

Freddie Mac Home Possible® Mortgage

An Overview

March 2021

Customer Education

Brought to you by: Genworth Customer Development and Process Consulting



YOU-CENTRIC SOLUTIONS THAT MATTER

Genworth 
Mortgage Insurance

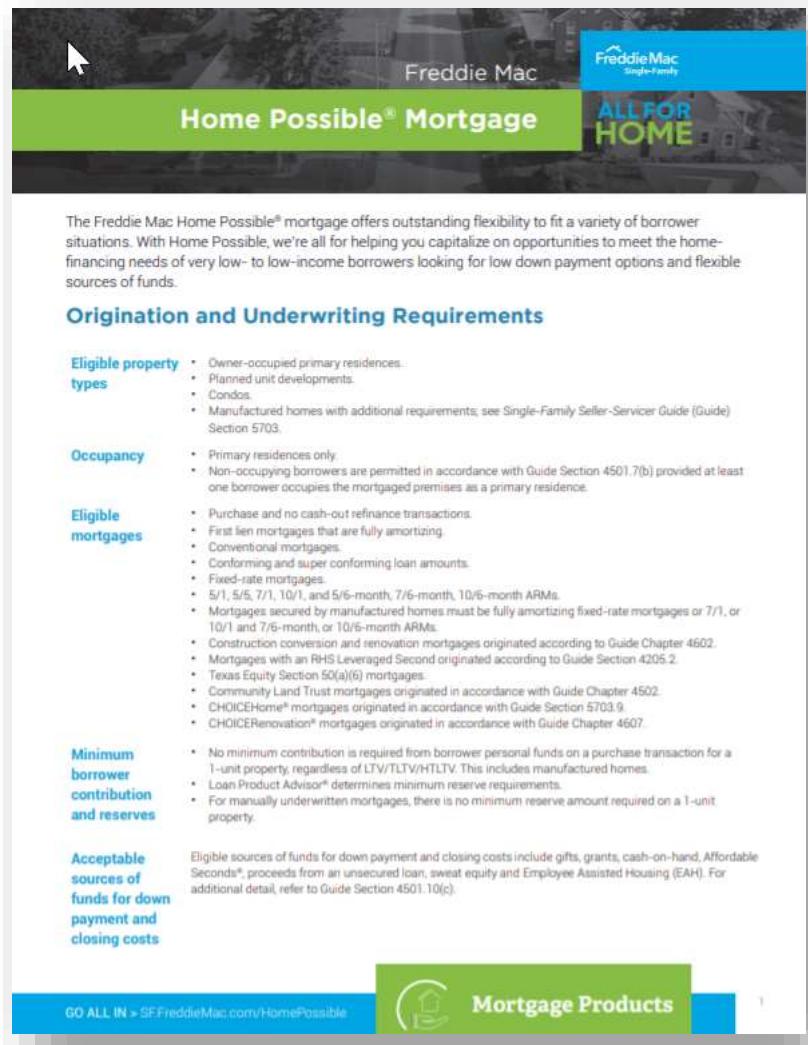
Agenda

In Today's Session We Will Cover

Freddie Mac's Home Possible

- Overview and Benefits
- Website and Recent Bulletins
- General Eligibility of the Program
- Affordable Income and Property Eligibility tool
- Homebuyer Education Requirements
- Resources and Tools
- Genworth Mortgage Insurance Rate *Express*[®] and MI Guidelines

Home Possible Fact Sheet



The Freddie Mac Home Possible® mortgage offers outstanding flexibility to fit a variety of borrower situations. With Home Possible, we're all for helping you capitalize on opportunities to meet the home-financing needs of very low- to low-income borrowers looking for low down payment options and flexible sources of funds.

Origination and Underwriting Requirements

Eligible property types	<ul style="list-style-type: none">Owner-occupied primary residences.Planned unit developments.Condos.Manufactured homes with additional requirements; see Single-Family Seller-Servicer Guide (Guide) Section 5703.
Occupancy	<ul style="list-style-type: none">Primary residences only.Non-occupying borrowers are permitted in accordance with Guide Section 4501.7(b) provided at least one borrower occupies the mortgaged premises as a primary residence.
Eligible mortgages	<ul style="list-style-type: none">Purchase and no cash-out refinance transactions.First lien mortgages that are fully amortizing.Conventional mortgages.Conforming and super conforming loan amounts.Fixed-rate mortgages.5/1, 5/5, 7/1, 10/1, and 5/6-month, 7/6-month, 10/6-month ARMs.Mortgages secured by manufactured homes must be fully amortizing fixed-rate mortgages or 7/1, or 10/1 and 7/6-month, or 10/6-month ARMs.Construction conversion and renovation mortgages originated according to Guide Chapter 4602.Mortgages with an RHS Leveraged Second originated according to Guide Section 4205.2.Texas Equity Section 50(a)(6) mortgages.Community Land Trust mortgages originated in accordance with Guide Chapter 4502.CHOICEHome® mortgages originated in accordance with Guide Section 5703.9.CHOICERenovation® mortgages originated in accordance with Guide Chapter 4607.
Minimum borrower contribution and reserves	<ul style="list-style-type: none">No minimum contribution is required from borrower personal funds on a purchase transaction for a 1-unit property, regardless of LTV/TLTV/HTLV. This includes manufactured homes.Loan Product Advisor® determines minimum reserve requirements.For manually underwritten mortgages, there is no minimum reserve amount required on a 1-unit property.
Acceptable sources of funds for down payment and closing costs	Eligible sources of funds for down payment and closing costs include gifts, grants, cash-on-hand, Affordable Second®, proceeds from an unsecured loan, sweat equity and Employee Assisted Housing (EAH). For additional detail, refer to Guide Section 4501.10(c).

