

# Expanding Homeownership Responsibly with Freddie Mac<sup>®</sup> Home Possible

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# A *Better* Freddie Mac

...and a *better* housing finance system

## For families

...innovating to improve the liquidity, stability and affordability of mortgage markets

## For customers

...competing to earn their business

## For taxpayers

...reducing their exposure to mortgage risks

# Loan Advisor Suite...our vision is becoming reality



Loan Advisor Suite<sup>SM</sup>



Loan Product Advisor<sup>SM</sup>



Business Intelligence



Loan Closing Advisor<sup>SM</sup>



Selling System<sup>SM</sup>



Loan Quality Advisor<sup>®</sup>



Loan Coverage Advisor<sup>SM</sup>



Loan Collateral Advisor<sup>SM</sup>



## A Brighter Idea in Loan Production

Introducing the Freddie Mac Loan Advisor Suite<sup>SM</sup>.  
We're about to give you a whole lot more to support quality loan  
production through a simpler, less costly process.

For a free demonstration and to learn more, visit us at the  
MBA Technology Conference, April 3-6, Booth 306.

Smart. Simple. Trusted.<sup>SM</sup>

## Loan Advisor Suite<sup>SM</sup>

### Certainty

Giving lenders *confidence* that the loans they originate meet the requirements for delivery and sale to Freddie Mac

### Usability

Provide *intuitive and easy-to-use tools*, with clear and actionable feedback

### Lender Success

### Reliability

*Trust* that our tools will be available, and perform, when lenders need them

### Efficiency

*Lower cost* to originate via automated data assessment and focusing lender attention where it needs to be

Features and  
Benefits

General  
Requirements

Sources of  
funds

Key Selling  
Points and  
Resources



Home Possible

# Home Possible Mortgages – Features and Benefits



## Responsible, high LTV mortgage options for first-time homebuyers, low- and moderate-income borrowers and move up buyers

Borrower Profile	Key Features	Borrower Benefits
<ul style="list-style-type: none"><li>▪ First-time homebuyers</li><li>▪ Repeat homebuyers</li><li>▪ Families in underserved areas</li><li>▪ New immigrants</li><li>▪ Very-low and low-to-moderate income borrowers</li></ul>	<ul style="list-style-type: none"><li>▪ Maximum LTV/TLTV:<ul style="list-style-type: none"><li>▪ Home Possible Advantage - 97% LTV / 105% TLTV</li><li>▪ Home Possible – 95% LTV / 95% TLTV</li></ul></li><li>▪ Eligible annual income of up to 100% of Area Median Income (higher in high cost areas)</li><li>▪ No income limit in underserved areas</li><li>▪ Lender Paid Single Premium MI and Financed Single Premium MI allowed</li><li>▪ Temporary subsidy buydown allowed</li><li>▪ Homebuyer education only required for one borrower when all borrowers are First-Time Homebuyers</li></ul>	<ul style="list-style-type: none"><li>▪ Low down payment</li><li>▪ No minimum borrower contribution from personal funds</li><li>▪ Flexible down payment and closing cost funding options</li><li>▪ No cash-out refinancing</li><li>▪ No reserves required on 1 unit owner-occupied properties (2 months reserves on 2-4 units)</li><li>▪ Homebuyer education available at no cost to the borrower</li></ul>

# Home Possible Mortgages Eligibility Criteria\*



Eligibility Criteria	Home Possible	Home Possible Advantage
Eligible Mortgages	<ul style="list-style-type: none"> <li>– 15-, 20- and 30-year fixed</li> <li>– 5/1, 7/1 and 10/1 CMT- and LIBOR-indexed ARMS</li> <li>– Construction Conversion and Renovation Mortgages</li> </ul>	<ul style="list-style-type: none"> <li>– 15-, 20- and 30-year fixed</li> <li>– Construction Conversion and Renovation Mortgages</li> </ul>
Occupancy	Primary residence	Same
Property Type	1- to 4- units: Single-family, Condos, PUDs, Manufactured Housing (1-unit primary residences only)	1-unit: Single-family, Condo, PUD
Underwriting Method	Loan Prospector or Manual	Same
Other Income	Boarder income (1-unit properties only) up to 30% of qualifying income from this source allowed if 12 months documentation of recent rent payments and continued rental arrangement included	Same
Fund Sources for Down Payment & Closing Costs	Gifts, grants, Affordable Seconds	Same

\* See Freddie Mac *Single-Family Seller/Servicer Guide* for details.

