



Mortgages for Newly Constructed Homes

Expanded Permanent Financing options for new construction borrowers

Mortgages for Newly Constructed Homes provide options for borrowers securing Permanent Financing for newly built homes, construction conversions, and renovations. This offering provides greater flexibility, including permitting 18 months between the date of the earliest credit, capacity or collateral document and the settlement date (the date the loan is sold to Freddie Mac).

> Borrower Profile

- New construction borrowers
- First-time or move-up borrowers

> Key Features

- 18 months to process, underwrite, document, allow for construction, and sell to Freddie Mac
- Purchase or refinance
- Refinance transactions available with Construction Conversion and Renovation Mortgages
- Loan Prospector® or Non-Loan Prospector Mortgages

> Borrower Benefits

- Expanded Permanent Financing options for newly built homes, construction conversions or renovations
- 18-month Credit/Construction/Settlement period accommodates the uncertainties of new construction
- Flexible, streamlined loan origination process whether your borrower is seeking to purchase or refinance a newly constructed home
- Combinable with a variety of Freddie Mac mortgages, including Home Possible® Mortgages

ORIGINATION & UNDERWRITING REQUIREMENTS	
Eligible Property Types	<ul style="list-style-type: none"> ▪ 1- to 4-unit site-built homes ▪ 1-unit manufactured homes (Newly Built Home Mortgages and Construction Conversion Mortgages only)
Eligible Mortgages	<ul style="list-style-type: none"> ▪ 15-, 20-, and 30-year fixed-rate mortgages ▪ Most ARMs eligible for sale to Freddie Mac ▪ 5- and 7-year balloon/reset mortgages ▪ Home Possible Mortgages (Newly Built Home Mortgages – Site-built only) ▪ Initial Interest[®] Mortgages (Newly Built Home Mortgages – Site-built only) ▪ Purchase transactions ▪ Cash-out refinance mortgages (Construction Conversion and Renovation Mortgages) ▪ No cash-out refinance mortgages (for Construction Conversion and Renovation Mortgages (site built only)) ▪ All Mortgages for Newly Constructed Homes are eligible for all products and all LTV, TLTV, and HTLTV per the applicable product or Guide Chapter K33, unless otherwise stated
Ineligible Mortgages	<ul style="list-style-type: none"> ▪ All Streamlined Refinance Mortgages ▪ Special purpose cash-out refinance mortgages ▪ Cash-out refinance mortgages for manufactured homes ▪ FHA and VA mortgages ▪ Section 502 Guaranteed Rural Housing Mortgages ▪ Section 184 Native American Mortgages ▪ Super conforming mortgages
Borrower Eligibility Requirements	<ul style="list-style-type: none"> ▪ For Construction Conversion and Renovation Mortgages: <ul style="list-style-type: none"> ⊗ The borrower on the Permanent Financing must be the borrower on the Interim Construction Financing. A borrower may not be added or removed when the Interim Construction Financing is paid off, modified or converted to, or replaced by Permanent Financing. ⊗ At least one borrower on the mortgage is obligated to repay the Interim Construction Financing and repayment of the Interim Construction Financing; and any other outstanding prior financing, including installation financing or outstanding prior mortgages, may not be the obligation of any party other than the borrower. ⊗ Any other outstanding prior financing, including installation financing or outstanding prior mortgage loans, may not be the obligation of any party other than the borrower. ▪ For Newly Built Home Mortgages: <ul style="list-style-type: none"> ⊗ Borrower must not have owned the land prior to closing and must not have secured any Interim Construction Financing or be obligated to pay off any Interim Construction Financing with the mortgage proceeds.
Special Underwriting Requirements	<ul style="list-style-type: none"> ▪ Minimum Indicator Score of 620 unless otherwise specified in the Guide. (Loan Prospector A-minus Mortgages exempt.) ▪ All mortgages must meet the risk class and/or minimum Indicator Score requirements in Exhibit 25A, where applicable. ▪ Maximum debt-to-income ratio of 45 percent for manually underwritten mortgages. ▪ A borrower's credit, capacity, and collateral documentation must be dated within 18 months of the settlement date for sales through the selling system. ▪ Loans submitted to Loan Prospector are assessed by the options "Newly Built" or "Construction Conversion." Sellers also assess Renovation Mortgages by choosing the "Construction Conversion" option. ▪ Seller must underwrite the mortgage for the Permanent Financing that will be sold to Freddie Mac, prior to the effective date of Permanent Financing. For Construction Conversion and Renovation Mortgages, underwriting may occur prior to or after closing of the Interim Construction Financing. ▪ Changes in the terms of the financing or in the mortgage product are permitted prior to the effective date of the Permanent Financing. If there are changes in the terms of the Permanent Financing after the mortgage has been underwritten then: <ul style="list-style-type: none"> ⊗ If it is a Non-Loan Prospector Mortgage, it must be re-underwritten. ⊗ If it is a Loan Prospector Mortgage, it may require resubmission of the mortgage to Loan Prospector as described in General Section K33.10(b). ▪ See Guide Section 2.2.1(k) for requirements for exceptions to Loan Prospector resubmissions. ▪ All improvements must be fully completed before the sale to Freddie Mac, except for mortgages secured by site-built homes meeting the requirements in Guide Section 44.2(b) and unless escrows are established in accordance with the requirements of Guide Section 44.2(b).
Collateral Assessment	<ul style="list-style-type: none"> ▪ An appraisal update is required within 120 days prior to the effective date of the Permanent Financing. If the property value has declined, the Mortgage for Newly Constructed Home product must be resubmitted to Loan Prospector or re-underwritten (if manually underwritten). ▪ Seller must obtain a written appraisal report with an interior and exterior inspection that meets the requirements of Guide Chapter 44. Loan Prospector's Condition and Marketability Report and Property Inspection Alternative (PIA) may not be used to evidence if the property is acceptable for the transaction. ▪ Appraisal report must state the estimated market value of the property after completion of the construction or renovation and if applicable, be supported by an acceptable completion certificate. (See Form 442, <i>Appraisal Update and/or Completion Report</i>, for suggested format.)
Seasoned Mortgages for Newly Constructed Homes	<ul style="list-style-type: none"> ▪ Seasoned Mortgages for Newly Constructed Homes are mortgages with a settlement date (the date the loan is sold to Freddie Mac under the selling system) that is more than 18 months after the date of a borrower's oldest credit, capacity, or collateral documentation. ▪ Seasoned Mortgages for Newly Constructed Homes are eligible for sale only under negotiated sales contracts through the bulk sales path.

