

# Freddie Mac BorrowSmart Home Possible Fixed Rate Program

## Summary: Correspondent

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This document is a product summary; the Underwriting Guide must be referenced for complete underwriting guideline requirements

FREDDIE MAC LPA STANDARD ELIGIBILITY MATRIX					
Excludes Manufactured Housing					
Transaction Type	Units	Occupancy	Credit Score	LTV/CLTV <sup>1</sup>	DTI
Purchase	1	Primary Residence	580	97%	Per LPA
<sup>1</sup> Maximum 105% CLTV with Affordable Second <ul style="list-style-type: none"> <li>• Non-occupant co-borrower               <ul style="list-style-type: none"> <li>○ Max 95% LTV/CLTV</li> <li>○ 105% CLTV with Affordable Second</li> </ul> </li> </ul>					

MANUFACTURED HOUSING ELIGIBILITY MATRIX					
FREDDIE MAC LPA					
Transaction Type	Units	Occupancy	Credit Score	LTV/CLTV	DTI
Purchase	1	Primary Residence	580	95%	Per LPA

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<b>1. Loan Terms</b>	30-year Fixed Rate	
<b>2. Product Codes</b>	<b>Product Code</b>	<b>Description</b>
	2548	BorrowSmart HP Standard 30 Yr Fixed
	2549	BorrowSmart HP Std 30 Year w/Afford 2nd
<b>3. Documentation</b>	Full	
<b>4. Income Requirements and Limits</b>	<ul style="list-style-type: none"> <li>• The borrower's qualifying income must be included in the income limits               <ul style="list-style-type: none"> <li>○ Low-Income Purchase (LIP)                   <ul style="list-style-type: none"> <li>▪ Borrowers whose qualifying income is greater than 50% and less than or equal to 80% of county area median income and have a Loan Application date on or after June 1, 2024, can qualify for a \$1,250 credit.</li> </ul> </li> </ul> </li> <li>• See <a href="#">Income Eligibility by Census Tract Lookup tool</a></li> </ul>	
<b>5. Temporary Buydown</b>	<p>Not permitted</p> <ul style="list-style-type: none"> <li>• 2 unit</li> <li>• Manufactured homes</li> </ul> <p>Eligible Buydown Plans</p> <ul style="list-style-type: none"> <li>• <b>1-0</b>: payment will be calculated at 1.00% below the Note Rate for payments 1-12</li> <li>• <b>1.1</b>: payment will be calculated at 1.00% below the Note rate for the first two years</li> <li>• <b>2-1</b>: payment will be calculated at 2.00% below the Note rate for payments 1-12 and 1.00% below the Note rate for months 13-24</li> <li>• <b>3-2-1</b>: payment will be calculated at 3.00% below the Note rate for payments 1-12 and 2.00% below the Note rate for months 13-24 and 1.00% below the Note rate for 25-36</li> </ul>	
<b>6. HPML</b>	<ul style="list-style-type: none"> <li>• Permitted</li> <li>• Primary residence transactions must maintain an escrow account for a minimum of five years</li> </ul>	
<b>7. QM Rebuttable Presumption</b>	Primary residence nonprime (HPML) refinances in CT with loan amounts ≤ \$417,000	
<b>8. Loan Limits</b>	<a href="https://www.fhfa.gov/DataTools/Downloads/Pages/Conforming-Loan-Limit.aspx">https://www.fhfa.gov/DataTools/Downloads/Pages/Conforming-Loan-Limit.aspx</a>	
<b>9. Eligible AUS Decision</b>	LPA Accept per Freddie Mac guidelines	

