

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

Home Possible				
Property Type	FICO	LTV	TLTV	HTLTV
1-Unit (Conforming limits)	620	97%	105%**	97%**
1- Unit* (Super Conforming limits)	620	95%	105%* (Affordable 2 nd only)	95%*
1- Unit (non-occupying borrower)	620	95%	105% (Affordable 2 nd only)	95%
2- to 4-Unit	620	95%	95%	95%
Manufactured Home	620	95%	95%	95%

* Super conforming Mortgages secured by 1-unit properties must have LTV, TLTV and HTLTV ratios not exceeding 95%. A 105% TLTV ratio is permitted when secondary financing is an Affordable Second®

** When the TLTV ratio exceeds 97%, the secondary financing subordinated to a Home Possible Mortgage must be 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 principle 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 ¹		
Home Possible	Conforming 30 FHLMC Home Possible	WC30FHP-000
Home Possible	Conforming 20 FHLMC Home Possible	WC20FHP-000
Home Possible	Conforming 15 FHLMC Home Possible	WC15FHP-000
Home Possible Advantage	Conforming 30 FHLMC Home Possible Advantage	WC30FHFA-000
Home Possible Advantage	Conforming 20 FHLMC Home Possible Advantage	WC20FHFA-000
Home Possible Advantage	Conforming 15 FHLMC Home Possible Advantage	WC15FHFA-000

1. Brokers may submit Home Possible Mortgages through Loan Product Advisor with either the Offering Identifier for Home Possible Mortgages or Home Possible Advantage Mortgages with the same experience and requirements. Brokers may continue to use the Home Possible Advantage Offering Identifier until its retirement, which will occur on or after September 30, 2019.

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"> • 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 4501.7 <ul style="list-style-type: none"> • With the exception of those secured by Mortgaged Premises located in a low-income census tract, the Borrower's income, converted to an annual basis, must not exceed 100% of the AMI • 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 residence. The borrower may have ownership interest in other residential properties. The borrower must meet income limits. Loan Product Advisor will indicate income eligibility. 					
Eligible Property Types	<table border="1"> <thead> <tr> <th>Home Possible</th> </tr> </thead> <tbody> <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> </tbody> </table>	Home Possible	1- to 4- unit primary residences	Condos	PUDs	Manufactured homes (with restrictions) See Guide Section A4501.6(a).
Home Possible						
1- to 4- unit primary residences						
Condos						
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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 or super conforming mortgages. <ul style="list-style-type: none"> Super conforming mortgages allowed when the mortgage: <ul style="list-style-type: none"> Is submitted through Loan Product Advisor and receives an Accept Risk Class Has an LTV/TLTV/HTLTV ratio less than or equal to 95% (A TLTV ratio of less than or equal to 105% is permitted for Mortgages with an Affordable Second) 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). 					
Escrow	<ul style="list-style-type: none"> Escrows required over 80% in all states excluding CA Escrows 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 companies Homeownership 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 For refinance transactions, LHFS does not require landlord education, but recommends it for borrowers who have not previously attended a program 					



GENERAL REQUIREMENTS (CONTINUED)

Manual Underwriting	<ul style="list-style-type: none"> Not allowed 																						
Minimum Borrower Contribution, and reserves	<table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th colspan="4">Minimum Contribution from Borrower Personal Funds (Purchase transactions only)</th> </tr> <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>Home Possible LTV, TLTV/HTLTV ratios >95%</th> </tr> </thead> <tbody> <tr> <td>1-unit</td> <td>None</td> <td>None</td> <td>None</td> </tr> <tr> <td>2- to 4-unit</td> <td>None</td> <td>3% of value</td> <td>N/A</td> </tr> <tr> <td>Manufactured home</td> <td>None</td> <td>None</td> <td>N/A</td> </tr> </tbody> </table> <p>Minimum Reserves required per LPA.</p>	Minimum Contribution from Borrower Personal Funds (Purchase transactions only)				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	N/A	Manufactured home	None	None	N/A		
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Manufactured home	None	None	N/A																				
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"> 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	<ul style="list-style-type: none"> The standard required or custom MI coverage levels for Home Possible mortgages are as follows: <table border="1" style="width: 100%; text-align: center;"> <thead> <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> </thead> <tbody> <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> </tbody> </table> <p>***Manufactured homes are limited to maximum LTV ratios of 95%.</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																			
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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 Residence Permitting non-occupant Borrower(s) on Mortgages secured by 1-unit properties when the: <ul style="list-style-type: none"> 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 97% (when the TLTV ratio is greater than 97%, 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](#).

For specific scenario requests, please go to the eScenarios tab located in EXPRESS - www.Wholesale.LHFS.com, and post your scenario.

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

