

MAXIMUM LTV/TLTV/LTV (PURCHASE AND NO CASH OUT REFINANCE TRANSACTIONS)

Home Possible			
		Maximum LTV/TLTV/HTLTV ratios for Mortgages other than super conforming Mortgages	
Property Type	FICO	LTV/HTLV	TLTV
1-Unit (Conforming Limits)	620	97%*	105% (Affordable 2 nd only)
1-Unit (Non-Occupying Borrower)	620	95%	105% (Affordable 2 nd only)
2-Unit (Conforming Limits)	620	95%*	105% (Affordable 2 nd only)
3- to 4-Unit (Conforming Limits)	620	95%*	105% (Affordable 2 nd only)
Manufactured Home	620	95%	95%

* A TLTV ratio up to 105% is permitted when secondary financing is an Affordable Second. The Affordable Second financing cannot be a Home Equity Line of Credit.

Flexibility for your borrowers with a Home Possible Mortgage!

- Flexible terms: LHFS offers 15-year, 20-year, and 30-year Home Possible Mortgages.
- No prepayment penalties: Your borrowers can pay off their loan at any time without worrying about any prepayment penalties.
- More options for your down payment: With a Home Possible Mortgage, you can apply alternate sources of funds to your down payment, including cash gifts from relatives.
- Budgeting simplicity: Simplifies budgeting because the principal and interest payments stay consistent.
- Reduced mortgage insurance: Coverage levels for LTV ratios greater than 90 percent.
- Minimum down payment: 3 percent allowed for Home Possible.
- Minimum contribution: No Minimum contribution from borrowers own personal funds – 1-unit Primary Residence.
- Minimal Reserves: No reserves on 1-unit primary residence.

LHFS PROGRAM CODES

Standard Properties	FHLMC Home Possible 30	CC30FHP-000
Standard Properties	FHLMC Home Possible 20	CC20FHP-000
Standard Properties	FHLMC Home Possible 15	CC15FHP-000
Manufactured Homes	MH 30 FHLMC Home Possible	CMH30FHP-000
Manufactured Homes	MH 20 FHLMC Home Possible	CMH20FHP-000
Manufactured Homes	MH 15 FHLMC Home Possible	CMH15FHP-000

HELPFUL LINKS:

- [Freddie Mac Seller Guide](#)



GENERAL REQUIREMENTS

Additional Special Underwriting Requirements	<ul style="list-style-type: none"> 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. <ul style="list-style-type: none"> Verification of rental income payments from the subject 1-unit property: <ul style="list-style-type: none"> Evidence of receipt of regular payments of rental income for at least nine of the past 12 months, is required The income must be averaged over 12 months when fewer than 12 months of payments are documented
Borrower Income Limits	<ul style="list-style-type: none"> Affordable Income & Property Eligibility tool: <ul style="list-style-type: none"> Borrower's qualifying income, converted to an annual basis, must not exceed 80% of the AMI for the location of the Mortgaged Premises. This change will apply to all Home Possible Mortgages, including those secured by properties in low-income census tracts. 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
Credit	<ul style="list-style-type: none"> A borrower's credit reputation is acceptable if the Home Possible mortgage receives a risk class of Accept. LPA now allows mortgages for borrowers without credit scores: <ul style="list-style-type: none"> Must be secured by a 1-unit property and all borrowers must occupy the property as their primary residence. Loan-to-value (LTV), total LTV (TLTV) and Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratios must not exceed 95%. Must be a fixed-rate mortgage. If the borrower(s) without a usable credit score contributes 50% or more of the total monthly income, then each borrower without a usable credit score must meet the same credit history requirements that apply to mortgages where no borrower has a credit score (e.g., at least two payment references). <ul style="list-style-type: none"> Each borrower must have at least two payment references in the United States comprised of Noncredit Payment References and/or tradelines not appearing on the credit report. If two or more borrowers have the same payment reference, then the payment reference may count for each of those borrowers. Each payment reference must be for at least the most recent 12 months. At least one borrower must have a housing payment history as one of the payment references. In the event more than one borrower has a housing payment history, then all such housing payment histories for the most recent 12 months (or length of housing payment history if less than 12 months) must be verified. All housing payment histories must have no 30-day or greater delinquencies in the most recent 12 months. For all payment references other than housing, only one payment reference may have one 30-day delinquency and no 60-day or greater delinquencies in the most recent 12 months; all other payment references must have no 30-day or greater delinquencies in the most recent 12 months. Each payment reference must: <ul style="list-style-type: none"> Meet the requirements for document requirements and written verifications per Guide. Be documented in accordance with Guide Section 5202.2(b). Each borrower must have no collections (other than medical), judgments or tax liens filed in the most recent 24 months. When the credit reputation for all borrowers is established using only Noncredit Payment References, then at least one borrower must participate in a homeownership education program before the note date, or the effective date of permanent financing.



