



## LPA HOME POSSIBLE

	Home Possible			Home Possible Advantage (97% LTV Option)		
<b>Description:</b>	<p>Home Possible (HP) is a Freddie Mac Community Lending program designed to meet the needs of low- and moderate-income borrowers by providing maximum financing.</p> <p>The automated version of Home Possible allows a loan to be approved via Freddie Mac's Loan Product Advisor (LPA).</p>			<p>Home Possible Advantage (97% LTV Option) is a Freddie Mac Community Lending program designed to meet the needs of low- and moderate-income borrowers by providing more flexibility for maximum financing to meet the needs of borrowers looking for low down payments and flexible sources of funds.</p> <p>The automated version of Home Possible Advantage (97% LTV Option) allows a loan to be approved via Freddie Mac's Loan Product Advisor (LPA).</p>		
<b>LTV/CLTV</b>	<b>Property Type</b>	<b>Max LTV<sup>2</sup></b>	<b>Max CLTV<sup>1</sup></b>	<b>Property Type</b>	<b>Max LTV</b>	<b>Max CLTV</b>
	1 Unit	95%	95%	1 Unit, Condo, PUD	97%	105% <sup>1</sup>
	2 Unit	95%	95%	<sup>1</sup> With an approved Community Second only to the maximum CLTV noted above. Institutional Seconds are not permitted.		
	3-4 Units	80%	95%			
	<sup>1</sup> Approved community Seconds only to the maximum CLTV noted above. If it exceeds the maximum CLTV noted above, transaction must meet all Home Possible Advantage lending parameters and be coded as such. Institutional Seconds are not permitted.					
<sup>2</sup> If MI coverage is not available, the maximum CLTV is permitted if the LTV does not exceed 80%						
<b>Product Term</b>	Fully Amortized Fixed Rate: 10- 30-year terms only					
<b>HPML</b>	Not Permitted					
<b>Loan Purpose</b>	Purchase or Rate & Term refinance only					
<b>Acceptable Property Types</b>	<ul style="list-style-type: none"> <li>• 1 unit including Condominiums &amp; PUDs</li> <li>• 2 Units</li> <li>• 3-4 Units</li> </ul>			<ul style="list-style-type: none"> <li>• 1 unit including Condominiums &amp; PUDs</li> </ul>		



<p><b>Occupancy/ Property Usage</b></p>	<p><b>Primary residence</b></p> <p><b>Note:</b> Ownership in a timeshare, either as a deeded interest or a right-to-use arrangement is not considered ownership in a residential dwelling due to the very limited access to the unit.</p> <ul style="list-style-type: none"> <li>• The borrower(s) may not own any other property as of the mortgage closing date, except in certain circumstances as indicated below:             <ul style="list-style-type: none"> <li>○ The borrower inherited their ownership interest in the property and shares ownership with another party; OR.</li> <li>○ The borrower owns the property with another party and the debt associated with the property was assigned to the other party by a court order (e.g. a divorce decree); OR</li> <li>○ The borrower is a cosigner/guarantor on the related mortgage debt and someone other than the borrower has made payments on the debt associated with the property for the most recent 12 months; as documented with copies of canceled checks or a statement from the lender.</li> </ul> </li> </ul> <p><b>First Time Homebuyers (FTHB)</b></p> <ul style="list-style-type: none"> <li>• Homebuyer education required.</li> </ul>							
<p><b>Subordinate Financing</b></p>	<p>Permitted.</p> <p>Any secondary financing subordinated to a Home Possible mortgage must be an Affordable Second. Non-Community Seconds are not permitted.</p> <ul style="list-style-type: none"> <li>• An Affordable Second that does not require a payment before the due date of the 61st payment under the Home Possible mortgage or the Affordable Second is fully forgiven over time (both in principal and interest) may be entered in LPA in the "Total Gift Fund" field.</li> <li>• In all other respects, the Affordable Second must be considered as secondary financing.</li> <li>• Although the funds may be treated as a gift in the initial calculation, the dollar amount of the Affordable Second must be reflected as subordinate financing (i.e. included in the CLTV/TLTV) when the loan is closed.</li> </ul>							
<p><b>Mortgage Insurance</b></p>	<p><b>LTV</b></p>		<p><b>&gt;20 years</b></p>	<p><b>&lt;=20 years</b></p>	<p><b>LTV</b></p>		<p><b>&gt;20 years</b></p>	<p><b>&lt;=20 years</b></p>
	<p>90.01-95%</p>		<p>25%</p>	<p>25%</p>	<p>85.01-97%</p>		<p>25%</p>	<p>25%</p>
	<p>85.01-90%</p>		<p>25%</p>	<p>12%</p>	<p>85.01-90%</p>		<p>25%</p>	<p>12%</p>
	<p>80.01-85%</p>		<p>12%</p>	<p>6%</p>	<p>80.01-85%</p>		<p>12%</p>	<p>6%</p>
	<p>Custom MI and Reduced MI Coverage are not permitted and must be at the levels indicated above and not dictated by the LPA findings.</p> <p>MI coverage may not be available at all LTV and FICO levels allowed by this program. Refer to the MI carrier for complete current requirements.</p>							
<p><b>Credit Score</b></p>	<p>620 MIN FICO</p>				<p>660 MIN FICO</p>			
<p><b>Maximum DTI</b></p>	<p>Determined by Loan Product Advisor</p>							