https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/home_possible_factsheet.pdf

Home Possible Overview and Benefits



Freddie Mac's Home Possible® mortgage eases the path to homeownership by offering:

- A low 3% down payment option.
- Multiple qualifying choices.
- Flexibility to address common challenges.

Think about it...

We're all for removing the barriers to homeownership and raising hope for very low- to low-income borrowers.

 A newlywed couple is short on savings but received enough wedding-gift funds to complete their mortgage down payment. **Home Possible has them covered by allowing down payment and closing cost funds to come from gifts and a variety of other sources.**

 A young family is moving to a larger primary home but won't sell their current house until after closing on the new one. **Ownership of another property is permitted with Home Possible, so they can breathe easy at the closing table.**

 A freelance web designer is ready to buy a home of his own but still needs his parents as co-borrowers. Lucky for him, **Home Possible allows non-occupying borrowers on one-unit properties. Loan Product Advisor® asset and income modeler (AIM) for self-employed will make his self-employed income verification a breeze.**

 A renter with two long-term roommates wants to make the jump to homeownership and will bring her boarders with her. **With Home Possible, she can use rental proceeds as qualifying income for her mortgage.**

GO ALL IN > SF.FreddieMac.com/HomePossible

 Mortgage Products

https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/sf-fm-homepossible-mortgage.pdf

Home Possible Website



- Home
- Working with Us
- Technology
- Learning
- News & Insights
- About
- Seller/Servicer Guide
-  Search

Origination & Underwriting Overview Improving Workflow **Mortgage Products** Resources & Learning Guide & Bulletins News & Insights

Home Possible®

The Freddie Mac Home Possible® mortgage offers more options and credit flexibilities than ever before to help your very low-to low-income borrowers attain the dream of owning a home.

In addition to its down payment requirement of as little as 3%, Home Possible now offers more options to responsibly increase homeownership for more of your borrowers. Co-borrowers who do not live in the home can be included for a borrower's one-unit residence, borrowers are permitted to have another financed property, and more –all with competitive pricing and the ease of a conventional mortgage.

We're helping you provide affordable solutions to more creditworthy borrowers so you can enhance your business and your communities at the same time.

Who Is Home Possible® For?

- **Borrowers desiring a low down payment solution with flexible sources of funds.**
- **Very low-to low-income borrowers.**
- **First-time homebuyers, move-up borrowers and retirees.**

[SEE FAQ](#)

<https://sf.freddiemac.com/working-with-us/origination-underwriting/mortgage-products/home-possible>

Freddie Mac's Home Possible Mortgages

Maximum LTV/TLTV/HTLTV

- Underwriting Path: May be submitted to Loan Product Advisor[®] or manually underwritten (except for certain manufactured homes and all super conforming loans)
- Follow guidelines that apply based on the type of underwrite you are doing (manual or using Loan Product Advisor as they can differ)

Maximum Ratios For 1-Unit Properties

Loan Type	Maximum LTV	Maximum TLTV	Maximum HTLTV
Conforming			
Fixed-rate	97%	105%*	97%
Fixed-rate with non-occupying borrowers**	95%	105%*	95%
Adjustable-rate (ARM)	95%	95%	95%
Manufactured homes	95%	95%	95%
Super Conforming			
Fixed-rate	95%	105%*	95%
ARM	95%	95%	95%

* With Affordable Seconds[®] secondary financing when the first lien is a fixed-rate mortgage.

