

A division of HomeBridge Financial Services, Inc.

# 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: <u>Income Multipliers High-Cost Areas</u>

## 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**

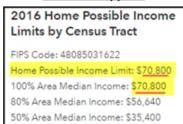
There are two options available to determine income eligibility based on the property location.

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

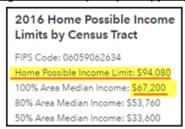
#### <u>Underserved Area - No Income Limit</u>

# 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

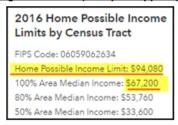


#### High-Cost Area (multiplier applied)



## High-Cost Area (multiplier applied) Example:

High-Cost Area (multiplier applied)



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 <a href="www.HomeBridgeWholesale.com">www.HomeBridgeWholesale.com</a>

- 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