



Guaranteed Rural Housing

Broaden your market reach with a competitive affordable housing product

Through the USDA Rural Development’s Guaranteed Rural Housing (GRH) program, you can meet the needs of rural borrowers who have the necessary income and credit history, but not the down payment required to qualify for a conventional mortgage. Freddie Mac purchases loans guaranteed by the USDA’s Rural Housing Service (RHS) under its Section 502 GRH Loan Program. We purchase assumable and non-assumable GRH loans through our Fixed-rate Cash, Fixed-rate Guarantor, and MultiLender Swap executions. Sellers must obtain prior approval from Freddie Mac to sell Section 502 GRH mortgages to Freddie Mac and these mortgages must be sold with recourse. Full and complete information about the GRH loan program is available from local Rural Development offices.

> Borrower Profile

- Rural borrowers who have the income and credit history, but not the down payment required to qualify for a conventional mortgage

> Key Features

- Maximum LTV/TLTV ratio of 115 percent
- Purchase and no cash-out refinances as permitted by RHS
- Non-Loan Prospector®

> Borrower Benefits

- Flexible guidelines on down payment and required borrower reserves
- Certain closing costs may be included in the loan amount under certain circumstances, subject to GRH Section 502 Program restrictions
- Borrowers can finance various eligible property types, including existing homes, new construction, modular homes, planned unit development (PUDs), eligible condominiums and new manufactured homes, subject to GRH Section 502 Program restrictions
- Additional flexibility with no cash-out refinancing as permitted under the GRH Section 502 Program

ORIGINATION & UNDERWRITING REQUIREMENTS	
Eligible Property Types, (Subject to GRH Section 502 Program Guidelines)	<ul style="list-style-type: none"> • Primary residences, including single-family dwellings, condominiums, planned unit developments (PUDs) and eligible manufactured housing • Non-farm • Leasehold and rehabilitated properties • Property must meet the RHS rural designation
Eligible Mortgages	<ul style="list-style-type: none"> • Purchase and No Cash-out Refinances, subject to GRH Section 502 Program guidelines • 30-year, fixed-rate mortgages • Non-Loan Prospector mortgages
Special Underwriting Requirements	<ul style="list-style-type: none"> • Assumable mortgages must be sold to Freddie Mac with recourse within the meaning of Guide Section 11.10(a). Effective for mortgages with settlement dates on or after June 1, 2012, non-assumable mortgages must also be sold with recourse. • The LTV/TLTV ratios must comply with the Guaranteed Regulations for LTV/TLTV ratios. • In addition, the LTV/TLTV ratio cannot exceed 115 percent using the Freddie Mac calculation of LTV /TLTV based on the lower of purchase price or appraised value, and other requirements in Guide Section 23.2. • A non-assumable RHS Section 502 GRH Mortgage must have a minimum Indicator Score of 620 or if no borrower has a usable credit score, the mortgage is eligible without meeting the minimum Indicator Score requirement when underwritten using nontraditional credit. Effective for mortgages with settlement dates on or after June 1, 2012, this requirement will no longer apply. • Secondary financing is generally not permitted. • The mortgage must have a guarantee provided by Rural Housing Services. Private mortgage insurance is not required. • Original loan amount may not exceed Freddie Mac loan limits or any RHS loan limits for this program, whichever is less. • Underwriting requirements are based on RHS program requirements in the Guaranteed Regulations and take into consideration the unique needs of borrowers in rural locations.
DELIVERY REQUIREMENTS	
Eligible Executions	<ul style="list-style-type: none"> • Fixed-rate Cash, servicing-retained • Fixed-rate Guarantor • MultiLender Swap
Cash Delivery Requirements	<ul style="list-style-type: none"> • When selling Section 502 GRH mortgages for cash in the selling system, use the drop-down menu and select the applicable contract product and loan product. <ul style="list-style-type: none"> ▪ Contract Product: 30-year Fixed-rate FHA/VA; Loan Product: 30-year assumable 502 Guaranteed Rural Housing (GRH). ▪ Contract Product: 30-year non-assumable 502 Guaranteed Rural Housing (GRH); Loan Product: 30-year non-assumable 502 Guaranteed Rural Housing (GRH). ▪ On the "Take Out a Cash Contract" screen in the selling system, Sellers must select the LTV ratio as calculated under Freddie Mac's requirements rather than the LTV ratio calculated under the Guaranteed Regulations. • Offer Product Numbers are not required for mortgages sold through the selling system.
Pooling Requirements	<ul style="list-style-type: none"> • Non- assumable Section 502 GRH mortgages with LTV ratios \leq105 percent must be pooled in PC pools comprised entirely of conventional mortgages. • Non-assumable Section 502 GRH mortgages with LTV ratios greater than 105 percent must be pooled in PC pools comprised entirely of mortgages with LTV ratios greater than 105 percent. • Assumable Section 502 GRH mortgages must be pooled in an FHA/VA Gold PC pool.
Delivery Fees	<ul style="list-style-type: none"> • Sellers should refer to Guide Exhibit 19 and their Purchase Documents for information on postsettlement delivery fee applicable to Section 502 Guaranteed Rural Housing Mortgages. Visit Guide Exhibit 19 online at http://www.FreddieMac.com/singlefamily/pdf/ex19.pdf.

Learn more about Guaranteed Rural Housing:

- Review Chapter 35 of the *Single Family Seller/Service Guide*
- Call (800) FREDDIE
- Visit www.FreddieMac.com