** Ratios in this row are for mortgages with a Loan Product Advisor[®] Accept risk class. For manually underwritten loans, ratios are 90% LTV and 105% TLTV.

https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/home_possible_factsheet.pdf

Freddie Mac's Home Possible Mortgages

Eligible Mortgages*

Eligible mortgages

- Purchase and no cash-out refinance transactions.
- First lien mortgages that are fully amortizing.
- Conventional mortgages.
- Conforming and super conforming loan amounts.
- Fixed-rate mortgages.
- 5/1, 5/5, 7/1, 10/1, and 5/6-month, 7/6-month, 10/6-month ARMs.
- Mortgages secured by manufactured homes must be fully amortizing fixed-rate mortgages or 7/1, or 10/1 and 7/6-month, or 10/6-month ARMs.
- Construction conversion and renovation mortgages originated according to Guide Chapter 4602.
- Mortgages with an RHS Leveraged Second originated according to Guide Section 4205.2.
- Texas Equity Section 50(a)(6) mortgages.
- Community Land Trust mortgages originated in accordance with Guide Chapter 4502.
- CHOICEHome® mortgages originated in accordance with Guide Section 5703.9.
- CHOICERenovation® mortgages originated in accordance with Guide Chapter 4607.

https://sf.freddiemac.com/content/assets/resources/pdf/fact-sheet/home_possible_factsheet.pdf

*See Freddie Mac Seller/Servicer Guide for list of Ineligible Mortgages

Freddie Mac's Home Possible Mortgages

Eligible Property Types

Origination and Underwriting Requirements

Eligible property types

- Owner-occupied primary residences.
- Planned unit developments.
- Condos.
- Manufactured homes with additional requirements; see *Single-Family Seller-Servicer Guide* (Guide) Section 5703.

Specific Requirements for 2- to 4-Unit Properties

Maximum Ratios For 2- To 4-Unit Properties

2- to 4-Unit Properties			
Loan Type	Maximum LTV	Maximum TLTW	Maximum HTLTW
Conforming			
2- to 4-unit fixed-rate and 2-unit ARM	95%	95%	95%
3 and 4-unit ARMs	75%	75%	75%
Super Conforming			
2-unit fixed-rate and ARM	85%	85%	85%
3 and 4-unit fixed-rate	80%	80%	80%
3 and 4-unit ARM	75%	75%	75%

https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/home_possible_factsheet.pdf

Additional Requirements for 2-4 Unit Properties

Additional Requirements For 2- To 4-Unit Properties

- Minimum contribution from borrower personal funds for LTV/TLTV and HTLTV ratios:
 - <= 80% – none
 - >80% <= 95% – 3% of value
 - >95% – not applicable
- Minimum borrower reserves required will be determined by Loan Product Advisor. If the mortgage is manually underwritten, two months of reserves are required.
- Minimum indicator score for manually underwritten mortgages: 700.
- Collateral evaluation for 4-unit primary residences: Use Form 72, Small Residential Income Property Appraisal Report.
- Landlord education: For purchase transactions, at least one qualifying borrower must participate in a landlord education program before the note date. For refinances, landlord education is not required but is recommended. It must not be provided by an interested party to the transaction, the originating lender or the mortgage seller. A certificate of completion must be retained in the mortgage file.
- Rental income from a 2- to 4-unit primary residence that meets requirements in Guide Chapter 5306 may be used as qualifying income.
- Refer to the Guide for additional requirements.

https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/home_possible_factsheet.pdf

Freddie Mac's Home Possible Mortgages

Property Ownership:

Ownership Of Other Properties

The occupying borrowers must not have an ownership interest in more than two financed residential properties, including the subject property, as of the note date, or for construction conversion and renovation mortgages, the effective date of permanent financing.

https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/home_possible_factsheet.pdf

Freddie Mac's Home Possible Mortgages

Secondary Financing

Without Affordable Seconds

- Any secondary financing that meets Freddie Mac requirements is allowed, including HELOCs, with a TLT/HTLTV ratio less than or equal to 97%.

With Affordable Seconds

- Primary residences only.

Eligible mortgages

- Eligible Affordable Seconds can provide 100% of the borrower's down payment and could be used for both down payment and closing costs.
- TLTV allowed up to 105% with eligible Affordable Seconds when the first lien is a fixed-rate mortgage.
- The Affordable Second must be provided by an agency under an established, ongoing, documented secondary financing or financial assistance program. Eligible providers include: federal agencies municipal, state, county or local housing finance nonprofit organization.
- Regional Federal Home Loan Bank under one of its affordable housing programs.
- An employer through an Employer Assisted Housing (EAH) program.
- The Affordable Second may not be funded by the property seller or any other interested party to the transaction.

For specific information on Affordable Seconds, refer to Guide Section 4204.1. A checklist for Affordable Seconds is available at: https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheets/affordable_seconds_guidelines_factsheet.pdf

*When the TLT/HTLTV ratio exceeds 97% (95% for Super Conforming Mortgages) 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 (HELOC).

https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/home_possible_factsheet.pdf

Affordable Seconds Checklist

Freddie Mac
Single-Family

Affordable Seconds® Checklist

Expand access to credit for your qualified borrowers with Affordable Seconds®. Use the checklist below to help you determine if your secondary financing meets Freddie Mac's requirements for Affordable Seconds.

If all of the statements below are true and the secondary financing otherwise meets Freddie Mac's requirements in the *Freddie Mac Single-Family Seller/Servicer Guide* (Guide), the related first lien mortgage may be eligible for delivery if the first lien mortgage satisfies Freddie Mac's eligibility criteria and underwriting requirements. This checklist does not apply to Affordable Seconds used to subsidize the sales price of a resale restricted property. Refer to Guide Sections 4204.2 and 4406.2 for those requirements.