<b>Maximum Loan Amount</b>	<ul style="list-style-type: none"> <li>Conforming Loan Amounts only</li> <li>High-Balance / Super Conforming – <b>not eligible</b></li> </ul>			
<b>Minimum Borrower Contributions</b>	<b>Property Type</b>	<b>LTV/CLTV &lt;= 80%</b>	<b>LTV/CLTV 80.01-95%</b>	<b>1-Unit:</b> No minimum borrower contribution <sup>1, 2</sup> from borrower Personal Funds is required.
	1 Unit	None <sup>1</sup>	None <sup>1</sup>	
	2-4 Units	None <sup>1</sup>	3% of value	
<p><sup>1</sup> 3% minimum contributions from borrower’s personal funds are required when using any gifts or grants when provided by the Lender. Gifts or grants when provided by the Lender must not be funded through the mortgage transaction, including premium pricing, discount points or fees.</p> <p><sup>2</sup> 3% minimum contributions from borrower’s personal funds are not required if the source of the funds are coming from an Employer Assistance Housing Program.</p> <p><b>Note:</b> Value is defined as the lesser of the sales price or appraised value.</p>				
<b>Reserves</b>	<ul style="list-style-type: none"> <li>1-Unit: No reserves are required.</li> <li>2-4 Units: 2 months PITIA reserves are required.</li> </ul> <p><b>Note:</b> For LPA approved mortgages, verify all reserves required by Loan Product Advisor, as stated on the Feedback Certificate. The above required reserves are included in the amount of reserves required by Loan Product Advisor.</p>			<b>1-Unit:</b> No reserves are required.
<b>Borrower Eligibility</b>	<ul style="list-style-type: none"> <li>All borrowers must occupy the subject property as a primary residence.</li> <li>The borrower may not, as of the note date, have any ownership interest in any other residential properties except in certain circumstances. Refer to the “Occupancy/Property usage” topic above for requirements.</li> <li>The borrower must meet income limits.</li> <li>Non-occupant co-borrowers are not permitted.</li> </ul>			
<b>Principal Curtailments</b>	<p>Principal Curtailments are only permitted under the following conditions (effective with loans registered on/after June 22, 2016):</p> <ul style="list-style-type: none"> <li>Allowed as a result of at closing excess premium rate credits. The amount must be identified on the HUD-1/Closing Disclosure and is limited to the amount of the excess premium rate credit.</li> <li>At closing to refund the overpayment of fees or charges paid by the borrower, in any amount, in accordance with applicable regulatory requirements.</li> <li>At the closing out of the loan proceeds to reduce the actual amount of cashback received at closing on a Rate/Term Refinance.</li> </ul> <p>The maximum amount of the curtailment cannot exceed the lesser of \$2,500 or 2% of the original loan amount for the subject loan.</p>			



