



## Freddie Mac HFA Advantage Mortgages

### Additional Flexibility for Housing Finance Agencies

Freddie Mac HFA Advantage<sup>®</sup> mortgages offer outstanding flexibility for maximum financing. This offering adopts the responsible and affordable requirements of Freddie Mac Home Possible<sup>®</sup> but with added flexibilities for Housing Finance Agencies (HFAs).

#### Key Features

- One-unit primary residence.
- Purchase and no cash-out refinancing.
- Maximum 97 percent loan-to-value (LTV) and 105 percent total loan-to-value (TLTV) ratios.
- Loan Product Advisor<sup>®</sup>, manual underwriting or alternative underwriting process subject to prior approval.
- No reserves required.
- Income limits established by the HFA.
- Available to first-time homebuyers, repeat buyers, and borrowers seeking no cash-out refinances.
- Flexible funding options for down payment and closing costs.
- Flexible MI options available.
- Credit fee in yield specific to the HFA community and elimination of credit fees in price for HFAs.

#### HFA Benefits

- Minimum private mortgage insurance (MI) required.
- For HFAs interested in becoming a Freddie Mac Seller/Servicer:
  - “White Glove” onboarding process with a dedicated Freddie Mac representative assisting you through the Seller/Servicer application process.
  - No application fees.

Visit our HFA Web page for more information  
[FreddieMac.com/singlefamily/hfa.html](http://FreddieMac.com/singlefamily/hfa.html)

ORIGINATION & UNDERWRITING REQUIREMENTS													
<b>Borrower Eligibility</b>	<ul style="list-style-type: none"> <li>All borrowers must occupy the mortgaged premises as their primary residence.</li> </ul>												
<b>Property Eligibility</b>	<ul style="list-style-type: none"> <li>One-unit primary residence.</li> <li>Condos.</li> <li>PUDs.</li> <li>Manufactured homes are not eligible.</li> </ul>												
<b>Eligible Mortgages</b>	<ul style="list-style-type: none"> <li>Must be first lien conventional mortgages that are fully amortizing.</li> <li>Fixed-rate mortgages with an original maturity not greater than 30 years.</li> <li>Construction Conversion and Renovation Mortgages originated in accordance with <i>Single-Family Seller/Service Guide</i> (Guide) Chapter 4602 are permitted.</li> </ul>												
<b>Ownership of Other Property</b>	<ul style="list-style-type: none"> <li>Permit ownership of other property without restrictions.</li> </ul>												
<b>Income Limits</b>	<ul style="list-style-type: none"> <li>Determined by the HFA.</li> </ul>												
<b>Loan Purpose</b>	<ul style="list-style-type: none"> <li>Purchase.</li> <li>No cash-out refinance.</li> </ul>												
<b>LTV/TLTV</b>	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="3">Freddie Mac Settlement Dates on or after March 23, 2015</th> </tr> <tr> <th>Property Type</th> <th>Maximum LTV Ratio</th> <th>Maximum TLTV Ratio</th> </tr> </thead> <tbody> <tr> <td>One unit</td> <td>97 percent</td> <td>105 percent</td> </tr> <tr> <td>Manufactured Home</td> <td>N/A</td> <td>N/A</td> </tr> </tbody> </table>	Freddie Mac Settlement Dates on or after March 23, 2015			Property Type	Maximum LTV Ratio	Maximum TLTV Ratio	One unit	97 percent	105 percent	Manufactured Home	N/A	N/A
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One unit	97 percent	105 percent											
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<b>Mortgage Insurance</b>	<ul style="list-style-type: none"> <li>HFA Advantage MI coverage levels: <ul style="list-style-type: none"> <li>Greater than 95% up to and including 97% LTV: 18%.</li> <li>Greater than 90% up to and including 95% LTV: 16%.</li> <li>Greater than 85% up to and including 90% LTV: 12%.</li> <li>Greater than 80% up to and including 85% LTV: 6%.</li> </ul> </li> <li>HFAs may deliver minimum MI coverage; these mortgages are not considered Custom Mortgage Insurance and not subject to credit fees in price.</li> <li>Lender-paid and financed mortgage insurance premiums described in Guide Section 4701.2 are permitted.</li> <li>A negotiated credit enhancement is available in lieu of MI with Freddie Mac approval.</li> </ul>												
<b>Secondary Financing</b>	<ul style="list-style-type: none"> <li>Only permit Freddie Mac Affordable Seconds® meeting the requirements in Guide Section 4204.1. The Affordable Second financing cannot be a home equity line of credit.</li> <li>An Affordable Second that does not require a monthly payment before the due date of the 61st payment under the Home Possible mortgage may be entered in the "Total Gift Fund" field of Loan Product Advisor. Refer to Guide Section 4501.8.</li> <li>Rural Housing Service (RHS) Leveraged Seconds are not permitted.</li> </ul>												
<b>Underwriting Path</b>	<ul style="list-style-type: none"> <li>Loan Product Advisor or manual underwriting.</li> <li>Loan Product Advisor or: <ul style="list-style-type: none"> <li>If all borrowers lack credit scores, the loan can be submitted to Loan Product Advisor for a decision provided the loan is ≤95% LTV as noted in Guide Section 5201.1(ii). Loans with an "Accept" Risk Class are eligible for sale.</li> <li>A Risk Class other than "Accept" may be manually underwritten subject to conditions below.</li> </ul> </li> <li>Manually underwritten mortgages: <ul style="list-style-type: none"> <li>Manually underwritten loans are subject to Guide Chapters 4501 and 5100-5500 for requirements, including but not limited to the acceptable credit reputation.</li> <li>Minimum Indicator Scores: 660 for purchase transactions and 680 for no cash-out refinances.</li> </ul> </li> <li>Use of alternative automated underwriting systems (AUS) is permitted with Freddie Mac approval.</li> </ul>												
<b>Minimum Indicator Score for AUSs</b>	<ul style="list-style-type: none"> <li>See Loan Product Advisor</li> <li>Alternative AUSs: <ul style="list-style-type: none"> <li>Purchase: 660.</li> <li>No Cash-out Refinance: 680.</li> </ul> </li> </ul>												
<b>Qualifying Ratios</b>	<ul style="list-style-type: none"> <li>There is no maximum monthly housing expense-to-income ratio.</li> <li>Maximum debt payment-to-income ratio: <ul style="list-style-type: none"> <li>Determined by Loan Product Advisor.</li> <li>Manually underwritten mortgages: 45 percent.</li> </ul> </li> </ul>												