For complete requirements and steps on how to underwrite a first lien mortgage with an Affordable Second, refer to Guide Sections 4204.1 and 4204.2.

Checklist – Check off the true statements. 

Source of Secondary Financing

The source is an Agency, typically a duly authorized authority or agency of the federal, state, local or municipal government; a nonprofit community or religious organization other than a credit union; the borrower's employer; or a regional Federal Home Loan Bank under one of its affordable housing programs.

The source is not the property seller or another interested party to the transaction unless it meets the special requirements in the box below.

Seller-Funded Affordable Seconds - Special Requirements

The Seller

Is a depository institution.

Has an established Affordable Second program that supports the Community Reinvestment Act (CRA) mandates.

Does not participate in the appreciation of the Mortgaged Premises.

Checklist continues on back

https://sf.freddiemac.com/content/_assets/resources/pdf/factsheets/affordable_seconds_guidelines_factsheet.pdf

Freddie Mac's Home Possible Mortgages

Home Possible Qualifying Ratios:

- Loan Product Advisor calculates and evaluates the Borrower's qualifying ratios. For Accept Mortgages and A-Minus Mortgages, Loan Product Advisor has determined that the Borrower's qualifying ratios are acceptable.
- When the Borrower's monthly DTI exceeds 45%, the loan is ineligible for sale to Freddie Mac (under a manual underwrite)

(c) Qualifying ratios

There is no maximum monthly housing expense-to-income ratio.

Debt payment-to-income ratios must not exceed the following limits:

Underwriting Path	Home Possible® Mortgages
Loan Product Advisor® Mortgages	Determined by Loan Product Advisor
Manually Underwritten Mortgages	45%

https://guide.freddiemac.com/app/guide/content/a_id/1000545

Freddie Mac's Home Possible Mortgages

Eligible Borrowers

- At least one borrower must occupy the mortgage premises as a primary residence
- **Non-occupying borrowers are permitted, provided that:**
 - The LTV/TLTV/HTLTV does not exceed 95% for Loan Product Advisor Mortgages, except for fixed-rate Mortgages with Affordable Seconds, the TLTВ ratio must not exceed 105%
 - 90% for Manually Underwritten Mortgages, except that for fixed-rate Mortgages with Affordable Seconds, the TLTВ ratio must not exceed 105%
- **For Manually Underwritten Mortgages with non-occupying borrowers, the occupant Borrower's:**
 - Monthly housing expense ratio should not exceed 35% of the occupying borrower's stable monthly income; and
 - Monthly DTI ratio must not exceed 43% of the occupying borrower's stable monthly income
 - Funds used to qualify for the mortgage may come from the occupying and/or the non-occupying borrower

https://guide.freddiemac.com/app/guide/content/a_id/1000543

Freddie Mac's Home Possible Mortgages

Minimum Credit Score Requirements

Credit Underwriting



- A borrower's credit reputation is acceptable if the Home Possible mortgage receives a risk class of Accept.
- Borrowers without credit scores may be underwritten for up to 95% LTV.
- A Home Possible mortgage that is a super conforming mortgage must receive a risk class of Accept.
- A Home Possible mortgage secured by a manufactured home must have a risk class of Accept if its term is greater than 20 years and LTV/TLTV/HTLTV ratios are greater than 90% but less than 95%.

Credit Underwriting—Manually Underwritten Mortgages

Mortgage Type for 1-Unit Properties	Minimum Indicator Score
Fixed-rate mortgage that is a purchase transaction	660
1-unit ARM or a 1-unit no cash-out refinance mortgage	680
Manufactured home	680

See Guide Section 4501.8 (b) for additional underwriting requirements for manually underwritten mortgages.

https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/home_possible_factsheet.pdf

Freddie Mac's Home Possible Mortgages

Additional Special Underwriting Requirements

Requirements For Rental Income From The Subject 1-Unit Property

- Rental income from a 1-unit primary residence can account for up to 30% of qualifying income.
- The person providing the rental income must have resided with the borrower for at least one year and will continue residing with them in the new property.
- Rental income from a 1-unit primary residence must be provided by a person who:
 - Is not obligated on the mortgage and does not have an ownership interest in the mortgaged premises.
 - Is not the borrower's spouse or domestic partner.
- Must include in the loan file:
 - Evidence of residency.
 - Documentation of receipt of rental income for at least nine of the past 12 months.
 - Borrower statement affirming the source of rental income and the fact that the renter has resided with the borrower for the past year and intends to continue residing at the new residence for the foreseeable future.
- Rental income that meets the above requirements may be generated from an accessory unit. For more information see Guide Section 4501.9.

https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/home_possible_factsheet.pdf

Mortgages for Borrowers with No Credit Scores

In addition, the Seller must determine that the Mortgage meets the following requirements:

- 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.

