

Home Possible Guidelines

June 11, 2021

SUBJECT	1 UNIT
Product Features	<ul style="list-style-type: none"> • LP Accept/Accept required on all loans. • LP will automatically identify potentially eligible loans. • 620 minimum credit score. • Financing up to 97% LTV. Borrower is not required to be a first-time buyer; purchase and no cash-out refinance. • Lower MI coverage requirement (25% for LTVs >90% to 97%). • Gifts, grants, Affordable Second Mortgage, and cash-on-hand permitted as a source of funds for down payment and closing costs.
Loan Purpose	Purchase or Rate/Term Refinance
Occupancy and Property Type	1-unit principal residence, including eligible Condo's, PUD's, Townhouse/Rowhouse
Borrower Income Limits	<ul style="list-style-type: none"> • 80% of area median income (AMI) including low income census tracts <ul style="list-style-type: none"> ◦ Income Eligibility Lookup Tool: http://www.freddiemac.com/homepossible/eligibility.html
Minimum Borrower Contribution (own funds)	\$0
Acceptable Sources of Funds for Down Payment and Closing Costs	<ul style="list-style-type: none"> • Gifts, grants and Affordable second mortgage (per FHLMC guidelines) • Cash on hand allowed for one-unit properties only. (May not be used for required reserves.) Must be able to verify and document the following: <ul style="list-style-type: none"> ◦ Monthly budget completed on FHLMC exhibit 23 form ◦ Copies of 6 months cash receipts or direct verification from 3 references such as rent, utilities, etc. to verify recurring obligations are customarily paid in cash ◦ A traditional credit report is required and may not show more than 3 tradelines ◦ Copies of 3 months statements for any open revolving account that reveal cash advances are not the source of borrower funds ◦ Updated credit report obtained approx. one week before closing that does not show any new accounts or substantial increase to an existing account that approximates or exceeds the amount of cash on hand provided by the borrower. ◦ Evidence borrower does not use checking and/or savings accounts ◦ Evidence all funds used to qualify the borrower for the mortgage are deposited in a financial institution no less than 30 days prior to closing • All other assets as allowed by FHLMC • SWEAT EQUITY NOT ALLOWED
Product	15- and 30-year fixed rate mortgages
Maximum LTV/TLTV and Subordinate Financing	<ul style="list-style-type: none"> • 97% LTV • 105% with an Affordable Second®
Ownership of Other Property	<ul style="list-style-type: none"> • Occupant borrower(s) may own one other financed residential property (in addition to the subject property) as of the note date.



10 Lea Avenue, Suite 800 | Nashville, TN 37210
800.467.3032 | ghmc.com   

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Non-Occupying Co-Borrower	Max LTV 95% (105% with Affordable Second)
Interest Rate Buydowns	Not permitted
Mortgage Insurance (MI) Coverage and Financed MI	<ul style="list-style-type: none"> • 25% MI coverage for LTVs 90.01-97% • Standard MI coverage for LTVs of 90% or less-
Loan Prospector (LP)	<ul style="list-style-type: none"> • Based on the census tract and borrower income, LP will notify users when a loan casefile appears to be eligible for Home Possible. Underwriter will need to complete Community Lending Product fields to confirm eligibility and sale to FHLMC as Home Possible. • LP recommendation of Accept required. • LP will determine qualifying ratios and reserves.
Other Income	<ul style="list-style-type: none"> • Rental Income from the Subject 1-Unit Property s permitted is allowed when the borrower receives rental payments from one or more individuals who reside with the borrower (who may or may not be related to the borrower) on a one-unit property. The amount of Rental Income is allowed up to 30% of the total gross income that is used to qualify the borrower for the mortgage as long as the renter; <ul style="list-style-type: none"> * is not obligated on the mortgage loan and does not have an ownership interest in the property, * is not the borrower's spouse or domestic partner, * has lived with the borrower for the last 12 months & can provide proof of rental payment * can provide appropriate documentation to demonstrate a history of shared residence (such as a copy of a driver's license, bill, or bank statement that shows the boarder's address as being the same. • Borrower must provide a 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. <p><i>**Payment of rent by the boarder directly to a third party is not acceptable</i></p>
Home-Buyer Education	<ul style="list-style-type: none"> • Homebuyer counseling required only if all borrowers on loan are 1st time homebuyers <ul style="list-style-type: none"> ◦ A Homeownership Education Certificate from an acceptable education counselor is required. Acceptable counselors include: <ul style="list-style-type: none"> ◊ HUD approved counseling agencies ◊ Housing Finance Agencies ◊ MI company programs provided they meet the standards of the National Industry Standards for Homeownership Education and Counseling • Homebuyer education is not required on refinance transactions. • Must be completed by the note date

