



Key Features:

- **Community Gold loans can be used for purchase or refinance transactions, with or without renovation**
- **Requires minimal down payment, as little as \$1000 or 2 percent from Borrower Funds**
- **No maximum housing expense-to-income ratio**
- **No reserves required for 1- and 2-unit properties**
- **A variety of sources of funds may be used for down payment, closing costs and prepaids**
- **Flexible treatment of credit and debt payment-to-income ratios**

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Community Gold®

Reach more borrowers and first-time homebuyers

Community Gold, Freddie Mac's Community Development Lending (CDL) product, helps you reach more borrowers including first-time homebuyers and promote community revitalization.

When a community participates in one of Freddie Mac's CDL initiatives or alliances, Community Gold loans may be used to finance the purchase, refinance, purchase-and-renovation or refinance-and-renovation of 1- to 4-unit properties. For approved participating lenders, Community Gold offers a versatile affordable lending tool designed to help more families become homeowners. When a Freddie Mac certified agency provides comprehensive pre- and post-purchase homeownership counseling to borrowers, those borrowers may be eligible for Community Gold Mortgages. Community Gold makes it easier for families and individuals to become homeowners with great borrower features such as a low down payment, flexible loan-to-value ranges and debt-payment-to-income ratios.

Benefits:

- Offers a versatile financing tool designed to accommodate a variety of lending needs, including purchase or refinance, with or without renovation on 1- to 4-unit properties
- Allows funds for down payment and closing costs to come from a variety of sources, including funds from Affordable Seconds®, gifts or grants, Individual Development Accounts (IDAs) and others
- Reap the benefits of homeownership sooner by reducing the time needed to save for a lower down payment
- Reduces time required to re-establish an acceptable credit reputation after bankruptcy or foreclosure
- Promotes and enhances community revitalization

See reverse for underwriting, execution and other details

Eligible Property Types

- 1- to 4-unit Primary Residences, including single-family dwellings, condominiums and Planned Unit Developments (PUDs), not including cooperatives
- Located in area identified as a Freddie Mac CDL alliance or initiative site and targeted for revitalization

Eligible Mortgages

- 15-, 20-, and 30-year fixed-rate mortgages
- Mortgage must be purchase or refinance, with or without renovation
- Refinances mortgages may be “no cash-out” or “cash-out” if the cash-out is used only for renovation
- Mortgage must be originated under a local housing development and financing program developed as part of an affordable housing initiative with Freddie Mac
- Loan-to-value (LTV) ratios must be:
 - ⇒ 97% for 1-unit properties
 - ⇒ 95% for 2-unit properties
 - ⇒ 90% for 3-unit properties
 - ⇒ 80% for 4-unit properties
- Total loan-to-value (TLTV) should not exceed:
 - ⇒ 105% without renovation
 - ⇒ 120% with renovation

Borrower Eligibility Requirements including Ratios, Reserves and Borrower Income

- No maximum housing expense-to-income ratio
- Monthly debt payment-to-income ratio should not be greater than 42%
- When monthly payments on secondary financing begin before the sixth anniversary date of mortgage, they must be included in the debt payment-to-income ratio
- No principal, interest, taxes and insurance (PITI) reserves required for 1- and 2-unit properties
- Two months’ PITI reserves required for 3- and 4-unit properties
- No income limits

Rental income underwriting requirements include:

- For 2-unit properties:
 - ⇒ 75% of rental income may be deducted from PITI prior to calculating ratios, provided:
 - Borrower has at least \$1,000 in monthly residual income above the PITI and two months’ reserves
 - The TLTV without renovation does not exceed 95%

OR

- ⇒ Rental income from the subject property may be added to stable monthly income prior to calculating ratios
- For 3- and 4-unit properties, rental income from the subject property may be added to stable monthly income prior to calculating ratios

Homeownership Education and Counseling

- Freddie Mac-approved comprehensive homeownership counseling with post-purchase follow-up provided by a participating counseling agency
- Landlord training provided by a participating counseling agency is required for borrowers with 2- to 4-unit properties
- Fees for comprehensive homeownership counseling (up to 2% of value) can be included in the loan amount when the appraised value supports the added cost, or charged as a closing cost