Additionally:

o Each payment reference must have existed for at least the most recent 12 months

(ii) Mortgages where no Borrower has a Credit Score

For Mortgages where no Borrower has a Credit Score, Loan Product Advisor will apply the following requirements:

- The transaction must be a purchase or "no cash-out" refinance Mortgage
- The Mortgage must be secured by a 1-unit property and all Borrowers must occupy the property as their Primary Residence
- The loan-to-value (LTV), total LTV (TLTV) and Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratios must not exceed 95%
- The Mortgage must be a fixed-rate Mortgage
- The Mortgage must not be a super conforming Mortgage

months

- o Each payment reference must:
 - Meet the requirements for written verifications in [Section 5102.3](#),
 - Meet the age of documentation requirements in [Section 5102.4](#), and
 - Be documented in accordance with [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 for Construction Conversion and Renovation Mortgages. Refer to [Section 5103.6](#) for requirements related to homeownership education.

<https://guide.freddiemac.com/app/guide/section/5201.1>

Income and Property Eligibility



The screenshot shows the Freddie Mac Single-Family website. The top navigation bar includes links for Home, Working with Us, Tools & Learning, News & Insights, About, Seller/Servicer Guide, and a Search function. Below this, a secondary navigation bar for 'Affordable Lending' includes links for Overview, All For Home™, Home Possible®, Solutions, Reaching Borrowers, Resources & Learning, and News & Insights. The main content area features a large, bold title: 'Home Possible® Income and Property Eligibility Tool'.

Loan Product Advisor® and the [Home Possible Income & Property Eligibility tool](#) was updated on July 12, 2020 with the new 2020 area median income (AMI) limits recently issued by the Federal Housing Finance Agency (FHFA).

<https://sf.freddiemac.com/working-with-us/affordable-lending/home-possible-eligibility-map>

Income and Property Eligibility



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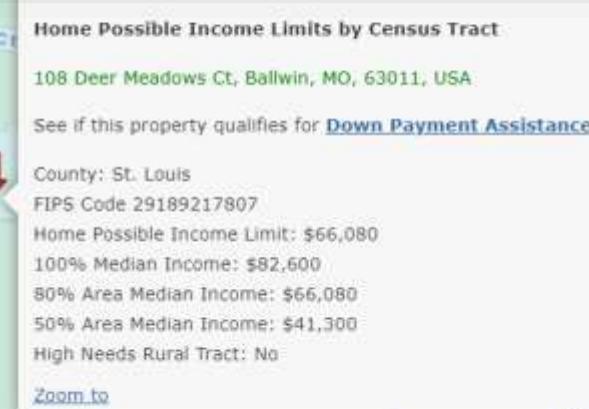
How to Read Your Results

Enter a street address to obtain the most accurate results. A pop-up window will appear with the following information:

- FIPS Code – Uniquely identifies the census tract.
- Home Possible Income Limit – For the specific census tract, this is the maximum borrower income allowed to qualify for Home Possible.
- Borrowers whose qualifying income is less than or equal to 50% of county area median income may qualify for a Very Low Income Loan. Borrowers whose qualifying income is greater than 50% and is less than or equal to 80% of county area median income may qualify for a Low Income Loan.
- High Needs Rural Tract – Defined for purposes of FHFA's [Duty to Serve](#) program.
- For a listing of down payment resources available to consumers visit <https://downpaymentresource.com/>.

Qualification Disclaimer – This tool is intended to help provide guidance as to qualifications for Home Possible® mortgages and other programs. Final eligibility is determined within Loan Product Advisor® or via approved manual underwriting.

- "Home Possible Qualifying Income Limit" is the same as "80% Area Median Income". This means that the borrower's income cannot exceed 80% of the AMI when qualifying for a Home Possible mortgage for properties within this census tract.



Freddie Mac's Home Possible Mortgages

Loan Product Advisor Entry: Use Offering Identifier Code “241” or Select Home Possible in your LOS

Mortgage Type and Loan Terms subsection:

Offering Identifier:

Home Possible
Home Possible Advantage
Home Possible Advantage for HEAs (eligible users only)

Loan Application Data

Borrower: BORROWER 1 TESTCASE
Loan App #: 123456789
Loan Prospector ID: L95834002
Transaction ID: TS19777944

<< Previous Save Submit Next >>

Fields marked with an asterisk are always required.

