



Bulletin 17-11

Introducing Freddie Mac's Home Possible Programs

HomeBridge is pleased to announce that effective May 5, 2017 we will be offering Freddie Mac's Home Possible and Home Possible Advantage programs.

Home Possible/Home Possible Advantage are affordable lending programs designed for first-time homebuyers, move-up borrowers, retirees, very low and low-to-moderate income borrowers and borrowers in underserved areas.

Income Requirements

Property is Not Located in an Underserved Area

The Home Possible programs have the following income requirements for properties **not** located in an underserved area:

- The borrower's total annual income cannot exceed 100% of the area median income (AMI), **or**
- If the property is in a designated high-cost area the borrower's total annual income cannot exceed 100% of the AMI **plus** the high-cost area multiplier applied by Freddie Mac (multiplier varies by property location) To view income multipliers by state/county, click here: [Income Multipliers High-Cost Areas](#)

Property is Located in an Underserved Area

- If the property is located in an underserved area there is **no income limit** applied

Determining Income Eligibility

There are two options available to determine income eligibility based on the property location.

- Loan Product Advisor will indicate income eligibility, **or**
- The complete subject property address may be entered into Freddie Mac's [Home Possible Income & Property Eligibility](#) tool. The Eligibility tool will indicate if no income limit applies, or the Home Possible income limit based on 100% AMI or, 100% AMI **plus high-cost area multiplier**:

Underserved Area – No Income Limit

2016 Home Possible Income Limits by Census Tract
FIPS Code: 06071006500
Home Possible Income Limit: No Limit
100% Area Median Income: \$61,400
80% Area Median Income: \$49,120
50% Area Median Income: \$30,700

100% AMI Applies

2016 Home Possible Income Limits by Census Tract
FIPS Code: 48085031622
Home Possible Income Limit: \$70,800
100% Area Median Income: \$70,800
80% Area Median Income: \$56,640
50% Area Median Income: \$35,400

High-Cost Area (multiplier applied)

2016 Home Possible Income Limits by Census Tract
FIPS Code: 06059062634
Home Possible Income Limit: \$94,080
100% Area Median Income: \$67,200
80% Area Median Income: \$53,760
50% Area Median Income: \$33,600

High-Cost Area (multiplier applied) Example:

High-Cost Area (multiplier applied)

2016 Home Possible Income Limits by Census Tract	
FIPS Code:	06059062634
Home Possible Income Limit:	\$94,080
100% Area Median Income:	\$67,200
80% Area Median Income:	\$53,760
50% Area Median Income:	\$33,600

In the Home Possible income limit for a high-cost area example above the property is located in CA. Freddie Mac applies an income multiplier of 140% to all CA counties.

- 100% Area Median Income for this property is \$67,200
- \$67,200 multiplied by 1.4 (140%) = \$94,080
- The Home Possible income limit for this property is \$94,080 (140% of the AMI). In this example the income limit is higher than 100% of the AMI.

Reminder: Manual calculation is **not** required; the Home Possible Eligibility tool and LPA will provide the applicable multiplier for the high cost area as reflected in the High-Cost Area (multiplier applied) example above

Highlights of the Home Possible programs include:

- Purchase and rate/term transactions
- Conforming loan amounts only; super conforming **ineligible**
- LPA "Accept" required; manual underwrite ineligible
- 1-4 unit primary residence 95% LTV/CLTV (Home Possible). Standard secondary financing options eligible.
- 1-unit primary residence 97% LTV/105% CLTV (Home Possible Advantage). Secondary financing **must be** provided by an Affordable Second program
- 97% LTV for a refinance transaction does **not** require the loan being refinanced to currently be owned by Freddie Mac
- No borrower own funds requirement on 1-unit properties
- 2-4 unit properties require 3% borrower own funds
- DTI per LPA
- Reserves not required on 1-unit properties; 2 months reserves required on 2-4 unit properties
- Lower MI coverage at 90.01% to 97% LTV: 25% (standard coverage requires 30% to 35%)
- Rental income (aka boarder income) eligible on 1-unit properties
- Non-occupant co-borrowers not allowed
- Homeownership counseling only required if all borrowers are first time homebuyers
- Landlord counseling required for 2-4 unit purchase transactions
- Cash-on-hand eligible for 1-4 unit properties; eligible for down payment, closing and financing costs, prepaids, escrows and reserves
- Manufactured home eligible using Home Possible; manufactured **ineligible** using Home Possible Advantage
- Borrower cannot have an ownership interest in any other property (see guides for exceptions)

The following have been posted on the HomeBridge website at www.HomeBridgeWholesale.com

- Home Possible Matrix
- Home Possible Programs Overview
- Home Possible Submission Forms (Broker and NDC/EB)
- Home Possible / Home Possible Advantage Quick Reference Guide
- Freddie Mac Home Possible – Fannie Mae Home Ready Comparison
- Freddie Mac Exhibit 23 Monthly Budget and Residual Analysis form
- Freddie Mac Exhibit 20 Homeownership Education Certification

The HomeBridge rate sheet will reflect Home Possible pricing effective May 5, 2017

If you have any questions, please contact your Account Executive