



# FREDDIE MAC HOME POSSIBLE & HOME POSSIBLE ADVANTAGE PROGRAM

## **Program Eligibility Guide**

VERSION 1.0

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**FREDDIE MAC HOME POSSIBLE & HOME POSSIBLE ADVANTAGE  
FIXED & ARM PRODUCT REQUIREMENTS**

**UNDERWRITING SUMMARY GUIDELINE**

<p><b>ADDITIONAL SPECIAL UNDERWRITING REQUIREMENTS</b></p>	<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>																								
<p><b>COLLATERAL EVALUATION</b></p>	<ul style="list-style-type: none"> <li>» 1-unit primary residences: Use Form 70, Uniform Residential Appraisal Report.</li> <li>» Condominiums: Use Form 465, Individual Condominium Unit Appraisal Report.</li> <li>» 2- to 4-unit primary residences: Use Form 72, Small Residential Income Property Appraisal Report.</li> <li>» Manufactured housing: Use Form 70B, Manufactured Home Appraisal Report.</li> </ul>																								
<p><b>CREDIT UNDERWRITING (LOAN PRODUCT ADVISOR)</b></p>	<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>» 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>																								
<p><b>ELIGIBLE BORROWERS</b></p>	<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.</li> <li>» The borrower must meet income limits. Loan Product Advisor will indicate income eligibility; for non-Loan Product Advisor mortgages, use the Home Possible Income &amp; Property Eligibility tool 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>																								
<p><b>ELIGIBLE MORTGAGES</b></p>	<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> <table border="1" data-bbox="456 1516 1495 1948"> <thead> <tr> <th align="center" colspan="2">HOME POSSIBLE</th> <th align="center" colspan="2">HOME POSSIBLE ADVANTAGE</th> </tr> </thead> <tbody> <tr> <td>Fixed rate mortgages</td> <td></td> <td>Fixed rate mortgages</td> <td></td> </tr> <tr> <td>7/1 and 10/1 ARMs if secured by a 1 or 2 unit primary residence</td> <td></td> <td>N/A</td> <td></td> </tr> <tr> <td>5/1 ARMs if secured by a 1 or 2 unit primary residence other than a manufactured home</td> <td></td> <td>N/A</td> <td></td> </tr> <tr> <td>Construction Conversion and Renovation Mortgages originated according to Guide Chapter 4602</td> <td></td> <td>Construction Conversion and Renovation Mortgages originated according to Guide Chapter 4602</td> <td></td> </tr> <tr> <td>Mortgages with an RHS Leveraged Second originated according to Guide Section 4205.2.</td> <td></td> <td>N/A</td> <td></td> </tr> </tbody> </table>	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 primary residence		N/A		5/1 ARMs if secured by a 1 or 2 unit primary residence 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	
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**UNDERWRITING SUMMARY GUIDELINE CONTINUED**

<b>ELIGIBLE PROPERTY TYPES</b>	<b>HOME POSSIBLE</b>		<b>HOME POSSIBLE ADVANTAGE</b>	
	1-4 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>HOMEBUYER AND LANDLORD EDUCATION AND BORROWER DISCLOSURE</b>	<p>See Freddie Mac Guide Section 4501.12 for homeownership education and landlord education requirements.</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 CreditSmart – Steps to Homeownership Tutorial.</li> <li>» Borrower disclosure requirements.</li> <li>» Landlord education (2- to 4-unit primary residences) requirements for purchase transactions.</li> </ul>			
<b>MANUAL UNDERWRITING</b>	» Not Allowed			
<b>MAXIMUM LTV/TLTV/HTLTV RATIOS</b>	<b>PURCHASE &amp; NO CASH-OUT REFINANCE TRANSACTIONS</b>			
	<b>HOME POSSIBLE</b>			
	Property Type	LTV	TLTV	HTLTV
	1- to 4-unit	95%	95%	95%
	Manufactured Home	See Freddie Mac Guide 5703.3		
	<b>HOME POSSIBLE ADVANTAGE</b>			
	Property Type	LTV	TLTV	HTLTV
1 unit	97%	105%	N/A	
<b>MINIMUM BORROWER CONTRIBUTION, AND RESERVES</b>	<b>MINIMUM CONTRIBUTION FROM BORROWER PERSONAL FUNDS</b>			
	<b>PURCHASE TRANSACTIONS ONLY</b>			
	Property Type	Home Possible LTV/ TLTV/HTLTV ratios ≤ 80%	Home Possible LTV/ TLTV/HTLTV ratios >80% ≤ 95%	Home Possible Advantage
	1-unit	None	None	None
	2- to 4-unit	None	3%	N/A
	Manufactured Home	None	None	N/A
	<b>MINIMUM RESERVES</b>			
	Property Type	Home Possible	Home Possible Advantage	
	1-unit	None Required	None Required	
	2- to 4-unit	Two Months	N/A	

**UNDERWRITING SUMMARY GUIDELINE CONTINUED**

**MORTGAGE CREDIT CERTIFICATES**

- Mortgage Credit Certificates (MCCs) may be considered as qualifying income provided the requirements in Freddie Mac Guide Section 5202.2 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.

**MORTGAGE INSURANCE REQUIREMENTS**

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

		LTV RATIO			
Transaction Type	MI Coverage	>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	N/A	N/A
Home Possible, fixed-rate, term > 20 years; ARMs; and manufactured homes <sup>1</sup>	Standard	12%	25%	25%	25%
	Custom	N/A	N/A	N/A	N/A

- <sup>1</sup> 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 Freddie Mac Guide Section 4701.1 for additional MI requirements.

**PERMITTED SOURCES OF FUNDS**

USE	PERMITTED SOURCE OF FUNDS
Minimum borrower contribution	» Borrower personal funds
Down payment for purchase transaction (difference between the purchase price and the first lien amount)	» Borrower personal funds » Other borrower funds
Additional equity if needed for a no-cash-out refinance transaction	» Borrower personal funds » Other borrower funds
Closing costs, financing costs, prepaids/escrows	» Borrower personal funds » Other borrower funds » Flexible sources of funds
Reserves	» Borrower personal funds » Other borrower funds » Eligible assets (Guide Section 5501.2)

**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 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.

UNDERWRITING SUMMARY GUIDELINE CONTINUED

TEMPORARY SUBSIDY  
BUYDOWNS

» Not allowed