



Freddie Mac Home Possible[®] Mortgages

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

Freddie Mac Home Possible[®] and Home Possible Advantage[®] 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.

› Borrower Profile

Home Possible is designed to meet the needs of:

- First-time homebuyers, move-up borrowers, and retirees.
- Families in low-income census tracts.
- 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[®] or manual underwriting.
- No reserves required for 1-unit properties for manually underwritten mortgages.
- 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[®].

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Origination and Underwriting Requirements

ELIGIBLE PROPERTY TYPES

Home Possible	Home Possible Advantage
1- to 4-unit properties	1-unit properties
Condos	Condos
PUD	PUDs
Manufactured homes (with additional requirements) See Guide Section 4501.6	N/A

ELIGIBLE OCCUPANCY TYPES

Home Possible	Home Possible Advantage
Primary residences only	Primary residences only

ELIGIBLE MORTGAGES

- Home Possible mortgages eligible for purchase must be first lien mortgages that are fully amortizing.
- Home Possible mortgages must be conventional, conforming mortgages.
- Home Possible mortgages, other than mortgages secured by manufactured homes, must have an original maturity date not greater than 30 years.

Home Possible	Home Possible Advantage
Fixed-rate mortgages	Fixed-rate mortgages
7/1 and 10/1 ARMs if secured by a 1- or 2-unit property	N/A
5/5 and 5/1 ARMs if secured by a 1- or 2-unit property other than a manufactured home	N/A
Construction Conversion and Renovation Mortgages originated according to Guide Chapter 4602	Construction Conversion and Renovation Mortgages originated according to Guide Chapter 4602
Mortgages with an RHS Leveraged Second originated according to Guide Section 4205.2	N/A

TEMPORARY SUBSIDY BUYDOWNS

- Allowed for mortgages secured by 1- to 2-unit properties, other than manufactured homes (See Guide Sections 4501.5 and 4204.4).
- If a mortgage with a temporary subsidy buydown plan is subject to secondary financing, including an Affordable Second[®] that requires repayment to begin before the due date of the 61st monthly payment under the Home Possible mortgage, the secondary financing must have a fixed interest rate.

MAXIMUM LTV/TLTV/HTLTV RATIOS

Maximum LTV/TLTV/LTV (Purchase and no cash-out refinance transactions)			
Property Type	LTV	TLTV	HTLTV
Home Possible			
1- to 4-unit	95%	95%	95%
Manufactured home	See Guide Chapter 5703		
Home Possible Advantage			
1-unit	97%	105% (If an Affordable Second)	N/A

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Origination and Underwriting Requirements (continued)

MINIMUM BORROWER CONTRIBUTION AND RESERVES

Minimum Contribution from Borrower Personal Funds (*Purchase transactions only*)

Property Type	Home Possible LTV/TLTV/ HTLTV ratios <= 80%	Home Possible LTV/TLTV/ HTLTV ratios >80% <= 95%	Home Possible Advantage mortgages
1-unit	None	None	None
2- to 4-unit	None	3% of value	N/A
Manufactured home	None	None	N/A

Minimum Reserves

Property Type	Home Possible	Home Possible Advantage
1-unit	As defined by Loan Product Advisor® – none if manually underwritten	As defined by Loan Product Advisor® – none if manually underwritten
2- to 4-unit	As defined by Loan Product Advisor® – two months if manually underwritten	N/A

PERMITTED SOURCES OF FUNDS

Use	Permitted Sources of Funds
Minimum borrower contribution	<ul style="list-style-type: none"> Borrower personal funds
Down payment (difference between the purchase price and the first lien amount)	<ul style="list-style-type: none"> Borrower personal funds Other eligible sources of funds
Additional equity if needed for a no-cash-out refinance transaction	<ul style="list-style-type: none"> Borrower personal funds Other eligible sources of funds
Closing costs, financing costs, prepaids/escrows	<ul style="list-style-type: none"> Borrower personal funds Other eligible sources of funds Flexible sources of funds
Reserves	<ul style="list-style-type: none"> Borrower personal funds Other eligible sources of funds, including funds described in Section 5501.e[®]

SECONDARY FINANCING

- For Home Possible mortgages other than Home Possible Advantage mortgages, any secondary financing that meets Freddie Mac requirements is allowed.
- Any secondary financing subordinated to a Home Possible Advantage mortgage must be an Affordable Second[®].
- An Affordable Second that does not require a payment before the due date of the 61st payment may be entered in Loan Product Advisor[®] in the "Total Gift Fund" field. In all other respects, the Affordable Second must be considered as secondary financing.

CREDIT UNDERWRITING (LOAN PRODUCT ADVISOR)

- A borrower's credit reputation is acceptable if the Home Possible mortgage receives a risk class of Accept.
- Borrowers without credit scores may be underwritten for up to 95% LTV using Loan Product Advisor.
- A Home Possible mortgage secured by a manufactured home must be submitted to Loan Product Advisor. See Guide Section 4501.8 for additional requirements.
- Use Loan Product Advisor Offering Identifier Code "241" for Home Possible Mortgages and "250" for Home Possible Advantage Mortgages.