Mortgage Type and Loan Terms

Mortgage Type * Amortization Months *

Base Loan Amount * (excludes PMI, MIP, funding fee financed) Balloon Term (complete only if loan is a balloon)

PMI, MIP, Funding Fee Financed

Loan Amount

Interest Rate *

Amortization Type *

Len. Priority *

Offering Identifier

Mortgage Insurance Requirements

Reduced MI coverage required for 95% and 97% LTV, 30 year loans - 25% coverage required

Mortgage Insurance Requirements

The standard required or custom mortgage insurance (MI) coverage levels for Home Possible mortgages are as follows:

Transaction Type	MI Coverage	LTV Ratio, 1-Unit Properties			
		>80% & ≤85%	>85% & ≤90%	>90% & ≤95%	>95% & ≤97%
Home Possible, fixed-rate, term < 20 years	Standard	6%	12%	25%	25%
	Custom	n/a	n/a	16%	18%
Home Possible, fixed-rate, term > 20 years; ARMs; and manufactured homes	Standard	12%	25%	25%	25%
	Custom	12%	12%	16%	18%

Seller must obtain Freddie Mac's approval to sell mortgages with annual or monthly premium lender-paid mortgage insurance to Freddie Mac. If custom MI is chosen, the custom MI fee applies regardless of any cap on credit fees in price. See Guide Section 4701.1 for additional MI requirements and options including custom MI.

https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/home_possible_factsheet.pdf

Freddie Mac Credit Fees in Price

Exhibit 19 – Credit Fees in Price

The following Credit Fee in Price Caps apply to certain Mortgage Product Types:

HOME POSSIBLE® MORTGAGE CAP ^{23, 26}			
Product	LTV Ratios	Credit Score	Cap
All Eligible Product	> 80%	≥ 680	0.00%
		< 680	1.50%
	≤ 80%	All	1.50%

23 All applicable Credit Fees in Price are subject to the Home Possible® Mortgage Cap with the exception of the Custom Mortgage Insurance Credit Fee in Price and/or the GreenCHOICE Mortgages™ credit for Credit Fee in Price, which will be added to the Cap.

26 Until Home Possible Advantage product deactivation, any mortgage delivered as a Home Possible Advantage Mortgage meeting the requirements of Chapter 4501 will be subject to the Home Possible Mortgage Cap.

https://guide.freddiemac.com/ci/okcsFattach/get/1001717_5

Freddie Mac Single Family Seller/Servicer Guide

THE SINGLE-FAMILY SELLER/SERVICER GUIDE

Search the Guide

What can we help you find? 

Results For: home possible

 [Guided Answer: Affordable Mortgages and Duty to Serve](#) FEATURED

[Home Possible®: see Chapter 4501.](#)
[Community Land Trusts: see Chapter 4502.](#)
[Resale Restrictions: see Chapter 4406.](#)

[LEGAL DISCLAIMER](#)

 [Bulletin 2016-8 Home Possible Delivery Fee Cap](#)
TO: Freddie Mac Sellers SUBJECT: **HOME POSSIBLE® MORTGAGE DELIVERY FEE CAP STRUCTURE**

 [4501.2 Home Possible® Advantage Mortgages](#)

 [4501.7 Eligible Borrowers for Home Possible® Mortgages](#)
Mortgages, Loan Product Advisor will determine the income eligibility of the Mortgage; for Non-Loan Product Advisor Mortgages, the Seller must use the [Home Possible® Income & Property Eligibility tool](#)
The Seller may not use other published AMI versions (such as AMIs posted on

 [4501.1 Purchase of Home Possible® Mortgages](#)
This chapter details requirements for [Home Possible® Mortgages](#).

 [4501.8 Underwriting requirements for Home Possible® Mortgages](#)
A [Home Possible® Mortgage](#) may be submitted to Loan Product Advisor®

<https://guide.freddiemac.com/app/guide/find/home%20possible>

Home Possible Education Requirements

Homeownership Education

- For a purchase transaction, if all occupying borrowers are first-time homebuyers, at least one occupying borrower must receive homeownership education.
- Homeownership education is also required for any transaction when the credit reputation for all borrowers is established using only noncredit payment references.
- Homeownership education must be completed prior to the note date.
- Eligible homeownership education must meet the National Industry Standards for Homeownership Education and Counseling or be provided by an eligible source, such as a HUD-approved counseling agency, mortgage insurer, housing finance agency (HFA) or Community Development Financial Institutions (CDFIs).
- Homeownership education must not be provided by an interested party to the transaction, the originating lender or the mortgage seller.
- Certificate of completion must be retained in the loan file.

****First-Time Homebuyer:**

A First-Time Homebuyer is an individual who meets all of the following requirements:

- Is purchasing the Mortgaged Premises
- Will reside in the Mortgaged Premises as a Primary Residence
- Had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the Mortgaged Premises

The related ULDD Data Point name is Borrower First Time Homebuyer Indicator

In addition, a displaced homemaker or a single parent may also be considered a First-Time Homebuyer if the individual had no ownership interest in a residential property during the preceding three-year period other than an ownership interest in the marital residence with a spouse. If a displaced homemaker or a single parent solely owned the marital residence, or solely or jointly owned a second home or Investment Property, the individual may not be considered a First-Time Homebuyer.

https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/home_possible_factsheet.pdf

Home Possible Education Requirements

Landlord education (2- to 4-unit Primary Residences)

- Purchase Transactions - At least one qualifying Borrower must participate in a landlord education program before the Note Date, or the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages. A copy of a certificate evidencing successful completion of the landlord education program must be retained in the Mortgage file.
- Refinance Transactions - Landlord education is not required but is recommended for Borrowers who have not previously attended a program.

