



Freddie Mac HFA Advantage Mortgages

Additional Flexibility for Housing Finance Agencies

Freddie Mac HFA Advantage[®] mortgages offer outstanding flexibility for maximum financing. This offering adopts the responsible and affordable requirements of Freddie Mac Home Possible Advantage[®] but with added flexibilities for Housing Finance Agencies (HFAs).

Key Features

- One-unit primary residence.
- Purchase and no cash-out refinancing.
- Maximum 97 percent loan-to-value (LTV) and 105 percent total loan-to-value (TLTV) ratios.
- Loan Product AdvisorSM, manual or alternative underwriting.
- No reserves required.
- Income limits established by the HFA.
- Available to first-time homebuyers, repeat buyers, and borrowers seeking no cash-out refinances.
- Flexible funding options for down payment and closing costs.
- Flexible MI options available.
- Credit fee in yield specific to the HFA community and elimination of credit fees for HFAs.

HFA Benefits

- Minimum private mortgage insurance (MI) required.
- Option for immediate selling rep and warranty relief, though a quality control review of all HFA Advantage mortgages soon after delivery to Freddie Mac.
- For HFAs interested in becoming a Freddie Mac Seller/Servicer:
 - “White Glove” onboarding process with a dedicated Freddie Mac representative assisting you through the Seller/Servicer application process.
 - No application fees.

Visit our HFA Web page for more information
FreddieMac.com/singlefamily/hfa.html

ORIGINATION & UNDERWRITING REQUIREMENTS													
Borrower Eligibility	<ul style="list-style-type: none"> All borrowers must occupy the mortgaged premises as their primary residence. 												
Property Eligibility	<ul style="list-style-type: none"> One-unit primary residence. Condos. PUDs. Manufactured homes are not eligible. 												
Eligible Mortgages	<ul style="list-style-type: none"> Must be first lien conventional mortgages that are fully amortizing. Fixed-rate mortgages with an original maturity not greater than 30 years. Construction Conversion and Renovation Mortgages originated in accordance with <i>Single-Family Seller/Service Guide</i> (Guide) Chapter 4602 are permitted. 												
Ownership of Other Property	<p>There are circumstances when borrowers may hold an ownership interest in a property that are compatible with the intent of HFA Advantage. To accommodate these situations, ownership in other residential property is permitted provided the borrower does not occupy the other property, and the borrower:</p> <ul style="list-style-type: none"> Inherited their ownership interest in the property and shares ownership with another party. 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). 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. <p>See <i>Single-Family Seller/Service Guide</i> (Guide) Section 5401.2(b)(i) for requirements for excluding liabilities, including mortgage debt, from the monthly debt payment-to-income ratio.</p>												
Income Limits	<ul style="list-style-type: none"> Determined by the HFA. 												
Loan Purpose	<ul style="list-style-type: none"> Purchase. No cash-out refinance. 												
LTV/TLTV	<table border="1"> <thead> <tr> <th colspan="3">Freddie Mac Settlement Dates on or after March 23, 2015</th> </tr> <tr> <th>Property Type</th> <th>Maximum LTV Ratio</th> <th>Maximum TLTV Ratio</th> </tr> </thead> <tbody> <tr> <td>One unit</td> <td>97 percent</td> <td>105 percent</td> </tr> <tr> <td>Manufactured Home</td> <td>NA</td> <td>NA</td> </tr> </tbody> </table>	Freddie Mac Settlement Dates on or after March 23, 2015			Property Type	Maximum LTV Ratio	Maximum TLTV Ratio	One unit	97 percent	105 percent	Manufactured Home	NA	NA
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Property Type	Maximum LTV Ratio	Maximum TLTV Ratio											
One unit	97 percent	105 percent											
Manufactured Home	NA	NA											
Mortgage Insurance	<ul style="list-style-type: none"> HFA Advantage MI coverage levels: <ul style="list-style-type: none"> Greater than 95% up to and including 97% LTV: 18%. Greater than 90% up to and including 95% LTV: 16%. Greater than 85% up to and including 90% LTV: 12%. Greater than 80% up to and including 85% LTV: 6%. HFAs may deliver minimum MI coverage; these mortgages are not considered Custom Mortgage Insurance and not subject to credit fees. Lender-paid and financed mortgage insurance premiums described in Guide Section 4701.2 are permitted. A negotiated credit enhancement is available in lieu of MI with Freddie Mac approval. 												
Secondary Financing	<ul style="list-style-type: none"> Only permit Freddie Mac Affordable Seconds® meeting the requirements in Guide Section 4204.1. The Affordable Second financing cannot be a home equity line of credit. An Affordable Second that does not require a monthly payment before the due date of the 61st payment under the Home Possible mortgage may be entered in the "Total Gift Fund" field of Loan Product Advisor. Refer to Guide Section 4501.8. Rural Housing Service (RHS) Leveraged Seconds are not permitted. 												
Underwriting Path	<ul style="list-style-type: none"> Loan Product Advisor or manual underwriting. Manually underwritten mortgages: <ul style="list-style-type: none"> See Guide Chapters 4501 and 5100-5500 for requirements, including but not limited to the acceptable credit reputation. Minimum Indicator Scores: 660 for purchase transactions and 680 for no cash-out refinances. An Indicator Score must be established for the mortgage and must meet the required limits. An HFA Advantage mortgage where none of the borrowers have a usable credit score is not eligible. Use of alternative automated underwriting systems (AUS) is permitted with Freddie Mac approval. 												
Minimum Indicator Score for AUSs	<ul style="list-style-type: none"> See Loan Product Advisor Alternative AUSs: <ul style="list-style-type: none"> Purchase: 660. No Cash-out Refinance: 680. 												
Qualifying Ratios	<ul style="list-style-type: none"> There is no maximum monthly housing expense-to-income ratio. Maximum debt payment-to-income ratio: <ul style="list-style-type: none"> Determined by Loan Product Advisor. Manually underwritten mortgages: 43 percent. 												