From the *Single-Family Seller/Service Guide*  
Chapter 4501

## Flexible Sources of Funds

- Financing Concessions
  - » 3% of value for LTV/TLTV ratio > 90%
  - » 6% of value for LTV/T LTV ratio > 75% ≤ 90%
  - » 9% of value for LTV/TLTV ratio ≤ 75%
- Premium Financing
- Unsecured Loan: Originating Lender  
(Refer to Guide Section 4204.3(b))

## Borrower Personal Funds

- **Depository accounts**
- **Loan secured by Finan Asset**
- **Sale of Borrower Asset**
- **Cash on hand**
- **Trust disbursement**
- **Pooled funds**
  - **Credit card charges, cash advances or unsecured line of credit to pay fees associated with the Mortgage application process** (Refer to Guide Section 4501.10)
- **IDA:** *include matching funds only if not subject to recapture tax*
- **Rent Credits**
- **Trade Equity**
- **Community Savings deposited by the Borrower**

## Other Borrower Funds

- **Gifts**—Related Person
- **Gift/Grant:** Agency or Seller (as the originating lender)
- **Affordable Seconds**
- **Secondary Financing** (must be Affordable Second)
- **Employer Assisted Homeownership Benefit**
- **IDA:** matching funds subject to recapture tax
- **Unsecured loan:** Agency/Related Person or Community Savings Systems (funds in excess of Borrowers contribution)
- **Sweat equity** (once 5% downpayment from personal funds has been met)



