

Home Possible[®]: At-a-Glance



This reference provides a summary of requirements for Freddie Mac Home Possible[®] Mortgages*, and introduces Freddie Mac Home Possible AdvantageSM, announced in the *Single Family Seller/Servicer Guide (Guide) Bulletin 2014-22*. Home Possible Advantage offers additional flexibility of higher loan-to-value (LTV) and total loan-to-value (TLTV) ratios. For complete requirements, refer to Guide Chapter A34: Home Possible Mortgages.





Important Dates:

- The Home Possible Advantage offering will be available for Mortgages with Freddie Mac Settlement Dates on or after **March 23, 2015**
 - Sellers must deliver the new valid value, "Home Possible Advantage", for ULDD Data Point *Loan Program Identifier* (SORT ID 404). This new valid value will be available in the selling system on March 23, 2015
- Loan Prospector[®] and Loan Quality Advisor[®] will be updated on January 26, 2015 to support this offering.

Feature	Home Possible (Freddie Mac Settlement Dates on or after November 24, 2014)	Home Possible Advantage (Freddie Mac Settlement Dates on or after March 23, 2015)
Occupancy	All borrowers must occupy the Mortgaged Premises as their Primary Residence	Same
Ownership of Other Property	Borrower(s) may not , as of the Note Date, or the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages, have any individual or joint ownership interest in any other residential properties	Same
Income Limits	<p>For Loan Prospector Mortgages, Loan Prospector will determine the income eligibility of the Mortgage; for Non-Loan Prospector Mortgages, the Seller should use the Affordable Income & Property Eligibility tool:</p> <ul style="list-style-type: none"> ▪ The borrowers' annual income cannot exceed 100% of the area median income limits or a higher percentage in designated high cost areas as indicated in Guide Section A34.7 ▪ No income limits apply if the Mortgaged Premises is located in an Underserved Area <p>Seller must attempt to verify all income reported on the Uniform Residential Loan Application. All reported income that is verified and meets the criteria for stable monthly income must be used to qualify the borrower and submitted to Loan Prospector for Loan Prospector Mortgages</p>	Same
Loan Purpose	<ul style="list-style-type: none"> ▪ Purchase ▪ No cash-out refinance 	Same
Eligible Property	<ul style="list-style-type: none"> ▪ 1- to 4-unit primary residence ▪ Manufactured Home (refer to Guide Chapters A34 and H33) 	1-unit primary residence, that is not a Manufactured Home

Note: Vertical revision bars " | " are used in the margin of this quick reference to highlight new requirements and significant changes.

Feature	Home Possible (Freddie Mac Settlement Dates on or after November 24, 2014)	Home Possible Advantage (Freddie Mac Settlement Dates on or after March 23, 2015)															
Eligible Mortgages	<ul style="list-style-type: none"> ▪ Home Possible Mortgages must be First Lien Conventional Mortgages that are fully amortizing ▪ Fixed-rate mortgages with an original maturity not greater than 30 years ▪ 5/1 (excluding Manufactured Homes), 7/1 or 10/1 ARMs with an original maturity not greater than 30 years on 1- to 2-unit property ▪ Home Possible Mortgages secured by a Manufactured Home meeting the requirements of Guide Chapter A34 and Section H33.3(d) ▪ Home Possible Mortgages with Rural Housing Service (RHS) Leveraged Seconds meeting the requirements in Guide Section 35.3 ▪ Construction Conversion and Renovation Mortgages originated in accordance with Chapter K33 are permitted 	<ul style="list-style-type: none"> ▪ Home Possible Advantage Mortgages must be First Lien Conventional Mortgages that are fully amortizing ▪ Fixed-rate mortgages with an original maturity not greater than 30 years ▪ Construction Conversion and Renovation Mortgages originated in accordance with Chapter K33 are permitted 															
LTV/TLTV/HTLTV	<ul style="list-style-type: none"> ▪ Purchase and No Cash-Out Refinance <table border="1" data-bbox="310 989 881 1171"> <thead> <tr> <th>Property Type</th> <th>Maximum LTV/TLTV/HTLTV Ratio</th> </tr> </thead> <tbody> <tr> <td>1- to 4-unit</td> <td>95%</td> </tr> <tr> <td>Manufactured Home</td> <td>See Chapter H33</td> </tr> </tbody> </table> <ul style="list-style-type: none"> ▪ No minimum LTV ratio 	Property Type	Maximum LTV/TLTV/HTLTV Ratio	1- to 4-unit	95%	Manufactured Home	See Chapter H33	<ul style="list-style-type: none"> ▪ Same <table border="1" data-bbox="914 989 1446 1171"> <thead> <tr> <th>Property Type</th> <th>Maximum LTV Ratio</th> <th>Maximum TLTV* Ratio</th> </tr> </thead> <tbody> <tr> <td>1-unit</td> <td>97%</td> <td>105%</td> </tr> <tr> <td>Manufactured Home</td> <td>NA</td> <td>NA</td> </tr> </tbody> </table> <p>*Secondary financing must be an Affordable Second® and the Affordable Second may not be a HELOC</p> <ul style="list-style-type: none"> ▪ No minimum LTV ratio 	Property Type	Maximum LTV Ratio	Maximum TLTV* Ratio	1-unit	97%	105%	Manufactured Home	NA	NA
Property Type	Maximum LTV/TLTV/HTLTV Ratio																
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Property Type	Maximum LTV Ratio	Maximum TLTV* Ratio															
1-unit	97%	105%															
Manufactured Home	NA	NA															
Mortgage Insurance	<ul style="list-style-type: none"> ▪ Home Possible coverage levels: <ul style="list-style-type: none"> - Greater than 90% up to and including 95% LTV: 16% - Greater than 85% up to and including 90% LTV: 12% - Greater than 80% up to and including 85% LTV: 6% ▪ Lender-paid and financed mortgage insurance premiums described in Section 27.1.1 are permitted ▪ Not eligible for Custom or Reduced mortgage insurance <p>Note: Refer to Guide Section H33.3(f) for mortgage insurance coverage for Manufactured Homes</p>	<ul style="list-style-type: none"> ▪ Home Possible Advantage coverage levels: <ul style="list-style-type: none"> - Greater than 95% up to and including 97% LTV: 18% - Greater than 90% up to and including 95% LTV: 16% - Greater than 85% up to and including 90% LTV: 12% - Greater than 80% up to and including 85% LTV: 6% ▪ Lender-paid and financed mortgage insurance premiums described in Section 27.1.1 are permitted ▪ Not eligible for Custom or Reduced mortgage insurance 															