Mortgage Insurance

- For loans with LTV ratios greater than 80% up to 95%, the MI coverage is:
 - ⇒ in accordance with Freddie Mac’s *Single-Family Seller/Service Guide* (Guide) Section 27.1
- For loans with LTV ratios greater than 95% up to 97%, the MI coverage is:
 - ⇒ 35%

Down Payment, Closing Costs and Prepaids

- Minimum down payment required is 3%
- Borrower must make a minimum borrower contribution for down payment, closing costs and prepaids as follows:
 - ⇒ Lesser of \$1,000 or 2% of the value on properties with values less than \$80,000
 - ⇒ Minimum of 2% of the value on properties with values greater than or equal to \$80,000
- Gift or grant from Seller if the Seller is the originating lender as described in Guide Section 34.2(c), however, the gift or grant for Seller may be used for an additional down payment if the minimum borrower contribution from borrower personal funds has been made
- An unsecured loan from An Agency or Seller, if the Seller is the originating lender, meeting the requirements of Guide Section 34.1(c) provided the amount of all unsecured loans does not exceed the actual amount being used for down payment, closing costs, financing costs and prepaids/escrows

- Remaining down payment, closing costs, prepaids and escrows can come from all Borrower Funds sources plus the following:
 - ⇒ Gift from a Related Person as described in Guide Section 26.2. The borrower is not required to have made a down payment of at least 5% from other sources of cash or other equity if the borrower has made the minimum borrower contribution from the Borrower Personal Funds
 - ⇒ Gift or grant from An Agency as described in Guide Section 26.2
 - ⇒ Gift or grant from Seller if the Seller is the originating lender as described in Guide Section 34.2(c) provided the amount of all unsecured loans does not exceed the actual amount being used for down payment, Closing Costs, Financing Costs and Prepaids/Escrows
 - ⇒ Unsecured loan from a Related Person meeting the requirements of Guide Section D33.3(b)
 - ⇒ Funds from Premium Financing for Closing Costs, Financing Costs and Prepaids/Escrows only
 - ⇒ Up to 3% of value from financing concessions in accordance to Guide Section 25.3(b) for down payment, Closing Costs, Financing Costs and Prepaids/Escrows and
 - ⇒ Affordable Seconds may be used to reduce the amount of the down payment, after the minimum Borrower Contribution from Borrower Personal Funds has been met, and for Closing Costs, Financing Costs and Prepaids/Escrows
- Individual Development Accounts (IDAs) where applicable, may be considered Borrower Funds

Loan Prospector Evaluation

Community Gold is not available through Loan Prospector at this time.

Special Underwriting Requirements

- Permits three non-traditional credit payment references; none of the payment references are not required to be housing-related
- Reduces time period requirement for re-establishment of credit after a bankruptcy or foreclosure

Renovation

- Lender may use a local community-based organization or government agency approved by Freddie Mac to monitor the renovation
- Renovation must be completed within 12 months of loan origination
- Renovation costs may include:
 - ⇒ Soft costs, including local agency's inspection and monitoring fees
 - ⇒ Contingency Reserve
 - ⇒ Up to 6 months' PITI if borrower is unable to occupy the residence during renovation
- Unused renovation escrow funds may be used for additional renovation requested by the borrower, but if the funds are not used for that purpose, they must be used to reduce the unpaid principal balance of first mortgage
- Lender is responsible for administering the renovation escrow fund

Eligible Executions

- Gold Cash[®], Guarantor, Multilender Swap

Learn more about Freddie Mac's Community Gold:

- For a list of Freddie Mac's Community Development Lending Managers, visit our website:
www.FreddieMac.com/sell/expmkts/index.html

This fact sheet contains a partial list of Community Gold features available through a negotiated agreement with Freddie Mac. Full details are available in a negotiated contract with Freddie Mac.