# Key Selling Points and Resources

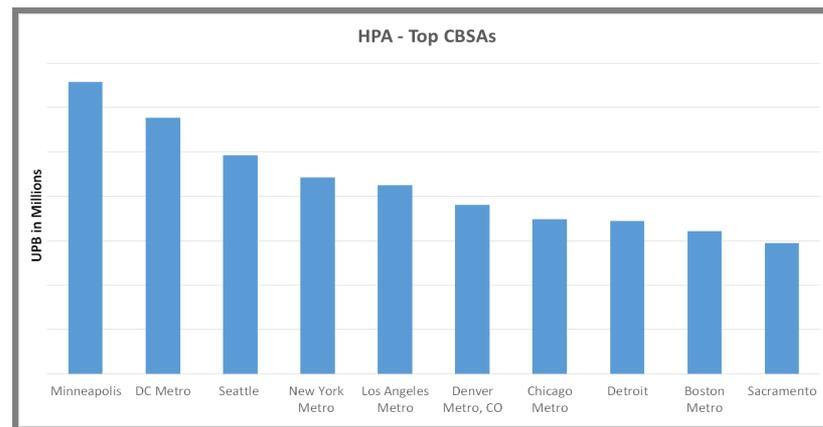
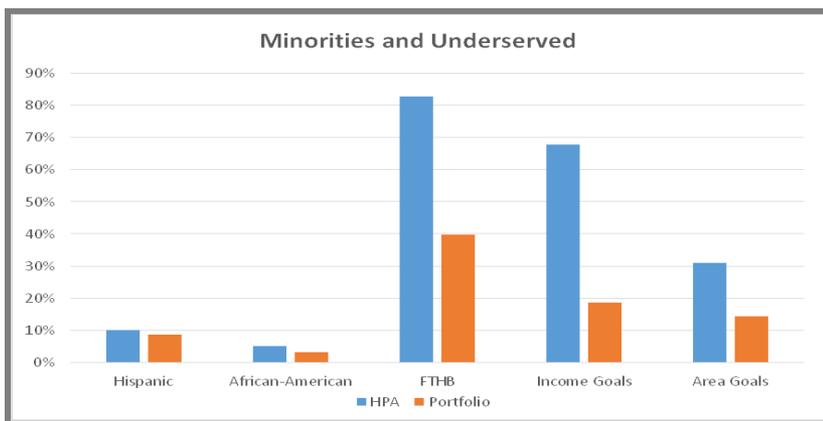
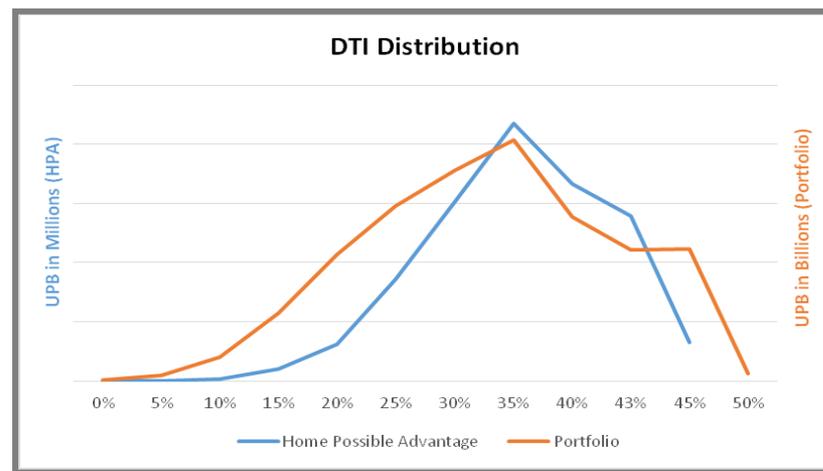
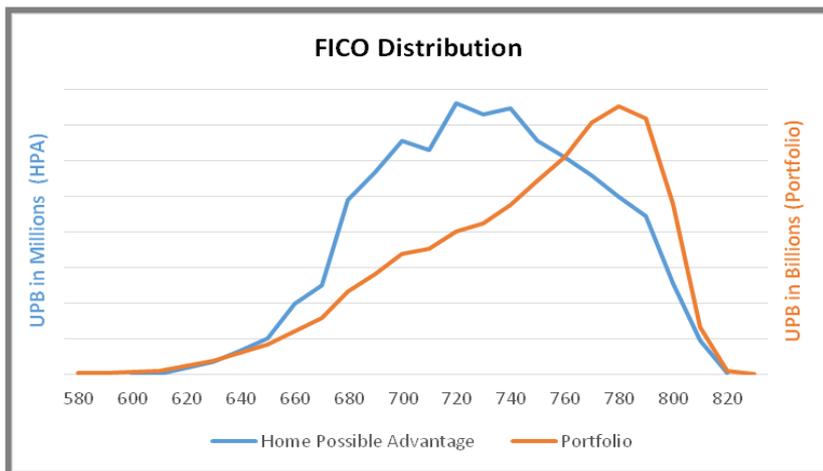
- High LTV – No minimum down payment
- Higher AMI limits (100% AMI; 100%+ in high cost areas)(not just 80% AMI) means broader borrower income eligibility so more borrowers will qualify
- No income limit on properties located in underserved areas
- Flexible sources of funds
- Free homebuyer education – Credit Smart
- Can use Loan Prospector/Loan Product Advisor to provide greater certainty that the loan meets purchase requirements

## Home Possible vs. FHA Mortgage Insurance

Ends when LTV < 80%	Stays for the life of the loan
Conventional MI: monthly OR single premiums	FHA: Upfront AND monthly premiums
Only required if the LTV is 80% or higher	Required regardless of the LTV
Down payment funds applied to principal	Down payment funds applied to principal AND upfront PMI

**WHAT THIS MEANS:** With more funds applied toward the principal upfront, a Home Possible mortgage with PMI lets the borrower build equity faster.