Feature	Home Possible (Freddie Mac Settlement Dates on or after November 24, 2014)	Home Possible Advantage (Freddie Mac Settlement Dates on or after March 23, 2015)												
Secondary Financing	<ul style="list-style-type: none"> Secondary financing, including an Affordable Second®, is permitted and must meet the requirements in Chapter 25 - 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 Prospector. Refer to Guide Section A34.8(a) - Rural Housing Service (RHS) Leveraged Seconds meeting Guide Section 35.3 requirements are permitted 	<ul style="list-style-type: none"> Only permitting Affordable Seconds meeting the requirements in Section 25.1(g). The Affordable Second financing cannot be a Home Equity Line of Credit - 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 Prospector. Refer to Guide Section A34.8(a) - Rural Housing Service (RHS) Leveraged Seconds are not permitted 												
Underwriting Path	<ul style="list-style-type: none"> A Home Possible Mortgage may be submitted to Loan Prospector or may be a Manually Underwritten Mortgage A Home Possible Mortgage secured by a Manufactured Home must be submitted to Loan Prospector, (refer to Guide Section A34.8)  <p>Manually Underwritten Mortgages must meet the requirements of Chapter A34 and Chapter 37, including but not limited to, the requirement that each Borrower individually, and all Borrowers collectively, have an acceptable credit reputation as described in Sections 37.3 through 37.7</p>	<p>Same, except Manufactured Homes are not permitted</p>  <p>Manually Underwritten Mortgages must meet the requirements of Chapter A34 and Chapter 37, including but not limited to, the requirement that each Borrower individually, and all Borrowers collectively, have an acceptable credit reputation as described in Sections 37.3 through 37.7</p> <ul style="list-style-type: none"> - Note: A Home Possible Advantage Mortgage where none of the Borrowers have a usable Credit Score is not eligible. An Indicator Score must be established for the Mortgage and must meet the required limits <p>Reminder: Loan Prospector will be updated January 26, 2015 to support this offering.</p>												
Qualifying Ratios	<ul style="list-style-type: none"> There is no maximum monthly housing expense-to-income ratio Debt payment-to-income ratio: <table border="1" data-bbox="310 1360 870 1577"> <thead> <tr> <th colspan="2" data-bbox="310 1360 870 1402">Underwriting Path</th> </tr> <tr> <th data-bbox="310 1402 558 1507">For Loan Prospector® Mortgages</th> <th data-bbox="558 1402 870 1507">For Manually Underwritten Home Possible Mortgages</th> </tr> </thead> <tbody> <tr> <td data-bbox="310 1507 558 1577">Determined by Loan Prospector</td> <td data-bbox="558 1507 870 1577">45%</td> </tr> </tbody> </table>	Underwriting Path		For Loan Prospector® Mortgages	For Manually Underwritten Home Possible Mortgages	Determined by Loan Prospector	45%	<ul style="list-style-type: none"> Same Debt payment-to-income ratio: <table border="1" data-bbox="914 1360 1474 1604"> <thead> <tr> <th colspan="2" data-bbox="914 1360 1474 1402">Underwriting Path</th> </tr> <tr> <th data-bbox="914 1402 1141 1528">For Loan Prospector® Mortgages</th> <th data-bbox="1141 1402 1474 1528">For Manually Underwritten Home Possible Advantage Mortgages</th> </tr> </thead> <tbody> <tr> <td data-bbox="914 1528 1141 1604">Determined by Loan Prospector</td> <td data-bbox="1141 1528 1474 1604">43%</td> </tr> </tbody> </table>	Underwriting Path		For Loan Prospector® Mortgages	For Manually Underwritten Home Possible Advantage Mortgages	Determined by Loan Prospector	43%
Underwriting Path														
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Feature	Home Possible (Freddie Mac Settlement Dates on or after November 24, 2014)	Home Possible Advantage (Freddie Mac Settlement Dates on or after March 23, 2015)															
Borrower Contribution	<table border="1" data-bbox="310 289 873 632"> <thead> <tr> <th colspan="3" data-bbox="310 289 873 359">Minimum Contribution from Borrower Personal Funds</th> </tr> <tr> <th data-bbox="310 359 500 457">Property Type</th> <th data-bbox="500 359 667 457">LTV/TLTV/ HTLTV ≤ 80%</th> <th data-bbox="667 359 873 457">LTV/TLTV/ HTLTV >80% ≤ 95%</th> </tr> </thead> <tbody> <tr> <td data-bbox="310 457 500 499">1-unit</td> <td data-bbox="500 457 667 499">None</td> <td data-bbox="667 457 873 499">None</td> </tr> <tr> <td data-bbox="310 499 500 554">2- to 4-unit</td> <td data-bbox="500 499 667 554">None</td> <td data-bbox="667 499 873 554">3%</td> </tr> <tr> <td data-bbox="310 554 500 632">Manufactured Home</td> <td data-bbox="500 554 667 632">None</td> <td data-bbox="667 554 873 632">5%</td> </tr> </tbody> </table> <p data-bbox="310 632 873 674">See Guide A34.10 for eligible sources of funds</p>	Minimum Contribution from Borrower Personal Funds			Property Type	LTV/TLTV/ HTLTV ≤ 80%	LTV/TLTV/ HTLTV >80% ≤ 95%	1-unit	None	None	2- to 4-unit	None	3%	Manufactured Home	None	5%	<p data-bbox="911 275 1492 338">1-unit: No minimum borrower contribution from borrower Personal Funds is required</p>
	Minimum Contribution from Borrower Personal Funds																
Property Type	LTV/TLTV/ HTLTV ≤ 80%	LTV/TLTV/ HTLTV >80% ≤ 95%															
1-unit	None	None															
2- to 4-unit	None	3%															
Manufactured Home	None	5%															
Source of Funds	Refer to Guide Chapter 26 and Section A34.10 for more information	Same															
Reserves	<ul data-bbox="310 751 878 821" style="list-style-type: none"> 1-unit: No reserves required 2- to 4-units: 2 months reserves <p data-bbox="310 831 878 869">See Section A34.10 for eligible sources of funds</p>	<p data-bbox="911 751 1252 779">1-unit: No reserves required</p>															
Temporary Subsidy Buydown Plans	<ul data-bbox="310 877 878 1247" style="list-style-type: none"> Permitted for Mortgages secured by 1- to 2-unit property, other than a Manufactured Home, meeting the requirements of Guide Sections 25.4 and A34.5 If a Home Possible 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 	<ul data-bbox="911 877 1492 1184" style="list-style-type: none"> Permitted for Mortgages secured by a 1-unit property meeting the requirements of Guide Sections 25.4 and A34.5 If a Home Possible 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 Home Possible Mortgage, the Affordable Second must have a fixed-interest rate 															
	<p data-bbox="310 1264 521 1291">Limited Buydown:</p> <ul data-bbox="310 1304 878 1436" style="list-style-type: none"> Initial interest rate reduced no more than 2 percentage points below the Note Rate, and Increased by no more than one percentage point annually for no more than 2 years <p data-bbox="310 1449 548 1476">Extended Buydown:</p> <ul data-bbox="310 1488 878 1644" style="list-style-type: none"> Initial interest rate reduced no more than 3 percentage points below the Note Rate, and Increased by no more than one percentage point annually for more than 2 but no more than 3 years 	<p data-bbox="911 1264 1365 1291">Same, except ARMs are not permitted</p>															