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<b>10. Ineligible AUS Decisions</b>	LPA Caution
<b>11. Manual Underwrite</b>	Not permitted
<b>12. Qualifying Rate</b>	Fixed Rate, including Temporary Buydown: Note rate
<b>13. Types of Financing</b>	Purchase Mortgage
<b>14. Eligible Subordinate Financing</b>	<ul style="list-style-type: none"> <li>• New subordinate financing</li> <li>• Affordable Second <ul style="list-style-type: none"> <li>○ Loans underwritten by Newrez must be approved by Newrez prior to application</li> <li>○ Product 2549 BorrowSmart HP Std 30 year Fixed with Affordable Second only</li> <li>○ Maximum 105% CLTV</li> <li>○ May be used to fund all or part of the down payment or closing costs</li> <li>○ Apply the more restrictive down payment requirement between the product and second mortgage</li> <li>○ Income limits imposed by the Affordable Seconds provider apply</li> <li>○ Manufactured homes eligible to 95% CLTV</li> </ul> </li> </ul>
<b>15. Additional Sources of Funds</b>	<ul style="list-style-type: none"> <li>• Funds from other eligible sources may be used, including, but not limited to: <ul style="list-style-type: none"> <li>○ Gifts</li> <li>○ Funds from family</li> <li>○ Funds from eligible nonprofits or government agencies</li> <li>○ Funds from Employer Assisted Homeownership programs and Affordable Seconds</li> </ul> </li> <li>• Refer to Freddie Mac Guide for additional requirements</li> </ul>
<b>16. Occupancy</b>	Primary residence
<b>17. Eligible Property Types</b>	<ul style="list-style-type: none"> <li>• 1 unit</li> <li>• Condo <ul style="list-style-type: none"> <li>○ Must be reviewed by PRD (Non-Delegated Clients)</li> </ul> </li> <li>• Manufactured home</li> <li>• Modular Home</li> <li>• PUD</li> </ul>
<b>18. Ineligible Property Types</b>	<ul style="list-style-type: none"> <li>• 2-4 units</li> <li>• Condotels</li> <li>• Co-ops</li> </ul>

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	<ul style="list-style-type: none"> <li>• Manufactured home (single-wide)</li> <li>• Non-warrantable condos</li> <li>• Condition Rating C5 or C6</li> </ul>
<b>19. State Requirement</b>	Minimum Loan Amount \$10,000 in the state of Michigan
<b>20. Eligible Borrowers</b>	<ul style="list-style-type: none"> <li>• U.S. citizens</li> <li>• Permanent resident alien</li> <li>• Non-permanent resident alien</li> <li>• Inter vivos revocable trust: Trusts must be reviewed by Newrez legal (Non-Delegated Clients)</li> </ul>
<b>21. Non-Occupant Co-Borrower</b>	<ul style="list-style-type: none"> <li>• 1 unit only</li> <li>• Maximum 95%LTV/CLTV/HCLTV</li> <li>• 105% CLTV with Affordable Second</li> </ul>
<b>22. Credit</b>	Non-traditional credit is not permitted.
<b>23. Housing Payment History</b>	<ul style="list-style-type: none"> <li>• Inclusive of all liens regardless of position</li> <li>• Applies to all mortgages on all financed properties</li> <li>• Follow LPA Accept</li> </ul>
<b>24. Borrower Contributions</b>	No minimum borrower contribution required
<b>25. Cash on Hand</b>	Refer to Freddie Mac Guide for details
<b>26. Seller Contributions</b>	<ul style="list-style-type: none"> <li>• 3% for LTV/CLTV &gt; 90%</li> <li>• 6% for LTV/CLTV &gt; 75% &amp; ≤ 90%</li> <li>• 9% for LTV/CLTV ≤ 75%</li> </ul>
<b>27. Reserves</b>	Follow LPA reserve requirements, including borrowers with multiple financed properties
<b>28. Number of Financed Properties</b>	<ul style="list-style-type: none"> <li>• Maximum number of financed properties is 2 including the subject property. Financed properties owned by a non-occupant borrower are not included.</li> </ul>
<b>29. Appraisals</b>	<ul style="list-style-type: none"> <li>• Follow LPA Accept <ul style="list-style-type: none"> <li>○ See 1J.4(g) and 1J.4(h)of the Underwriting Guide Appraisal Section for additional requirements that may apply</li> </ul> </li> <li>• Kansas Primary Residence</li> </ul>