GENERAL REQUIREMENTS (CONTINUED)

DTI	<ul style="list-style-type: none">As required by AUS (LPA Loan Product Advisor)					
Eligible Borrowers	<ul style="list-style-type: none">All borrowers must occupy the mortgaged premises as a primary residenceThe borrower may have ownership interest in other residential propertiesThe borrower must meet income limits. Loan Product Advisor will indicate income eligibility					
Eligible Property Types	<table><tr><th>Home Possible</th></tr><tr><td>1- to 4- unit primary residences</td></tr><tr><td>Condos</td></tr><tr><td>PUDs</td></tr><tr><td>Manufactured homes (with restrictions) See Guide Section A4501.6(a).</td></tr></table>	Home Possible	1- to 4- unit primary residences	Condos	PUDs	Manufactured homes (with restrictions) See Guide Section A4501.6(a).
Home Possible						
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Manufactured homes (with restrictions) See Guide Section A4501.6(a).						
Eligible Mortgages	<ul style="list-style-type: none">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 mortgages secured by manufactured homes must have a maximum original maturity not greater than that specified in Guide Section 5703.3(d).All HPML loans must pass Safe Harbor in order to be eligible for LHFS purchasing.					
Escrow	<ul style="list-style-type: none">Escrows required over 80% in all states excluding CAEscrows required over 89.99% in CA					
Homebuyer Education	<ul style="list-style-type: none">For purchase transaction secured by a 1-unit Primary Residence, Homeownership education is required before the Note Date, or the Effective Date, for at least one qualifying borrower if all borrower(s) are First-Time Homebuyers*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 companiesHomeownership education programs that meet the standards of the National Industry for Homeownership Education and Counseling (http://www.homeownershipstandards.com/)					
Landlord Education	<ul style="list-style-type: none">For refinance transactions, LHFS does not require landlord education, but recommends it for borrowers who have not previously attended a program					
Manual Underwriting	<ul style="list-style-type: none">Not allowed					



GENERAL REQUIREMENTS (CONTINUED)