Feature	Home Possible (Freddie Mac Settlement Dates on or after November 24, 2014)	Home Possible Advantage (Freddie Mac Settlement Dates on or after March 23, 2015)
Temporary Subsidy Buydown Plans (cont'd): Qualification	<p>Note: Qualifying for Limited and Extended Temporary Subsidy Buydowns:</p> <ul style="list-style-type: none"> ▪ For fixed-rate mortgages, the borrower must be qualified using monthly payments calculated at the Note rate ▪ For ARMs, the borrower must be qualified using monthly payments calculated at the higher of the Note rate or the fully indexed rate as defined in Guide Section 30.16(a) 	<p>Same, except ARMs are not permitted</p>
Homebuyer Education	<ul style="list-style-type: none"> ▪ For purchase transaction secured by 1- to 4-unit Primary Residences, Homeownership education is required before the Note Date, or the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages, for at least one qualifying borrower if all borrower(s) are First-Time Homebuyers** ▪ A copy of Exhibit 20, Homeownership Education Certification, or another document containing comparable information must be retained in the mortgage file. The following types of homeownership education are acceptable: <ul style="list-style-type: none"> - Internet-based homeownership education programs developed by mortgage insurance companies - Homeownership education programs that meet the standards of the National Industry for Homeownership Education and Counseling (http://www.homeownershipstandards.com/) ▪ Programs using Freddie Mac's CreditSmart® financial education curriculum, provided modules 1, 2, 7, 11 and 12 are included, or access the Credit Smart-Steps to Homeownership Tutorial (http://www.FreddieMac.com/creditsmart/tutorial.html) 	<p>Same, except 2- to 4-unit properties are not permitted</p>
Landlord Education	<ul style="list-style-type: none"> ▪ For purchase transaction mortgages secured by 2- to 4-unit Primary Residences, at least one qualifying borrower must participate in a landlord education program before the Note Date or the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages ▪ For refinance transactions, Freddie Mac does not require landlord education, but recommends it for borrowers who have not previously attended a program 	<p>NA</p>
Early Delinquency Counseling	<ul style="list-style-type: none"> ▪ Seller, as Servicer, must provide (at no cost to the Borrower) Early Delinquency Counseling to all Borrowers who experience problems meeting their Mortgage obligations, in accordance with Sections 63.2(c) and 64.5(c) 	<p>Same</p>