# Moving Affordable Lending Forward with Home Possible



Source: Freddie Mac

# For more information on Home Possible



Connect With Us

[FreddieMac.com/homepossible](https://FreddieMac.com/homepossible)

## Single-Family

- [Become a Freddie Mac Seller/Servicer](#)
- [Originate and Underwrite](#)
- [Sell and Deliver](#)
- [Mortgage Products](#)
- [Servicing](#)
- [The Guide and Forms](#)
- [Single-Family News Center](#)
- [Subscription Center](#)
- [The Learning Center](#)
- [Housing Professionals](#)
- Multifamily**
- Debt Securities**
- Mortgage Securities**
- Credit Risk Offerings**
- Non-Performing Loan Transactions**

## Home Possible Mortgages

Offers Flexible Credit Terms and Low Down Payment Options

### Resources

- [Comparison of Home Possible Mortgage Products](#) (PDF)

### Important Note

Review *Single-Family Home Possible* n



[FreddieMac.com/learn/mp/homepossible.html](https://FreddieMac.com/learn/mp/homepossible.html)

Freddie Mac Home Possible mortgages are designed to meet borrowers' needs. With flexible credit terms and low down payment options, Home Possible mortgages are a great choice for borrowers with low- and moderate credit scores.

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### Product Features

#### Feature

Property Types

Eligible Mortgage Products

## Single-Family

- [Become a Freddie Mac Seller/Servicer](#)
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- [Subscription Center](#)
- [The Learning Center](#)
  - [Loan Coverage Advisor](#)
  - [Loan Quality Advisor](#)
  - [Underwriting](#)
  - [Selling and Delivery](#)
  - [Servicing](#)

## Home Possible® Mortgages

### Easy to Print References

- [Home Possible At a Glance \(Effective January 2016\)](#) (PDF) Updated
- [Home Possible: At a Glance](#) (PDF)
- [Mortgage Products Training and Education Resources](#) (PDF)

### Online Self-study

- [Home Possible Mortgages - Your Affordable Lending Solution Tutorial](#) - 20 min

### Training Events

- [Workshop](#) [Web Event](#)
- [Home Possible Mortgages](#) - 90 min

### Additional Online Resources

- [Affordable Income & Property Eligibility](#)
- [Home Possible Mortgages Resource Center](#)
- [Home Possible Online Marketing Kit](#)





We make home possible®

Connect With Us



[www.FreddieMac.com/learn](http://www.FreddieMac.com/learn)

## Single-Family

Become a Freddie Mac Seller/Servicer

Originate and Underwrite

Sell and Deliver

Mortgage Products

Servicing

The Guide and Forms

Single-Family News Center

Subscription Center

**The Learning Center**

Loan Coverage Advisor

Loan Quality Advisor

Underwriting

Selling and Delivery

Servicing

Mortgage Products

Training Events

## The Learning Center



**CHANGE AHEAD**

The New Guide format is coming  
*Are you ready?*

**28 Days To Go!**

**SIGN UP FOR TRAINING**

## Special Resources

- New Customer Training
- Quick References
- Learning Center Updates
- Glossary

## Guide Reorganization

- Using the Reorganized Single-Family Seller/ Servicer Guide – An Overview (webinar)

## Underwriting

 | More

- The Uniform Appraisal Dataset and the UCDP
- Income and Assets
- Loan Prospector Functionality

## Training Events

 | More

- List by Course Name | Date | Location
- Distance Learning
- Classroom Workshop Information

## Loan Coverage Advisor

 | More

- Overview of the Selling Representation and Warranty Framework [PDF]
- Loan Coverage Advisor (webinar)

## Mortgage Products

 | More

- Home Possible® Mortgages
- Freddie Mac Relief Refinance Program

**Freddie Mac**

Doing Business with Freddie Mac | About Freddie Mac | About Homeownership

[Single Family Home](#)  
[Underwrite and Process Loans](#)  
[Sell and Deliver Loans](#)  
[Mortgage Products](#)  
[Service Loans](#)  
[Account Management](#)  
[Forms and the Guide](#)  
[Training and Education](#)

## Affordable Income & Property Eligibility

**Quick Lookup** [Tips for Using Quick Lookup](#)

Choose a State  -Or- Enter a City or County or Census Tract Number  **GO**

**Affordable Mortgage Requirements**

For certain Freddie Mac mortgage offerings, the borrower's annual income must meet the following requirements:

- > The Borrower's annual income must be equal to or less than the area median income. [Income eligibility requirements](#) may be different in high cost areas. An exception to the income requirements exists for properties located in designated "[Underserved Areas](#)." Area median income requirements do not apply when borrowers finance a property located in an Underserved Area.
- > Underserved Areas are determined at the census tract level. Census tracts generally comprise smaller areas than counties.

