

FREDDIE MAC HOMEPOSSIBLE PROGRAM

Program Guidelines

Ideal HomePossible Borrowers	<ul style="list-style-type: none"> • Low to moderate income • First-time or repeat homebuyers • Have limited cash for down payment • Supplemental rental income (up to 30% of total qualifying income) • Looking to get better rate on LTV > 80% 																							
Underwriting Method	LPA only. Manual underwriting is not offered																							
Income Eligibility	Borrowers whose qualifying income is ≤ 80% of the applicable AMI limit for the subject property's address (AMI Look-Up Tool). Non occupant co-borrower allowed, and all qualifying income is used to determine income eligibility. Non occupant co-borrower is not allowed for 2-4 units. Any income not used to qualify the loan(such as overtime, bonus, tips, etc.) is not included for determination																							
Loan Terms	Fixed no more than 30 years, 5/6, 7/6, 10/6 SOFR Adjustable Rate																							
Loan amount	Follow Freddie Mac																							
Occupancy	Primary Only																							
Purpose	Purchase and No Cash-Out Refinance																							
Maximum LTV/CLTV/HCLTV	<table border="1"> <thead> <tr> <th>Loan Amount</th> <th></th> <th>1 unit</th> <th>2 unit</th> <th>3-4 unit</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Conforming</td> <td>Fixed</td> <td>*97%</td> <td>95%</td> <td>95%</td> </tr> <tr> <td>ARM</td> <td>95%</td> <td>95%</td> <td>75%</td> </tr> <tr> <td rowspan="2">Super Conforming</td> <td>Fixed</td> <td>*95%</td> <td>85%</td> <td>80%</td> </tr> <tr> <td>ARM</td> <td>95%</td> <td>85%</td> <td>75%</td> </tr> </tbody> </table> <p>*CLTV up to 105% with Affordable seconds (i.e. down payment assistance programs). For more information about Affordable seconds, refer to the checklist</p> <p>*Max LTV/CLTV is 95%/105% when there is non occupant co-borrower</p>	Loan Amount		1 unit	2 unit	3-4 unit	Conforming	Fixed	*97%	95%	95%	ARM	95%	95%	75%	Super Conforming	Fixed	*95%	85%	80%	ARM	95%	85%	75%
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Minimum Borrower Contribution	<ul style="list-style-type: none"> • One unit : \$0. All funds can come from gifts, grants or Affordable seconds, proceeds from unsecured loan • 2-4 units : \$0 for LTV/CLTV ≤ 80%, 3% for over 80% 																							
Credit Requirements	No minimum FICO. LPA must have a risk class of Accept																							
Number of Financed Properties	May own maximum of two (2) financed property, including the subject at the time of closing. Non-occupant borrowers are not subject to this restriction																							
Mortgage Insurance Coverage	<ul style="list-style-type: none"> • LTVs 90.01 - 97% : 25% coverage (vs standard 35%) • LTVs 90% or less : Standard coverage • MI may not be financed 																							
Income, Debts, Assets	Follow standard Freddie Mac guideline																							
Other Income	<ul style="list-style-type: none"> • Boarder income <ul style="list-style-type: none"> - Income generated from shared residency can be used (i.e. rents from roommates) for both purchase and refinance, up to 30% of qualifying income - Boarder may not be borrower's spouse or domestic partner - Proof of boarder's shared residency for minimum 12 months is required (such as driver's license, bills, bank statements or W-2 forms showing the same address of borrower) - Copy of cancelled checks or bank statements to show the boarder's rental payments for the most recent 12 months is needed, however, if only partial payments are verified (at least 9 months), income will be multiplied by verified months then divided by 12 (i.e. \$500 cancelled checks of 9 months - \$500 * 9 / 12 = \$375) - Borrower statement affirming the source of rental income and the fact that the renter has resided with the borrower for the past year and intends to continue residing at the new residence for the foreseeable future • Accessory dwelling unit rental income : If all of the above requirement is met, income can be used • Mortgage Credit Certificate (MCC) : Eligible for purchase transaction only. Calculated as (mortgage amount) x (note rate) x (MCC rate %) divided by 12 																							
Homeownership Education	If all occupying borrowers are first-time homebuyers, at least one borrower must complete homeownership education and proof of completion must be provided. To get proof, borrower must <ul style="list-style-type: none"> • complete the CreditSmart Hombuyer U prior to Note date; or • complete a homeownership education course from mortgage insurer, housing finance agency (HFA), or community development financial institutions (CDFIs) • receive housing counseling from a HUD-approved nonprofit housing counseling agency (as evidenced by a signed Certificate of Completion of Housing Counseling (Form 1017) prior to the borrower signing a purchase contract 																							
Landlord Education	For 2-4 unit purchase transactions, at least one qualifying borrower must participate in a landlord education program before the note date. It must not be provided by an interested party to the transaction, the originating lender or the mortgage seller(borrower may utilize 3 rd party education provider). A certificate of completion must be provided																							
Pricing waiver	LTV/FICO pricing adjustment is waived If loan meets LTV > 80% and a representative FICO score ≥ 680																							
Restrictions	Manufactured homes & Community Land Trusts not eligible																							