Feature	Home Possible (Freddie Mac Settlement Dates on or after November 24, 2014)	Home Possible Advantage (Freddie Mac Settlement Dates on or after March 23, 2015)
Ineligible Mortgages	<ul style="list-style-type: none"> ▪ Affordable Merit Rate Mortgages ▪ A-minus Mortgages ▪ Seasoned Mortgages ▪ Financed Permanent Buydown Mortgages ▪ Seller-Owned Modified Mortgages and Seller-Owned Converted Mortgages ▪ Mortgages with capitalized balances as described in Chapter I33 ▪ FHA and VA Mortgages ▪ Section 502 GRH Mortgages ▪ Section 184 Native American Mortgages ▪ Super conforming Mortgages as described in Chapter L33 ▪ Freddie Mac Relief Refinance MortgagesSM – Same Servicer and Freddie Mac Relief Refinance Mortgages – Open Access 	<ul style="list-style-type: none"> ▪ Same ▪ Home Possible Advantage Mortgage with RHS Leveraged Seconds are not permitted
Post-settlement Delivery Fees	Refer to Guide Exhibit 19 for applicable postsettlement delivery fees and Chapter A34.14 for delivery fee exclusions	Refer to Guide Exhibit 19 for applicable postsettlement delivery fees and Chapter A34.14 for delivery fee exclusions

* The Home Possible Neighborhood Solution® Mortgage offering has been retired effective November 23, 2014

****First-Time Homebuyer:**

A First-Time Homebuyer is an individual who meets all of the following requirements:

- Is purchasing the Mortgaged Premises
- Will reside in the Mortgaged Premises as a Primary Residence
- Had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the Mortgaged Premises

The related ULDD Data Point name is *Borrower First Time Homebuyer Indicator*

In addition, a displaced homemaker or a single parent may also be considered a First-Time Homebuyer if the individual had no ownership interest in a residential property during the preceding three-year period other than an ownership interest in the marital residence with a spouse. If a displaced homemaker or a single parent solely owned the marital residence, or solely or jointly owned a second home or Investment Property, the individual may not be considered a First-Time Homebuyer.

If a Living Trust is purchasing the Mortgaged Premises, then for purposes of this definition, an Underwritten Settlor of that Living Trust will be deemed to be purchasing the Mortgaged Premises.

Single Family Seller/Servicer Guide Glossary

Note: It is important that borrowers have sufficient information on the terms of a mortgage product and that the associated features, benefits, and risks of the selected mortgage product are clearly explained to the borrower prior to the borrower making a product or payment choice.

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