**With Quick Lookup, You Can Find:**

- > Area Median Income Listings by County
- > Designated Underserved Area Census Tracts

**Formatting Tips for entering City or County or Census Tract Numbers:**

- > For City, enter the name only (cities starting with St. enter as one continuous name, no space)

<http://ww3.freddiemac.com/ds2/sell/affgold.nsf/frmHomePage?OpenForm>

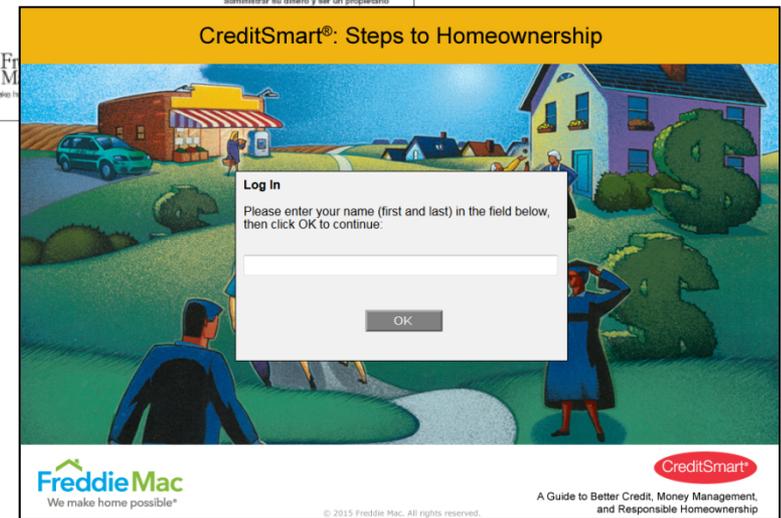
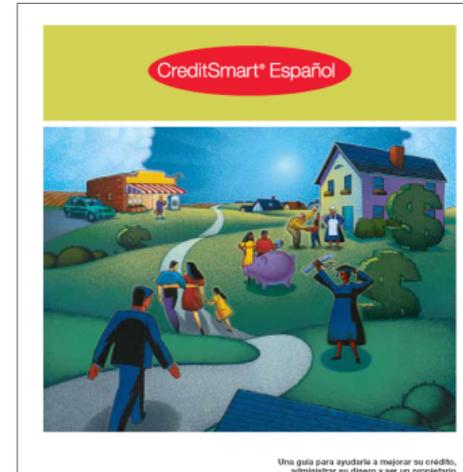
Website for consumers on renting, buying and owning a home

The screenshot shows the homepage of MyHome.FreddieMac.com. The header is green with the 'My Home by Freddie Mac' logo and a search bar. A dark blue navigation bar contains links for 'Rent', 'Buy', 'Own', 'Refinance', 'Foreclosure & Alternatives', and 'Resources'. The main content area has a blue background with the heading 'Renting, Buying & Owning: Let's Get Started' and a paragraph of introductory text. Below the text is a graphic of white house silhouettes. To the right, a section titled 'DON'T KNOW WHERE TO START? Let Us Help You.' lists six user scenarios with right-pointing arrows: 'I'm interested in renting a home', 'I'm considering purchasing a home', 'I'm a homeowner with questions', 'I'm thinking about refinancing', 'I want to know more about HARP', and 'I need help with my mortgage'. Below this is a 'THE LATEST' section with three preview cards: a 'Blog' card showing a tablet with a newspaper, an 'Article' card showing a calculator with 'HOW MUCH?' on the display, and a 'From @FreddieMac' card showing a list of tweets.