<b>Income Limits &amp; Requirements</b>	<ul style="list-style-type: none"> <li>The borrower's annual income cannot exceed 100% of the AMI limits or a higher percentage as designated in high cost areas.</li> <li>No income limits apply if the Mortgaged Premises is located in an Underserved Area.</li> <li>Loan Product Advisor will indicate income eligibility.</li> </ul> <p><b>Note:</b> Only the income used to qualify the Borrower may be used to establish that the income limits are not exceeded.</p>	
<b>Employment History</b>	A 2-year employment history must be reflected on the application and meet Agency requirements.	
<b>Income Types</b>	<ul style="list-style-type: none"> <li><b>Wage Earner, Self-employed or Other Income types</b> – As Determined by LPA</li> <li><b>Rental Income</b> - Monthly Operating Income from the Operating Income Statement or net rental income from Schedule E for the subject property is entered under "Gross Monthly Income" in section V of the Uniform Residential Loan Application and may be considered as stable monthly income in qualifying the borrower, provided the borrower meets the reserve requirement.</li> </ul>	
<b>Interested Party Contributions</b>	<b>LTV/CLTV</b>	<b>Maximum Contribution Limits</b>
	LTV/CLTV > 90%	3%
	LTV/CLTV 75.01% - 90%	6%
	LTV/CLTV ≤ 75%	9%
	If the loan amount plus interested party contribution exceeds 103%, the underwriter must ensure the Contract Section of the Appraisal Report addresses the following: <ul style="list-style-type: none"> <li>The appraiser analyzed the contract of sale</li> <li>Indicated on the appraisal report the dollar amount and a description of any financial assistance that was paid by any party on behalf of the borrower.</li> </ul>	
<b>Source of Funds</b>	Gifts, Grants, community Seconds and Cash-on hand permitted for 1 unit properties only.	



<b>Credit Profile</b>	<p><b>Policy for Unpaid Charge-Offs and Collections:</b></p> <ul style="list-style-type: none"> <li>Loans that receive an “Accept/Eligible” feedback from LPA may follow the requirements for payment of collection and charged-off accounts as outlined in the LPA feedback Certificate.</li> <li>Loans must meet all eligibility requirements for agency sale.</li> <li>Because LPA will not provide messages relating to these accounts the underwriter should assess the impact of the outstanding items outside of the LPA recommendation, and if necessary, request additional documentation and/or require repayment of the account.</li> </ul> <p><b>Judgments and Liens</b></p> <ul style="list-style-type: none"> <li>Any account that has reached a judgment or lien status must be paid off prior to closing.</li> </ul> <p><b>Bankruptcy/Foreclosures</b></p> <ul style="list-style-type: none"> <li>All loans must meet policy relating to Bankruptcy and Foreclosures in the Credit Analysis section of the Underwriting Manual.</li> </ul>
<b>Home Buyer Education</b>	<p>Homebuyer Education is required when ALL Borrowers are First-Time Homebuyers and must meet the following requirements:</p> <ul style="list-style-type: none"> <li>At least one qualifying Borrower must participate in a Homeownership Education program prior to closing.</li> <li>Homeowner Education may NOT be provided by an interested party to the transaction, the originating lender or the seller.</li> <li>Homeownership Education Programs may use different formats and require different lengths of time to complete. The following are acceptable: <ul style="list-style-type: none"> <li>Internet (on-line)</li> <li>Classroom</li> <li>Face-to-Face</li> </ul> </li> </ul> <p>The following are acceptable providers for Homeownership Education:</p> <ul style="list-style-type: none"> <li>Framework</li> <li>E-Home America</li> <li>HUD Approved Nonprofit Housing Counselors</li> <li>Homeownership Education programs that have been developed by mortgage insurance companies</li> <li>Freddie Mac CreditSmart</li> <li>Neighborworks</li> </ul>
<b>Landlord Education</b>	<p>A borrower purchasing a 2-4 unit property must participate in a landlord education program.</p> <p>Landlord Education is not required on refinance transactions.</p>
<b>Appraisal</b>	<p>A full interior/exterior appraisal is required.</p> <ul style="list-style-type: none"> <li>Property inspection waivers are not permitted.</li> <li>Appraisal reports “subject to” conditions will require completion of work done prior to closing.</li> <li>Appraisal must not be older than 120 days at the time of funding or a re-certification of value is required.</li> <li>A new full appraisal is required if more than 180 days old.</li> </ul>