



# Freddie Mac Home Possible<sup>®</sup> Mortgages

**A responsible, low down payment mortgage option for first-time homebuyers and low- and moderate-income borrowers**

Freddie Mac Home Possible<sup>®</sup> and Home Possible Advantage<sup>®</sup> mortgages (collectively referred to as Home Possible mortgages) offer outstanding flexibility and options to meet a variety of borrowers' needs. With Home Possible, you'll capitalize on opportunities to meet the home financing needs of low- and moderate-income borrowers looking for low down payments and flexible sources of funds.

Home Possible Advantage offers more flexibility for maximum financing. This offering adopts the responsible and affordable flexibilities of Home Possible, but with additional requirements.

## > Borrower Profile

You may offer this mortgage option for:

- First-time homebuyers, move-up borrowers, and retirees.
- Families in underserved areas.
- Very low-, low- and moderate-income borrowers.

## > Key Features

- Purchase and no cash out refinancing.
- Maximum 97 percent LTV and 105 percent TLTV ratios for Home Possible Advantage.
- Mortgage insurance options.
- Loan Product Advisor<sup>SM</sup> or manual underwriting.
- No reserves required for 1-unit properties.
- Maximum credit fee in price of 1.5 percent.

## > Borrower Benefits

- Stable monthly payments with fixed-rate mortgages.
- Flexible sources of funds for down payment.
- Reduced mortgage insurance coverage levels for LTV ratios greater than 90 percent.
- Minimum down payment of 3 percent allowed for Home Possible Advantage.

**ORIGINATION & UNDERWRITING REQUIREMENTS**

<b>Eligible Property Types</b>	<b>Home Possible</b>	<b>Home Possible Advantage</b>
	1- to 4-unit primary residences	1-unit primary residences only
	Condos	Condos
	PUD	PUDs
	Manufactured homes (with restrictions) See Guide Section A4501.6(a).	N/A

<b>Eligible Mortgages</b>	<ul style="list-style-type: none"> <li>• Home Possible mortgages eligible for purchase must be first lien mortgages that are fully amortizing.</li> <li>• Home Possible mortgages must be conventional, conforming mortgages.</li> <li>• Home Possible mortgages, other than mortgages secured by manufactured homes, must have an original maturity date not greater than 30 years.</li> <li>• Home Possible mortgages secured by manufactured homes must have a maximum original maturity not greater than that specified in Guide Section 5703.3(d).</li> </ul>												
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<b>Temporary Subsidy Buydowns</b>	<ul style="list-style-type: none"> <li>• Allowed for mortgages secured by 1- to 2-unit properties, other than manufactured homes (See Guide Sections 4501.5 and 4202.4).</li> <li>• If a mortgage with a temporary subsidy buydown plan is subject to secondary financing, including an Affordable Second<sup>®</sup> that requires repayment to begin before the due date of the 61<sup>st</sup> monthly payment under the Home Possible mortgage, the secondary financing must have a fixed interest rate.</li> </ul>
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<b>Maximum LTV/TLTV/HTLTV Ratios</b>	<b>Maximum LTV/TLTV/LTV</b>			
	<i>(Purchase and no cash-out refinance transactions)</i>			
	<b>Property Type</b>	<b>LTV</b>	<b>TLTV</b>	<b>HTLTV</b>
	<b>Home Possible</b>			
	1- to 4-unit	95%	95%	95%
	Manufactured home	See Guide Chapter 5703.3		
	<b>Home Possible Advantage</b>			
	1-unit	97%	105%	N/A

<b>Minimum Borrower Contribution, and Reserves</b>	<b>Minimum Contribution from Borrower Personal Funds</b>			
	<i>(Purchase transactions only)</i>			
	<b>Property Type</b>	<b>Home Possible LTV/TLTV/HTLTV ratios &lt;= 80%</b>	<b>Home Possible LTV/TLTV/HTLTV ratios &gt;80% &lt;= 95%</b>	<b>Home Possible Advantage mortgages</b>
	1-unit	None	None	None
	2- to 4-unit	None	3%	N/A
	Manufactured home	None	None	N/A
	<b>Minimum Reserves</b>			
	<b>Property Type</b>	<b>Home Possible</b>	<b>Home Possible Advantage</b>	
	1-unit	None required	None required	
	2- to 4-units	Two months	N/A	

