



Home Possible Advantage: A Smart Choice for Affordable Lending

- **First-time and repeat buyers**
- **No cash-out refinance borrowers**
- **Low- to moderate-income borrowers**
- **Families in underserved areas**

Help these borrowers realize their dream of homeownership with a Freddie Mac Home Possible AdvantageSM mortgage. Home Possible Advantage offers flexibility and many benefits for your borrowers.

Key Features & Flexibilities

- Fixed-rate mortgages with a term of up to 30 years.
- Eligible properties: one-unit properties, condominiums, and planned unit developments. (Manufactured homes are ineligible.)
- All borrowers must occupy the property as their primary residence.
- Maximum loan-to-value (LTV) is 97% and maximum total loan-to-value (TLTV) is 105%.
- Reduced mortgage insurance coverage (18%).
- Temporary Subsidy Buydown plans lower initial monthly payments.
- No reserves required.
- More eligible sources of funds for down payment and closing costs.
- Eligible annual income up to 100% of Area Median Income or higher in select counties and no income limit in underserved areas.
- May be submitted through Loan Prospector® or manually underwritten.

Benefits for Your Borrowers

- No minimum borrower contribution from borrower personal funds.
- Gift from related persons and other sources of funds permitted for down payment and closing costs.
- Lower monthly payments from reduced mortgage insurance coverage levels.
- Lower monthly payments means less income needed to qualify.
- No minimum LTV limit.
- No reserves required, lowering cash needed to close.

Home Possible Advantage or FHA?

Did you know Home Possible Advantage can provide your borrowers with a more attractive option than FHA? See the reverse side for examples.

Online Tutorial

Take advantage of our online tutorial, Home Possible mortgages – *Your Affordable Lending Solution* for Home Possible at FreddieMac.elearningserver.com/7733012047 and other Home Possible training resources on our Learning Center at FreddieMac.com/learn/mp/homepossible.html.

Comparison of Home Possible Advantage with monthly PMI vs. FHA using \$150,000 sales price.

30-year fixed rate mortgage scenario	Home Possible Advantage 18% Monthly MI Coverage 4.375% Note Rate**, 97% LTV FICO Ranges 680-719 / 720-759	FHA No FICO Cuts 3.750% Note Rate* 96.5% LTV
Base Loan Amount	\$145,500	\$144,750
Upfront MIP Rate (%)	0	1.75%
Upfront MIP Cost (\$)	0	\$2,533
Total Loan Amount	\$145,500	\$147,283
Down Payment	\$4,500	\$5,250
Monthly MI Rate (%)	.80% / .60%	.85%
Monthly MI (\$)	\$97 / \$73	\$102
Principal / Interest	\$726	\$682
Total Monthly Payment	\$823 / \$799	\$784

Why Choose Home Possible Advantage?

- No upfront PMI required.
- Low monthly PMI premiums mean low monthly housing payments and may be cancellable.
- Five-year cost of PMI is substantially lower than FHA MIP – no upfront MI premium and lower monthly premiums.
- FHA comparable monthly payments with conventional 30-year mortgages using Home Possible PMI coverage.

* FHA includes an upfront MIP (1.75%) and renewal premium (.85%). PMI premiums will adjust due to select transaction features (refinances, relocation, terms of < 25 years, ARM vs. Fixed). Higher FICO's further reduce PMI premium rates.

** Note Rate adjusted to cover applicable delivery fees. Interest Rates rounded to the nearest 1/8% and drawn from Inside Mortgage Finance February 27, 2015. Financing of MI premiums currently limited to 95% LTV/95% TLTV per the Freddie Mac *Single-Family Seller/Servicer Guide*.

Scenarios are intended for comparison purposes only and should not be relied on for actual rate quotes, Good Faith Estimates, or other borrower disclosures. Comparisons are made at the highest LTV ratios allowed for the product. The content presented here is provided for high-level informational purposes only. You must consult the Freddie Mac *Single-Family Seller/Servicer Guide* for detailed requirements that apply to Freddie Mac's Home Possible and 30-year fixed rate mortgage products.