<b>Borrower Contribution and Reserves</b>	<ul style="list-style-type: none"> <li>• No minimum borrower contribution from borrower personal funds is required.</li> <li>• No reserves required.</li> </ul>
<b>Source of Funds</b>	<ul style="list-style-type: none"> <li>• Refer to Guide Section 5501.3.</li> </ul>
<b>Temporary Subsidy Buydown Plans</b>	<ul style="list-style-type: none"> <li>• Must meet requirements of Guide Sections 4204.4 and 4501.5.</li> <li>• If an HFA Advantage mortgage with a temporary subsidy buydown plan is subject to an Affordable Second that requires repayment to begin before the due date of the 61st monthly payment under the HFA Advantage mortgage, the Affordable Second must have a fixed-interest rate.</li> <li>• Limited Buydown: <ul style="list-style-type: none"> <li>○ Initial interest rate reduced no more than 2 percentage points below the Note Rate.</li> <li>○ Increased by no more than 1 percentage point annually for no more than two years.</li> </ul> </li> <li>• Extended Buydown: <ul style="list-style-type: none"> <li>○ Initial interest rate reduced no more than 3 percentage points below the Note Rate.</li> <li>○ Increased by no more than 1 percentage point annually for more than two but no more than three years.</li> </ul> </li> <li>• The borrower must be qualified using monthly payments calculated at the Note Rate.</li> </ul>
<b>Homebuyer Education</b>	<ul style="list-style-type: none"> <li>• HFA program or Freddie Mac CreditSmart®, - Steps to Homeownership tutorials required if all are first-time homebuyers. The tutorial must be completed by at least one borrower per Guide Section 4501.12. Education/tutorial must be completed prior to note date and Certificate must be included with file.</li> </ul>
<b>Ineligible Mortgages</b>	<ul style="list-style-type: none"> <li>• Affordable Merit Rate Mortgages.</li> <li>• ARMs.</li> <li>• A-minus Mortgages.</li> <li>• Seasoned Mortgages.</li> <li>• Financed Permanent Buydown Mortgages.</li> <li>• Seller-Owned Modified Mortgages and Seller-Owned Converted Mortgages.</li> <li>• Mortgages with capitalized balances as described in Chapter 4403.</li> <li>• FHA and VA Mortgages.</li> <li>• Guide Section 502 GRH Mortgages.</li> <li>• Guide Section 184 Native American Mortgages.</li> <li>• Super conforming Mortgages as described in Guide Chapter 4603.2.</li> <li>• Freddie Mac Relief Refinance Mortgages<sup>SM</sup>.</li> </ul>
<b>SERVICING REQUIREMENTS</b>	
<b>Early Delinquency Counseling</b>	<ul style="list-style-type: none"> <li>• Seller must provide (at no cost to the borrower) Early Delinquency Counseling to all borrowers who experience problems meeting their mortgage obligations, as outlined in Guide Sections 9101.2 and 9102.4.</li> </ul>
<b>DELIVERY REQUIREMENTS</b>	
<b>Delivery Requirements</b>	<p>Eligible Executions:</p> <ul style="list-style-type: none"> <li>○ Cash Servicing-Retained.</li> <li>○ Fixed-rate Guarantor.</li> <li>○ MultiLender Swap.</li> </ul> <ul style="list-style-type: none"> <li>• Sellers must deliver the new valid value, "Home Possible Advantage HFA", for ULDD Data Point Loan Program Identifier (Sort ID 404).</li> <li>• See Guide Section 6302.14 for special delivery instructions for Home Possible® mortgages and Guide Section 6302.34 for applicable secondary financing delivery requirements.</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 583</i> (Mortgage with an Affordable Second)</li> <li>○ <i>IFI G18</i> (Mortgage with Affordable Second entered into Loan Product Advisor in "Total Gift Fund" field).</li> </ul> </li> </ul>