It must not be provided by an interested party to the transaction, the originating lender or the mortgage seller.

https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/home_possible_factsheet.pdf

<https://mi.genworth.com>



MI & RATES | UNDERWRITING & GUIDES | LOS & CONNECTIONS

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Genworth Mortgage Insurance

See our COVID-19 updates and resources

COVID-19 Useful Related

(top income calculation related loan scenarios)

- All Services & Products
- LO Resources
- First-Time Homebuyer Resources
- Home Suite Home®
- Homebuyer Privileges®
- Education Options for Homebuyers**
- Credit Unions
- Housing Finance Agencies
- Homeowner Assistance

ting
es

Let's Underwrite!



Underwriting
Innovate Underwriting
[KNOW MORE](#)



Rate Express™
Find Rates Quick
[GET A QUOTE NOW](#)



TRAINING
Boost Your Knowledge
[LEARN NOW](#)

Education Options for Homebuyers

Prepare Your Borrowers for Homeownership Success

Educated borrowers make good homeowners. Together, we can help borrowers improve their understanding of the homebuying process, [the benefits of mortgage insurance](#), and credit best practices.

Point your borrowers to the resources below to help them on their homebuyer education journey.

Give Your Borrowers Support

These resources help both your pre-purchase education and your post-close counseling borrower requirements.

[Fannie Mae's Framework®](#)

An in-depth online education program if you are interested in Fannie Mae's HomeReady® Program.

- Offered in both English and Spanish
- Certificate upon completion

[Freddie Mac's CreditSmart®](#)

A six-module comprehensive education course if you are interested in Freddie Mac's HomePossible® Program.

- Self-paced
- Certificate upon completion

[Find Homebuyer Education Courses and Counseling Near You](#)

The U.S. Department of Housing and Urban Development sponsors agencies throughout the country that can help your borrowers with learning about the homebuyer process and how to maintain their status as a homeowner.

Home Possible Education Requirements



CreditSmart® Courses

CreditSmart®
Homebuyer U - With
Certificate

CreditSmart® 12
Module Curriculum - No
Certificate

Military Financial
Readiness

Instructor Resources

CreditSmart® Homebuyer U - With Certificate: NOW AVAILABLE IN SPANISH!

CreditSmart® Homebuyer U provides a comprehensive homeownership education course through an interactive, guided experience. It offers six modules, each focused on key learning principles to promote education, homebuyer preparedness and financial management.

- Module 1: Overview and Introduction of the Homebuying Process
- Module 2: Managing Your Money
- Module 3: Your Credit and Why It Is Important
- Module 4: Getting a Mortgage
- Module 5: Finding a Home and Closing on a Loan
- Module 6: Preserving Homeownership

CreditSmart Tracks

[Start CreditSmart® Homebuyer U Tutorial](#) ▾

[CreditSmart® Homebuyer U Fact Sheet \(English\)](#)
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[CreditSmart® Homebuyer U Fact Sheet
\(Spanish\)](#) PDF

[CreditSmart® Homebuyer U Postcard \(English\)](#)
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[CreditSmart® Homebuyer U Postcard \(Spanish\)](#)
PDF

<https://sf.freddiemac.com/working-with-us/creditsmart/courses>

Freddie Mac Mortgage Insurance Coverages

Standard

95% LTV- 30% Coverage

- \$160. monthly MI

*95.01-97% LTV- 35% Coverage

- \$201.67 monthly MI

Effective Date: June 4, 2018

Home Possible

95% LTV- 25% Coverage

- \$145.00 monthly MI

95.01-97% LTV- 25% Coverage

- \$163.33 monthly MI

Monthly Premium MI (BPMI) – Fixed						
Fixed			Amortization Term > 20 years			
LTV	Coverage	Exposure	760+	740-759	720-739	700-719
97% -95.01%	35%	63%	.58%	.70%	.87%	.99%
	25	73	.46	.58	.70	.79
	18	80	.39	.51	.61	.68
95% -90.01%	30	67	.38	.53	.66	.78
	25	71	.34	.48	.61	.79
	16	80	.30	.40	.56	.96

Adjustments					
≥ 2 Borrower/97% LTV				.-13%	.-13%
.-13%	.-13%	.-13%	.-13%	.-13%	.-14%

Example - 1 family, owner occupied, purchase, primary residence, fixed rate, non-manufactured property with underwriting credit score of 680.

Loan amount is \$200,000 with monthly BPMI. (Rate card factor is based on only 1 borrower on loan; Adjustments in pricing if 2 or more borrowers)

Examples shown using a Genworth Rate Card and NOT GenRate; *97% LTV available July 29 under HomeOne MortgageSM

For a loan with two borrowers,
97% factor is .84%

In this example, the monthly
premium is now \$140

Home Possible Marketing Materials

Materials for borrowers

Let borrowers know that you offer Home Possible Mortgages by customizing these materials with your institution's name and logo.