Borrower Contribution and Reserves	<ul style="list-style-type: none"> • No minimum borrower contribution from borrower personal funds is required. • No reserves required.
Source of Funds	<ul style="list-style-type: none"> • Refer to Guide Section 5501.3.
Temporary Subsidy Buydown Plans	<ul style="list-style-type: none"> • Must meet requirements of Guide Sections 4204.4 and 4501.5. • If an HFA Advantage mortgage with a temporary subsidy buydown plan is subject to an Affordable Second that requires repayment to begin before the due date of the 61st monthly payment under the HFA Advantage mortgage, the Affordable Second must have a fixed-interest rate. • Limited Buydown: <ul style="list-style-type: none"> ○ Initial interest rate reduced no more than 2 percentage points below the Note Rate. ○ Increased by no more than 1 percentage point annually for no more than two years. • Extended Buydown: <ul style="list-style-type: none"> ○ Initial interest rate reduced no more than 3 percentage points below the Note Rate. ○ Increased by no more than 1 percentage point annually for more than two but no more than three years. • The borrower must be qualified using monthly payments calculated at the Note Rate.
Homebuyer Education	<ul style="list-style-type: none"> • HFA program or Freddie Mac CreditSmart®, – Steps to Homeownership tutorials required if all are first-time homebuyers. The tutorial must be completed by at least one borrower per Guide Section 4501.12.
Ineligible Mortgages	<ul style="list-style-type: none"> • Affordable Merit Rate Mortgages. • ARMs. • A-minus Mortgages. • Seasoned Mortgages. • Financed Permanent Buydown Mortgages. • Seller-Owned Modified Mortgages and Seller-Owned Converted Mortgages. • Mortgages with capitalized balances as described in Chapter 4403. • FHA and VA Mortgages. • Guide Section 502 GRH Mortgages. • Guide Section 184 Native American Mortgages. • Super conforming Mortgages as described in Guide Chapter 4603.2. • Freddie Mac Relief Refinance MortgagesSM.
SERVICING REQUIREMENTS	
Early Delinquency Counseling	<ul style="list-style-type: none"> • Seller must provide (at no cost to the borrower) Early Delinquency Counseling to all borrowers who experience problems meeting their mortgage obligations, as outlined in Guide Sections 9101.2 and 9102.4.
DELIVERY REQUIREMENTS	
Delivery Requirements	<p>Eligible Executions:</p> <ul style="list-style-type: none"> ○ Cash Servicing-Retained. ○ Fixed-rate Guarantor. ○ MultiLender Swap. <ul style="list-style-type: none"> • Sellers must deliver the new valid value, “Home Possible Advantage HFA”, for ULDD Data Point Loan Program Identifier (Sort ID 404). • See Guide Section 6302.14 for special delivery instructions for Home Possible® mortgages and Guide Section 6302.34 for applicable secondary financing delivery requirements. • If applicable, Sellers must deliver the following Investor Feature Identifiers (IFI) in ULDD Data Point IFI: <ul style="list-style-type: none"> ○ <i>IFI 583</i> (Mortgage with an Affordable Second) ○ <i>IFI G18</i> (Mortgage with Affordable Second entered into Loan Product Advisor in “Total Gift Fund” field).