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	<ul style="list-style-type: none"> <li>○ A valuation is required for primary residences. One of the following may be used to determine value:             <ul style="list-style-type: none"> <li>▪ Most recent tax assessment value by county</li> <li>▪ 2055 Drive-by Appraisal Report</li> <li>▪ Newrez approved AVM (CoreLogic, Freddie Mac HVE, Black Knight Collateral Analytics)</li> </ul> </li> <li>○ If the LTV exceeds 100%, a Kansas High Loan-to-Value Notice must be provided to the borrower not less than three days prior to closing and a copy of the valuation provided to the borrower</li> </ul> <p>*The above Kansas requirements do not apply to Supervised Lenders such as Banks and Credit Unions</p>
<p><b>30. Homebuyer Counseling</b></p>	<p><b>Low-Income Purchase (LIP)</b></p> <ul style="list-style-type: none"> <li>● Prior to the Note date, at least one borrower must complete counseling by HPF/GreenPath only</li> <li>● HPF/GreenPath will complete the eligibility certificate in Newrez’s name (based on gross income and property address), email the certificate to the borrower and schedule a counseling call within 2-3 business days</li> <li>● Upon completion of counseling session, the counselor will issue a counseling certificate and email the Freddie Mac BorrowSmart® Program: Certificate of Completion of Pre-purchase Homeownership Counseling packet to the consumer</li> <li>● The Prepurchase Counseling Certificate from HPF must be obtained and maintained in the loan file</li> </ul> <p><b>Completion of Form 1103</b></p> <p>Form 1103 is the <b>Supplemental Consumer Information Form (SCIF)</b> (<u>Form 1103</u>) that must be included in the Mortgage file for new conventional Mortgages sold to Freddie Mac. The “Homeownership Education and Housing Counseling” section of the SCIF should be completed if required by the Mortgage program or product for which the Borrower has applied. The SCIF should be presented to at least one Borrower on the Mortgage to provide an opportunity for the Borrower to indicate the preferred language for completing the transaction; however, the Borrower is not obligated to complete it.</p>

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<b>31. MI Eligible Providers</b>	MI company must be acceptable to Freddie Mac	
<b>32. Eligible Mortgage Insurance</b>	Borrower Paid Mortgage Insurance <ul style="list-style-type: none"> <li>• Monthly plans</li> <li>• Annual plans</li> <li>• Single premium plan</li> <li>• Split premium plan (Upfront Premium Financing not permitted)</li> <li>• Financed MI</li> </ul>	
<b>33. MI Ineligible Programs</b>	<ul style="list-style-type: none"> <li>• Lender Paid Mortgage Insurance</li> <li>• Custom mortgage insurance</li> </ul>	
<b>34. MI Coverage</b>	<ul style="list-style-type: none"> <li>• Private Mortgage Insurance is required for all loans &gt;80% LTV</li> <li>• Consult individual MI company guidelines</li> </ul>	
	LTV	Standard Coverage
	All Fixed Rate with > 20-year Term	
	95.01% to 97%	25%
	90.01% to 95%	25%
	85.01% to 90%	25%
80.01% to 85%	12%	
<b>35. Escrow Waivers</b>	<ul style="list-style-type: none"> <li>• Max LTV ≤ 80%               <ul style="list-style-type: none"> <li>○ CA: LTV ≤ 90%</li> <li>○ NM: LTV &lt; 80%</li> </ul> </li> </ul> <p><b>First Time Homebuyer</b></p> <ul style="list-style-type: none"> <li>• ≤ 70% LTV; and</li> <li>• ≥ 700 FICO; and</li> <li>• ≤ 36% DTI</li> </ul>	
<b>36. Principal Curtailment</b>	A principal curtailment is permitted up to the lesser of 2% of the loan amount or \$2,500	

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37. Revision History		
Section	Update	Date
Investor Feature Identifier	Remove J00 and J02	01.19.2024
MI Ineligibility	Added Lender Paid Mortgage Insurance as ineligible	
	Added VLIP and LIP purchase cutoff dates in Header	03.13.2024
Eligible Property Types	Removed Nevada HOA requirements	03.28.2024- Correspondent published 4-1-24
Homebuyer Counseling	Updated with Home Possible Counseling Instructions for VLIP	04.25.2024
LIP Header	Remove LIP Must be purchased by Newrez on or before September 13, 2024	06.03.2024
Income Requirements and Limits	Update Low-Income Purchase (LIP) Credit from \$500.00 to \$1250.00 with applications dated on or after 6-1-24.	
VLIP	Remove all VLIP information	06.14.2024
Appraisals	Added Kansas Appraisal requirements do not apply to Supervised Lenders such as Banks and Credit Unions	06.27.2024
Eligibility Matrix	Remove West Virginia: Maximum 50% DTI	07.30.2024
Homebuyer Counseling	Added Completion Form 1103 information	09.26.2024
Escrow Waivers	Updated this section and added First Time Homebuyer information	11.25.2024

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