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Origination and Underwriting Requirements (continued)

CREDIT UNDERWRITING (MANUALLY UNDERWRITTEN MORTGAGES)

- The minimum Indicator Scores for manually underwritten mortgages are:

Property/Mortgage Type	Minimum Indicator Score
Home Possible	
1-unit (except a Manufactured Home) other than an ARM or a “no cash-out” refinance mortgage	660
1-unit (except a Manufactured Home) that is an ARM, or a “no-cash-out” refinance mortgage	680
2- and 4-unit	700
Manufactured home	720
Home Possible Advantage	
1-unit fixed-rate mortgages that are purchase transactions	660
1-unit fixed-rate mortgages that are “no cash-out refinance transactions	680

- See Guide Section 4501.8 (b) for additional underwriting requirements for manually underwritten mortgages.

MORTGAGE CREDIT CERTIFICATES

Mortgage Credit Certificates (MCCs) may be considered as qualifying income provided the requirements in Guide Sections 5301.1 and 5305.2 are met.

- The amount used as qualifying income must be calculated as follows: (mortgage amount) x (note rate) x (MCC rate %) divided by 12.
- The amount used as qualifying income cannot exceed the maximum mortgage interest credit permitted by the IRS.
- The mortgage file must contain a copy of the:
 - MCC.
 - Seller’s calculation of the amount used as qualifying income.
- A history of receipt of MCC tax credit is not required.

ELIGIBLE BORROWERS

- All borrowers must occupy the mortgaged premises as a primary residence.
- 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.
- The borrower must meet income limits. Loan Product Advisor will indicate income eligibility; for non-Loan Product Advisor mortgages, use the [Home Possible Income & Property Eligibility tool](#) on FreddieMac.com.
- The Borrower’s income converted to an annual basis must not exceed 100% of the area median income. There is no income limit if the Mortgaged Premises is located in a low-income census tract. To determine whether the Borrower’s income exceeds the income limits, the Seller must rely on the income used to qualify the Borrower and submitted to Loan Product Advisor® for Loan Product Advisor Mortgages. See Guide Section 4501.7.

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Origination and Underwriting Requirements (continued)

ADDITIONAL SPECIAL UNDERWRITING REQUIREMENTS

- 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.
- Rental income from a 2- to 4-unit primary residence that meets Guide Chapter 5306 may be used as qualifying income.

MORTGAGE INSURANCE REQUIREMENTS

The standard required or custom MI coverage levels for Home Possible mortgages are as follows:

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 ¹	Standard	12%	25%	25%	25%
	Custom	6%	12%	16%	18%

¹ *Manufactured homes are limited to maximum LTV ratios of 95%.*

- Seller must obtain Freddie Mac's approval to sell mortgages with annual or monthly premium lender-paid mortgage insurance to Freddie Mac.
- See Guide Section 4701.1 for additional MI requirements and options including custom MI.

COLLATERAL EVALUATION

- 1-unit primary residences: Use Form 70, *Uniform Residential Appraisal Report*.
- Condominiums: Use Form 465, *Individual Condominium Unit Appraisal Report*.
- 2- to 4-unit primary residences: Use Form 72, *Small Residential Income Property Appraisal Report*.
- Manufactured housing: Use Form 70B, *Manufactured Home Appraisal Report*.

HOMEBUYER AND LANDLORD EDUCATION AND BORROWER DISCLOSURE

See Guide Section 4501.12 for homeownership education and landlord education requirements related to:

- Borrower(s) who are all first-time homebuyers.
- Restrictions on parties that may provide the homeownership education.
- Homeownership education documentation that must be retained in the mortgage file.
- Acceptable types of homeownership education, including Freddie Mac CreditSmart® financial education curriculum or [CreditSmart – Steps to Homeownership Tutorial](#). See Guide Section 5103.6.
- Borrower disclosure requirements.
- Landlord education (2- to 4-unit primary residences) requirements for purchase transactions.

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Delivery Requirements

ELIGIBLE EXECUTIONS

Home Possible	Home Possible Advantage
Servicing-Released Cash	Servicing-Released Cash
Servicing-Retained Cash	Servicing-Retained Cash
WAC ARM Cash	Fixed-rate Guarantor
Fixed-rate Guarantor	MultiLender Swap
WAC ARM Guarantor	
MultiLender Swap	

DELIVERY REQUIREMENTS

- 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:
 - *Loan Affordable Indicator*: “true”
 - *Loan Program Identifier*: “Home Possible Mortgage”
 - *Loan Program Identifier* “Home Possible Advantage Mortgage” if applicable
- If applicable, Sellers must deliver the following Investor Feature Identifiers (IFI) in ULDD Data Point IFI:
 - *IFI 532* (If mortgage satisfies the minimum number of payment reference requirement using noncredit payment references).
 - *IFI 583* (Home Possible mortgage with an Affordable Second).
 - *IFI G18* (Home Possible mortgage with Affordable Second entered into Loan Product Advisor in “Total Gift Fund” field).

POOLING REQUIREMENTS

- There are no special pooling requirements for Home Possible mortgages. Refer to Guide Chapter 6202 for pooling requirements.
- Mortgages may be pooled with non-Home Possible mortgages.

CREDIT FEES IN PRICE

See Guide Exhibit 19 for details on credit fee in price caps and credit fees in price applicable to Home Possible mortgages.

Learn more about Home Possible mortgages

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