<b>Permitted Sources of Funds</b>	<table border="1"> <thead> <tr> <th data-bbox="474 128 972 155">Use</th> <th data-bbox="976 128 1442 155">Permitted Sources of Funds</th> </tr> </thead> <tbody> <tr> <td data-bbox="474 159 972 186">Minimum borrower contribution</td> <td data-bbox="976 159 1442 186"> <ul style="list-style-type: none"> <li>Borrower personal funds</li> </ul> </td> </tr> <tr> <td data-bbox="474 191 972 264">Down payment for purchase transaction (difference between the purchase price and the first lien amount)</td> <td data-bbox="976 191 1442 264"> <ul style="list-style-type: none"> <li>Borrower personal funds</li> <li>Other borrower funds</li> </ul> </td> </tr> <tr> <td data-bbox="474 268 972 321">Additional equity if needed for a no-cash-out refinance transaction</td> <td data-bbox="976 268 1442 321"> <ul style="list-style-type: none"> <li>Borrower personal funds</li> <li>Other borrower funds</li> </ul> </td> </tr> <tr> <td data-bbox="474 325 972 399">Closing costs, financing costs, prepaids/escrows</td> <td data-bbox="976 325 1442 399"> <ul style="list-style-type: none"> <li>Borrower personal funds</li> <li>Other borrower funds</li> <li>Flexible sources of funds</li> </ul> </td> </tr> <tr> <td data-bbox="474 403 972 489">Reserves</td> <td data-bbox="976 403 1442 489"> <ul style="list-style-type: none"> <li>Borrower personal funds</li> <li>Other borrower funds</li> <li>Eligible assets (Guide Section 5501.2)</li> </ul> </td> </tr> </tbody> </table>	Use	Permitted Sources of Funds	Minimum borrower contribution	<ul style="list-style-type: none"> <li>Borrower personal funds</li> </ul>	Down payment for purchase transaction (difference between the purchase price and the first lien amount)	<ul style="list-style-type: none"> <li>Borrower personal funds</li> <li>Other borrower funds</li> </ul>	Additional equity if needed for a no-cash-out refinance transaction	<ul style="list-style-type: none"> <li>Borrower personal funds</li> <li>Other borrower funds</li> </ul>	Closing costs, financing costs, prepaids/escrows	<ul style="list-style-type: none"> <li>Borrower personal funds</li> <li>Other borrower funds</li> <li>Flexible sources of funds</li> </ul>	Reserves	<ul style="list-style-type: none"> <li>Borrower personal funds</li> <li>Other borrower funds</li> <li>Eligible assets (Guide Section 5501.2)</li> </ul>						
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<b>Secondary Financing</b>	<ul style="list-style-type: none"> <li>For Home Possible mortgages other than Home Possible Advantage mortgages, any secondary financing that meets Freddie Mac requirements is allowed.</li> <li>Any secondary financing subordinated to a Home Possible Advantage mortgage must be an Affordable Second®.</li> <li>An Affordable Second that does not require a payment before the due date of the 61st payment under the Home Possible mortgage may be entered in Loan Product Advisor<sup>SM</sup> in the "Total Gift Fund" field. In all other respects, the Affordable Second must be considered as secondary financing.</li> </ul>																		
<b>Credit Underwriting (Loan Product Advisor)</b>	<ul style="list-style-type: none"> <li>A borrower's credit reputation is acceptable if the Home Possible mortgage receives a risk class of Accept.</li> <li>Borrowers without credit scores may be underwritten for up to 95% LTV using Loan Product Advisor.</li> <li>A Home Possible mortgage secured by a manufactured home must be submitted to Loan Product Advisor. See Guide Section 4501.8 for additional requirements.</li> <li>Use Loan Product Advisor Offering Identifier Code "241" for Home Possible Mortgages and "250" for Home Possible Advantage Mortgages.</li> </ul>																		
