- Leverage strong credit history to receive maximum financing

ORIGINATION & UNDERWRITING REQUIREMENTS	
<b>Eligible Property Types</b>	<ul style="list-style-type: none"> <li>1-unit, owner-occupied primary residences, including condominiums and units in Planned Unit Developments (PUDS)</li> <li>Manufactured homes are <b>not</b> eligible.</li> </ul>
<b>Eligible Mortgages</b>	<ul style="list-style-type: none"> <li>Purchase and no cash-out refinance mortgages</li> <li>15-, 20-, 30-year fixed-rate mortgages</li> <li>90%-95% LTV</li> <li>Must not exceed 90%LTV and 95% TLTV with secondary financing</li> <li>No temporary subsidy buydowns</li> </ul>
<b>Borrower Eligibility Requirements</b>	<ul style="list-style-type: none"> <li>No income limits</li> <li>No reserves are required. (Amount of reserves may impact Loan Prospector risk class.)</li> </ul>
<b>Down Payment, Closing Costs, Financing Costs &amp; Prepays/Escrows</b>	<ul style="list-style-type: none"> <li>Five percent down payment required, which can come from any combination of the following options: <ul style="list-style-type: none"> <li>Borrower's own funds, including secured borrowings, such as a 401(k) loan.</li> <li>A gift or unsecured loan from a related person or an agency; an unsecured loan must meet the conditions in Guide Chapter 26.6.1.</li> <li>A grant or unsecured loan from a municipality or nonprofit; an unsecured loan must meet the conditions in Guide Chapter 26.6.1.</li> <li>Funds from Individual Development Accounts (IDAs) or Community Savings Systems.</li> <li>Employer-assisted housing funds, either in the form of an unsecured loan or a grant.</li> <li>Sweat equity may not be used.</li> </ul> </li> <li>No minimum down payment required from borrower funds.</li> <li>Borrower funds can come from other cash or equity as defined in Guide Chapters 26.2 or 26.3. The funds needed for both purchase and no cash-out refinance mortgages must be documented in accordance with the requirements of Guide Chapters 37.21, 37.21.1, 37.22, and 37.23, as applicable.</li> </ul>
<b>Secondary Financing</b>	<ul style="list-style-type: none"> <li>Secondary financing meeting the requirements in Guide Chapter 25.1 (a) through (c) is permitted.</li> <li>No cash-out refinance mortgages with secondary financing must satisfy the requirements of Guide Chapter 24.5(a).</li> <li>Home Equity Lines of Credit (HELOCs) are <b>not</b> permitted.</li> <li>Affordable Seconds are <b>not</b> permitted.</li> </ul>
<b>Special Underwriting Requirements</b>	<ul style="list-style-type: none"> <li>Loan Prospector<sup>®</sup> Accept Mortgages or manually underwritten mortgages</li> <li>Minimum Indicator Score of 620 unless otherwise specified in the Guide</li> <li>Minimum Indicator Score of 700 for manually underwritten mortgages</li> <li>For manually underwritten mortgages the maximum debt-to-income ratio is 45 percent</li> <li>No non-occupant co-borrowers</li> <li>35% mortgage insurance required</li> <li>Freddie Mac approval is required for annual and monthly premium lender-paid mortgage insurance</li> </ul>
<b>Collateral Assessment</b>	<ul style="list-style-type: none"> <li>Seller must obtain an appraisal report with an interior and exterior inspection that meets the requirements of Guide Chapter 44.</li> </ul>
DELIVERY REQUIREMENTS	
<b>Eligible Executions</b>	<ul style="list-style-type: none"> <li>Fixed-rate servicing-released cash</li> <li>Fixed-rate servicing-retained cash</li> <li>Fixed-rate Guarantor</li> <li>MultiLender Swap</li> </ul>
<b>Delivery Requirements</b>	<ul style="list-style-type: none"> <li>Offering Code: 210</li> <li>May be pooled with other conventional fixed rate mortgages</li> <li>Mortgages with delivery or settlement dates more than 120 days after the note date require an appraisal update meeting Chapter 44 requirements with an effective date no more than 60 days prior to the delivery or settlement date. If the property value has declined since the effective date of the original appraisal, the mortgage is only eligible for negotiated sale through our bulk sales path.</li> </ul>
<b>Delivery Fees</b>	<ul style="list-style-type: none"> <li>An Alt 97 postsettlement delivery fee, in addition to other postsettlement delivery fees based on the individual characteristics of the mortgage, applies.</li> <li>A secondary financing delivery fee will not be assessed on an Alt 97 Mortgage with secondary financing.</li> <li>See Guide Exhibit 19 for details or access Guide Exhibit 19 online at <a href="http://www.FreddieMac.com/singlefamily/pdf/ex19.pdf">http://www.FreddieMac.com/singlefamily/pdf/ex19.pdf</a>.</li> </ul>
SERVICING REQUIREMENTS	
<ul style="list-style-type: none"> <li>All Servicers are eligible to service Alt 97 Mortgages.</li> </ul>	

**Learn more about Freddie Mac Alt 97 Mortgages:**

- Refer to Guide Chapter D33 of the *Single-Family Seller/Servicer Guide*
- Call (800) FREDDIE
- Visit [www.FreddieMac.com](http://www.FreddieMac.com)