DELIVERY REQUIREMENTS	
Eligible Executions	<ul style="list-style-type: none"> ▪ Servicing-released cash* ▪ Servicing-retained cash ▪ Fixed-rate Guarantor ▪ WAC ARM Guarantor ▪ MultiLender Swap** <p>*See our selling system availability matrix for a list of specific mortgages eligible for sale through cash under mandatory contracts, servicing-released, and best efforts contracts servicing-released or servicing-retained.</p> <p>**Mortgages for Newly Constructed Homes with a settlement date more than 12 months after the effective date of Permanent Financing are not eligible for sale under MultiLender Swap.</p>
Delivery Requirements	<p>The following special data must be delivered on Form 11 or 13SF as applicable:</p> <ul style="list-style-type: none"> ▪ Date of Note: Depends on type of construction conversion document used – see Guide Section 17.38.1. <ul style="list-style-type: none"> ⌚ For Newly Built Home Mortgages, the date of note equals the note date of the mortgage. ⌚ For Construction Conversion and Renovation Mortgages, the date of the note equals the note date of the Permanent Financing documentation; or the original note date of the interim and/or integrated Interim Construction Financing documentation. ▪ Special Characteristic Codes (SCCs): <ul style="list-style-type: none"> ⌚ D49 = Newly Built Home Mortgages – Site-built ⌚ D50 = Newly Built Home Mortgages – Manufactured home ⌚ D51 = Construction Conversion Mortgages - Site-built ⌚ D51 and D69 = Renovation Mortgages - Site-built (both SCCs must be delivered) ⌚ D52 = Construction Conversion Mortgages - Manufactured home ⌚ D53 = Seasoned Mortgages for Newly Constructed Homes (bulk transactions only) ▪ Reference Code: 0013 - Delivered with Construction Conversion or Renovation Mortgages when data must be entered into the mod/conv field; depends on type of construction conversion document used – see Guide Section 17.38.1. ▪ Modification/Conversion Date: The due date of the first monthly installment of principal and interest on the permanent mortgage; depends on type of construction conversion document used – see Guide Section 17.38.1.
Delivery Fees	See Guide Exhibit 19 at www.FreddieMac.com/singlefamily/pdf/ex19.pdf for details on applicable delivery fees

Learn more about Mortgages for Newly Constructed Homes:

- Refer to Chapter K33 and Section 17.38.1 of your *Single-Family Seller/Servicer Guide*
- Call (800) FREDDIE
- Visit www.FreddieMac.com