<b>Credit Underwriting (Manually Underwritten Mortgages)</b>	<ul style="list-style-type: none"> <li>The minimum Indicator Scores for manually underwritten mortgages are: <table border="1" data-bbox="459 932 1417 1289"> <thead> <tr> <th data-bbox="459 932 1179 993">Property/Mortgage Type</th> <th data-bbox="1182 932 1417 993">Minimum Indicator Score</th> </tr> </thead> <tbody> <tr> <td colspan="2" data-bbox="459 997 1417 1031" style="text-align: center;"><b>Home Possible</b></td> </tr> <tr> <td data-bbox="459 1035 1179 1068">1-unit other than an ARM or a "no cash-out" refinance mortgage</td> <td data-bbox="1182 1035 1417 1068">660</td> </tr> <tr> <td data-bbox="459 1073 1179 1106">1-unit that is an ARM, or a "no cash-out" refinance mortgage</td> <td data-bbox="1182 1073 1417 1106">680</td> </tr> <tr> <td data-bbox="459 1110 1179 1144">2- and 4-unit</td> <td data-bbox="1182 1110 1417 1144">700</td> </tr> <tr> <td data-bbox="459 1148 1179 1182">Manufactured homes</td> <td data-bbox="1182 1148 1417 1182">720</td> </tr> <tr> <td colspan="2" data-bbox="459 1186 1417 1220" style="text-align: center;"><b>Home Possible Advantage</b></td> </tr> <tr> <td data-bbox="459 1224 1179 1257">1-unit fixed-rate mortgages that are purchase transactions</td> <td data-bbox="1182 1224 1417 1257">660</td> </tr> <tr> <td data-bbox="459 1262 1179 1295">1-unit fixed-rate mortgages that are "no cash-out refinance transactions"</td> <td data-bbox="1182 1262 1417 1295">680</td> </tr> </tbody> </table> </li> <li>See Guide Section 4501.8 (b) for additional underwriting requirements for manually underwritten mortgages.</li> </ul>	Property/Mortgage Type	Minimum Indicator Score	<b>Home Possible</b>		1-unit other than an ARM or a "no cash-out" refinance mortgage	660	1-unit that is an ARM, or a "no cash-out" refinance mortgage	680	2- and 4-unit	700	Manufactured homes	720	<b>Home Possible Advantage</b>		1-unit fixed-rate mortgages that are purchase transactions	660	1-unit fixed-rate mortgages that are "no cash-out refinance transactions"	680
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<b>Mortgage Credit Certificates</b>	<p>Mortgage Credit Certificates (MCCs) may be considered as qualifying income provided the requirements in Guide Section 5202.2 are met.</p> <ul style="list-style-type: none"> <li>The amount used as qualifying income must be calculated as follows: (mortgage amount) x (note rate) x (MCC rate %) divided by 12.</li> <li>The amount used as qualifying income cannot exceed the maximum mortgage interest credit permitted by the IRS.</li> <li>The mortgage file must contain a copy of the: <ol style="list-style-type: none"> <li>MCC.</li> <li>Seller's calculation of the amount used as qualifying income.</li> </ol> </li> <li>A history of receipt of MCC tax credit is not required.</li> </ul>																		
<b>Eligible Borrowers</b>	<ul style="list-style-type: none"> <li>All borrowers must occupy the mortgaged premises as a primary residence.</li> <li>The borrower may not, as of the note date or the effective date of the permanent financing for Construction Conversion and Renovation Mortgages, have any ownership interest in any other residential properties other than as permitted in Guide Section 4501.7.</li> <li>The borrower must meet income limits. Loan Product Advisor will indicate income eligibility; for non-Loan Product Advisor mortgages, use the <a href="#">Home Possible Income &amp; Property Eligibility tool</a> on FreddieMac.com.</li> <li>The Seller must attempt to verify all income reported on the Uniform Residential Loan Application. All reported income that has been verified and that is stable monthly income must be used to qualify the borrower and in determining whether the borrower meets the income limits.</li> </ul>																		