**MyHome.FreddieMac.com**

- Financial education curriculum
  - » 12 financial education modules
  - » Available online and in multiple languages
  - » Use CreditSmart workshops to gain entry to realtor shops
  - » Counts for CRA credit

[FreddieMac.com/CreditSmart](http://FreddieMac.com/CreditSmart)



- Work with trusted **national nonprofit intermediaries**
- Support Freddie Mac's ongoing commitment of:
  - » **Preparing prospective buyers** for responsible homeownership
  - » **Helping struggling borrowers** with Freddie Mac-owned mortgages avoid foreclosure
- HUD-certified counselors
- 13 locations across the country
- Work with lenders in minority and underserved communities

# Down payment assistance education



- Helps lenders generate sustainable first-time homeowner business and close more loans.
- Provides homebuyers in-depth information about available down-payment and closing-cost options.
- Real-estate professional and borrower presentations and fact sheets are available.\*

**Sources You Can Tap to Fill Your Down Payment Gap**

State and local resources offer help to mortgage-ready borrowers

You've found your first home, and our loan officer tells you you're approved for a mortgage. But you're just short of the cash you need to close on your loan. How do you bridge the gap? Here are some options to help you bridge a down-payment and closing-cost gap.

Asking for help is a smart move for many of us — and for first-time and other homebuyers, your goal can become reality through the help of various down-payment and closing-cost resources that may be offered by your state, city, county, or other local government resources. These resources can offer you financial assistance that can range from a few thousand dollars to larger amounts, depending on your needs, your qualifications, and where you live.

Most assistance programs offer funds for the purchase of a home.

- Grants. Grants are one form of help for a certain period.
- Recent mortgage payment awards. If you received a recent mortgage payment award, you may be eligible for a grant.
- Tax credits. Certain including housing credit certificates, income tax credits, and other incentives for closing costs.

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**Fuentes que puede aprovechar para suplir el vacío del pago inicial**

Los recursos estatales y locales ofrecen ayuda a los prestatarios que están aprobados para recibir una hipoteca

Si usted ha encontrado su primera vivienda y nuestro agente de préstamos le informa que usted está aprobado para una hipoteca, pero usted se encuentra un poco corto de dinero para cerrar su préstamo, ¿cómo puede usted cerrar su préstamo? Aquí hay algunas ideas que pueden ayudarle a cerrar su préstamo. Estas ideas pueden variar de unos pocos miles de dólares a cantidades más grandes, dependiendo de sus necesidades, sus calificaciones y dónde usted vive.

La mayoría de los programas de asistencia ofrecen ayuda para el pago inicial de una hipoteca, pero algunos también ofrecen ayuda para los costos de cierre.

- Subsidios. Los subsidios son dinero que usted puede recibir para ayudar a pagar los costos de cierre de su préstamo.
- Préstamos con hipoteca en segundo grado. Con un préstamo con hipoteca en segundo grado, usted puede obtener un préstamo adicional para ayudar a pagar los costos de cierre de su préstamo.
- Créditos fiscales. Algunos estados y gobiernos locales ofrecen créditos fiscales para ayudar a pagar los costos de cierre de una hipoteca. Estos créditos pueden variar de unos pocos miles de dólares a cantidades más grandes, dependiendo de sus necesidades, sus calificaciones y dónde usted vive.

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**Bridging the Down Payment Gap**

Preparing for the First-time Homebuyer Opportunity

Remove this text and place your logo here

**Sources You Can Tap to Fill Your Down Payment Gap**

State and Local Resources Offer Help to Mortgage-ready Borrowers Like You

Remove this text and place your logo here

[Name of Presenter]  
[Date Presented]  
FOR CONSUMERS

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\* Available on FreddieMac.com

# What does this all mean for YOU and YOUR borrower?

- **Low interest rates** and lower home prices will continue **homebuyer affordability**
- Build business from **first-time homebuyers**
- Prepare for **changing demographics**
- **Qualified first-time homebuyers need your help** to overcome misconceptions and concerns
- Freddie Mac provides a **wide variety of products and offerings** to help you attract well-qualified buyers

# Q&A