- Run ads in local papers
- Hand out flyers at housing fairs

Note: By downloading an "Looking for a responsible lender?" postcard, you are agreeing to use it in accordance with the terms of the postcard license agreement.

For first-time homebuyers:

Download the brochure (PDF)

- English [DOC](#)
- Spanish [DOC](#)

Download Postcard for Brokers

- English [DOC](#)
- Spanish [DOC](#)

Download Postcard for Real Estate Professionals

- English [DOC](#)
- Spanish [DOC](#)

<https://sf.freddiemac.com/general/home-possible-marketing-materials>

Home Possible Income Limit FAQs

Home Possible® Income Limit Change FAQ

Q7. Do I need to verify all of a borrower's income if the borrower doesn't need all of their income to qualify for a Home Possible mortgage?

No, you need to verify only a borrower's qualifying income. For example, under our existing Guide policy, if the borrower can qualify for the mortgage with their base pay and not their overtime income, you may use only the base pay to determine Home Possible eligibility.

<https://sf.freddiemac.com/faqs/home-possible-income-limit-change-faq>

Genworth Underwriting Guidelines



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LOS & CONNECTIONS

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- Underwriting Guides & Credit Policy Updates
- Regulatory Resources
- Contract Services Underwriting
- Underwriting Tips

Genworth Mortgage Insurance

On-Demand URLA Training

Get prepared for March 1st

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Training Tools and Information

Course Catalog

Topic

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Genworth offers a comprehensive suite of training opportunities to boost your know-how, benefit your bottom line and ultimately best serve your borrowers. With more than 100 courses in our catalog, our team is here to help you stay up-to-date on the mortgage industry and regulatory environment. Classes are all offered at no cost to you. [View a full list of courses here.](#)

Browse by Role

	Mortgage Professional		Loan Officer		Loan Processor		Underwriter
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Due to various Internet browser versions, please download and save PDF before entering data. Please note, calculators are updated periodically.

Browse by Topic

	Fannie Mae Form 1084 Calculator (2019-2020) Calculate and analyze cash flow to help you complete Fannie Mae Form 1084. <small>UPDATED</small>		Fannie Mae Form 1084 Calculator XLS (2019-2020) Calculate and analyze cash flow to help you complete Fannie Mae Form 1084. <small>UPDATED</small>		Freddie Mac Form 91 Calculator (2019-2020) Quick reference guide and income analysis for Freddie Mac Form 91. <small>UPDATED</small>
	Freddie Mac Form 92 Calculator (2019-2020) Form 92, Net Rental Income Calculations - Schedule E. <small>UPDATED</small>		Schedule Analysis Method (SAM) Calculator (2019-2020) Calculate qualifying income from cash reserves. <small>UPDATED</small>		Rental Income Calculator (2019-2020) Assists in calculating rental income from IRS Form 1040 Schedule E. <small>UPDATED</small>
	Current Ratio - Liquidity Calculator (2019-2020) Calculate working capital (current assets - current liabilities). <small>UPDATED</small>		Quick Ratio - Liquidity Calculator (2019-2020) Calculate an organization's liquidity against current liabilities. <small>UPDATED</small>		Fannie Mae Rental Guide (Calculator 1037) Use this calculator to calculate qualifying rental income for Fannie Mae Form 1087 (Principal Residence or Residential Properties).
	Fannie Mae Rental Guide Calculator (1038) <small>UPDATED</small>		Fannie Mae Rental Guide (Calculator 1039) Calculate qualifying rental income for Fannie Mae Form 1039 (Business / Net rental income from Investment Properties).		Fannie Mae Form 1088 Cheat Sheet Use this quick reference guide for Fannie Mae's Comparative Analysis Form 1088.
	Fannie Mae Comparative Analysis Form 1088 Calculate increased (decreased) gross income, decreased and relative income. <small>UPDATED</small>		Income Calculation Worksheet Use this form to calculate income. <small>UPDATED</small>		P&L Calculator Calculate the result of changes made by the CBA to the CBA or added to the CBA. <small>UPDATED</small>
	Business Stability and Income Worksheet (2021) Calculate the result of changes made by the CBA to the CBA or added to the CBA. <small>UPDATED</small>				

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Loan Officer Hub**

Tips and tools to help you get up to speed on the softer skills of being an LO.

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What's New

- For New LOs!
- Watch Now!
- March Training Offerings
- Underwriting Resources

New-to-Industry Loan Officer Hub

Tips, tools, and more!

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Self-Employed Borrower Tools

Valuable income calculation tools and reference guides for calculating self-employed borrower income.

Ramie Mae Form 1084 Calculator (2019-2020) Freddie Mac Form 91 Calculator (2019-2020) Freddie Mac Form 92 Calculator (2019-2020)

Schedule Analysis Method (SAM) Rental Income Calculator (2019-2020)

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