Minimum Borrower Contribution, and reserves	<div>Minimum Contribution from Borrower Personal Funds (Purchase transactions only)</div> <table><tr><th>Property Type</th><th>Home Possible LTV/TLTV/HTLTV ratios <= 80%</th><th>Home Possible LTV/TLTV/HTLTV ratios >80% <= 95%</th><th colspan="3">Home Possible LTV, TLTV/HTLTV ratios >95%</th></tr><tr><td>1-unit</td><td>None</td><td>None</td><td colspan="3">None</td></tr><tr><td>2- to 4-unit</td><td>None</td><td>3% of value</td><td colspan="3">3% of value</td></tr><tr><td>Manufactured home</td><td>None</td><td>None</td><td colspan="3">N/A</td></tr></table> <div>Minimum Reserves required per LPA.</div>						Property Type	Home Possible LTV/TLTV/HTLTV ratios <= 80%	Home Possible LTV/TLTV/HTLTV ratios >80% <= 95%	Home Possible LTV, TLTV/HTLTV ratios >95%			1-unit	None	None	None			2- to 4-unit	None	3% of value	3% of value			Manufactured home	None	None	N/A		
	Property Type	Home Possible LTV/TLTV/HTLTV ratios <= 80%	Home Possible LTV/TLTV/HTLTV ratios >80% <= 95%	Home Possible LTV, TLTV/HTLTV ratios >95%																										
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Mortgage Credit Certificates	<ul style="list-style-type: none">Mortgage Credit Certificates (MCCs) may be considered as qualifying income provided the requirements in Guide Section 5202.2 are met.The amount used as qualifying income must be calculated as follows:<ul style="list-style-type: none">(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:<ul style="list-style-type: none">MCCSeller's calculation of the amount used as qualifying incomeA history of receipt of MCC tax credit is not required.																													
Mortgage Insurance Requirements	<ul style="list-style-type: none">The standard required or custom MI coverage levels for Home Possible mortgages are as follows:<table><tr><th rowspan="2">Transaction type</th><th rowspan="2">MI coverage</th><th colspan="4">LTV Ratio</th></tr><tr><th>>80% & ≤85%</th><th>>85% & ≤90%</th><th>>90% & ≤95%</th><th>>95% & ≤97%</th></tr><tr><td>Home Possible, fixed-rate, term ≤ 20 years</td><td>Standard</td><td>6%</td><td>12%</td><td>25%</td><td>25%</td></tr><tr><td>Home Possible, fixed-rate, term > 20 years</td><td>Standard</td><td>12%</td><td>25%</td><td>25%</td><td>25%</td></tr></table> <p>***<i>Manufactured homes are limited to maximum LTV ratios of 95%.</i></p>						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%	Home Possible, fixed-rate, term > 20 years	Standard	12%	25%	25%	25%		
Transaction type	MI coverage	LTV Ratio																												
		>80% & ≤85%	>85% & ≤90%	>90% & ≤95%	>95% & ≤97%																									
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Home Possible, fixed-rate, term > 20 years	Standard	12%	25%	25%	25%																									
Occupancy and Property Type	<ul style="list-style-type: none">All borrowers must occupy the Mortgaged Premises as their Primary ResidenceNon-occupant Borrower(s) are permitted on Mortgages secured by 1-unit properties when the LTV/TLTV*/ Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratio is less than or equal to 95% for Loan Product Advisor® Mortgages<ul style="list-style-type: none">*A TLTV ratio of less than or equal to 105% is permitted for Mortgages with Affordable Seconds®																													
Ownership of Other Property	<ul style="list-style-type: none">The borrower may have any ownership interest in other residential properties.																													



GENERAL REQUIREMENTS (CONTINUED)

Permitted Sources of Funds		Use	Permitted Sources 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)
Refinance	<ul style="list-style-type: none"> Limited Cash Out Refinance <ul style="list-style-type: none"> For limited cash out refinance to include the payoff of a subordinate mortgage, the subordinate mortgage must have been used in whole to acquire the subject property. A limited cash out may receive the lesser of 2% of the loan amount or \$2,000 in cash back at closing When the mortgage being refinanced was a purchase money transaction, the mortgage being refinanced must be seasoned at least 120 days from Note Date to Note Date. For properties located in Texas, the first mortgage being refinanced cannot be a 50(a)(6), a/k/a Texas Home Equity Loan. All refinance transactions must satisfy one of the following: <ul style="list-style-type: none"> At least one borrower must have been a borrower on the mortgage being refinanced; OR At least one borrower must have held title to and resided in the property as their primary residence for the most recent 12-month period, and the loan file must document that the borrower either: <ul style="list-style-type: none"> Has been making timely mortgage payment, including the payments on any secondary financing, for the most recent 12-month period; OR Is a Related Person to a borrower on the mortgage being refinanced; OR At least one borrower on the refinance mortgage inherited or was legally awarded the mortgaged premises by a court in the case of divorce, separation or dissolution of a domestic partnership. Cash out transaction are not permitted 		
Secondary Financing	<ul style="list-style-type: none"> Standard secondary financing allowed, including HELOCs, for a Mortgage with a TLTV/HTLTV ratio of less than or equal to 95% (when the TLTV ratio is greater than 95%, the secondary financing must be an Affordable Second). 		
Temporary Subsidy Buydowns	<p>Limited Buydown:</p> <ul 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>Extended Buydown:</p> <ul 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>Qualifying for Limited and Extended Temporary Subsidy Buydowns:</p> <ul style="list-style-type: none"> Fixed-rate mortgages, the borrower must be qualified using monthly payments calculated at the Note rate 		

Any item not covered in the guidelines can be accessed by searching the [Freddie Mac](#) Seller Guide.

Each loan files layers of risk (i.e., payment shock; gift funds; assets/reserves not verified; multiple layers of risk, etc.) may require additional documentation or explanations above and beyond the AUS requirements (i.e., rental history; budget letters; excessive commute detail, etc.).

Guidelines are for use by mortgage professionals only and subject to change without notice.