<b>Additional Special Underwriting Requirements</b>	<ul style="list-style-type: none"> <li>Rental income from a 1-unit primary residence that meets the requirements of Guide Section 4501.9(a) may be considered as stable monthly income.</li> <li>Rental income from a 2- to 4-unit primary residence that meets Guide Chapter 5306 may be used as qualifying income.</li> </ul>																																
<b>Mortgage Insurance Requirements</b>	<p>The standard required or custom MI coverage levels for Home Possible mortgages are as follows:</p> <table border="1" data-bbox="391 264 1529 506"> <thead> <tr> <th rowspan="2">Transaction type</th> <th rowspan="2">MI coverage</th> <th colspan="4">LTV Ratio</th> </tr> <tr> <th>&gt;80% &amp; ≤85%</th> <th>&gt;85% &amp; ≤90%</th> <th>&gt;90% &amp; ≤95%</th> <th>&gt;95% &amp; ≤97%</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Home Possible, fixed-rate, term ≤ 20 years</td> <td>Standard</td> <td>6%</td> <td>12%</td> <td>25%</td> <td>25%</td> </tr> <tr> <td>Custom</td> <td>N/A</td> <td>N/A</td> <td>16%</td> <td>18%</td> </tr> <tr> <td rowspan="2">Home Possible, fixed-rate, term &gt; 20 years; ARMs; and manufactured homes<sup>1</sup></td> <td>Standard</td> <td>12%</td> <td>25%</td> <td>25%</td> <td>25%</td> </tr> <tr> <td>Custom</td> <td>6%</td> <td>12%</td> <td>16%</td> <td>18%</td> </tr> </tbody> </table> <p><sup>1</sup> <i>Manufactured homes are limited to maximum LTV ratios of 95%.</i></p> <ul style="list-style-type: none"> <li>Seller must obtain Freddie Mac's approval to sell mortgages with annual or monthly premium lender-paid mortgage insurance to Freddie Mac.</li> <li>See Guide Section 4701.1 for additional MI requirements and options including custom MI.</li> </ul>	Transaction type	MI coverage	LTV Ratio				>80% & ≤85%	>85% & ≤90%	>90% & ≤95%	>95% & ≤97%	Home Possible, fixed-rate, term ≤ 20 years	Standard	6%	12%	25%	25%	Custom	N/A	N/A	16%	18%	Home Possible, fixed-rate, term > 20 years; ARMs; and manufactured homes <sup>1</sup>	Standard	12%	25%	25%	25%	Custom	6%	12%	16%	18%
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<b>Collateral Evaluation</b>	<ul style="list-style-type: none"> <li>1-unit primary residences: Use Form 70, <i>Uniform Residential Appraisal Report</i>.</li> <li>Condominiums: Use Form 465, <i>Individual Condominium Unit Appraisal Report</i>.</li> <li>2- to 4-unit primary residences: Use Form 72, <i>Small Residential Income Property Appraisal Report</i>.</li> <li>Manufactured housing: Use Form 70B, <i>Manufactured Home Appraisal Report</i>.</li> </ul>																																
<b>Homebuyer and Landlord Education and Borrower Disclosure</b>	<p>See Guide Section 4501.12 for homeownership education and landlord education requirements related to:</p> <ul style="list-style-type: none"> <li>Borrower(s) who are all first-time homebuyers.</li> <li>Restrictions on parties that may provide the homeownership education.</li> <li>Homeownership education documentation that must be retained in the mortgage file.</li> <li>Acceptable types of homeownership education, including Freddie Mac CreditSmart® financial education curriculum or <a href="#">CreditSmart – Steps to Homeownership Tutorial</a>.</li> <li>Borrower disclosure requirements.</li> <li>Landlord education (2- to 4-unit primary residences) requirements for purchase transactions.</li> </ul>																																
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<b>Delivery Requirements</b>	<ul style="list-style-type: none"> <li>See Guide Section 6302.14(b) for special delivery instruction for Home Possible mortgages and Guide Section 6304.34 for applicable secondary financing delivery requirements. In addition, Sellers must provide the applicable information, as outlined in Guide Section 6302.14(b), for down payment, closing costs, automated underwriting system, and borrower counseling. Sellers must deliver the following ULDD Data Points: <ul style="list-style-type: none"> <li><i>Loan Affordable Indicator</i>: "true"</li> <li><i>Loan Program Identifier</i>: "Home Possible Mortgage"</li> <li><i>Loan Program Identifier</i> "Home Possible Advantage Mortgage" if applicable</li> </ul> </li> <li>If applicable, Sellers must deliver the following Investor Feature Identifiers (IFI) in ULDD Data Point IFI: <ul style="list-style-type: none"> <li><i>IFI 532</i> (If mortgage satisfies the minimum number of payment reference requirement using noncredit payment references).</li> <li><i>IFI 583</i> (Home Possible mortgage with an Affordable Second).</li> <li><i>IFI G18</i> (Home Possible mortgage with Affordable Second entered into Loan Product Advisor in "Total Gift Fund" field).</li> </ul> </li> </ul>																																
<b>Pooling Requirements</b>	<ul style="list-style-type: none"> <li>There are no special pooling requirements for Home Possible mortgages. Refer to Guide Chapter 6202 for pooling requirements.</li> <li>Mortgages may be pooled with non-Home Possible mortgages.</li> </ul>																																
<b>Credit Fees in Price</b>	<p>See Guide Exhibit 19 for details on credit fee in price caps and credit fees in price applicable to Home Possible mortgages.</p>																																

**Learn more about Home Possible mortgages**

- Review Chapter 4501 of the *Single-Family Seller/Servicer Guide*.
- Call 800-FREDDIE.