

Leading the Future of Home

Team Up with MassHousing and Academy Mortgage
hosted by Berkshire Realtors

September 27, 2022

ALL FOR HOME


Freddie Mac
Single-Family

Speaker Introduction



Email: James_Hall@freddiemac.com

James Hall

Affordable Lending Manager
Freddie Mac

James manages relationships with lenders, housing finance agencies, housing intermediaries and other key stakeholders on behalf of Freddie Mac, to educate and better serve, well deserving families.



About Freddie Mac



Making Home Possible for 52 Years

- Freddie Mac was [chartered by Congress in 1970](#) and operates in the Secondary Mortgage Market
- [Mission](#) to promote liquidity, stability, and affordability in housing – nationwide, in all economic conditions
- [Community mission](#)
 - Stabilize communities
 - Prevent foreclosures
 - Expand credit responsibly
 - Educate future homebuyers and counsel homeowners
 - Support affordable rental housing
- [Three main business lines](#)
 - Single-Family (1- to 4-unit for-sale properties)
 - Multifamily (5+-unit for-rent properties)
 - Capital Markets



Leading the Future of Home

Insights



Insights through research studies, thought leadership, speaking opportunities, expert contributions and data to position our clients and partners for success.

Education



Events, training and financial literacy curricula to help better prepare borrowers for homeownership and to promote responsible and sustainable behaviors.

Mortgage Products

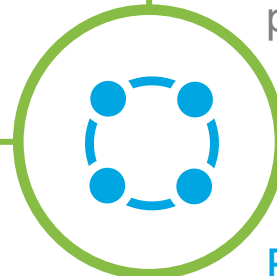


Mortgage offerings that meet borrower needs and scenarios to include: low down payments, refinances, first-time homebuyer, energy-efficient properties, factory-built housing and renovation mortgages.

Business Solutions



Services, resources, tools and technologies that enable housing professionals to serve as trusted advisors and to select the best solutions for their borrower.



The Affordable Ecosystem

It takes many hands to make home possible.

Partnership and collaboration across the affordable ecosystem are critical to drive business opportunities and make the dream of home a reality for families.



Housing Finance Agencies (HFAs)



HFAs Role and Impact

For more than 50 years, state housing finance agencies (HFAs) have played a central role in the nation's affordable housing system.



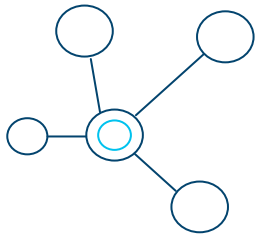
State HFAs have delivered more than \$600 billion in financing for the purchase, development, and rehabilitation of more than 8 million affordable homes and rental apartments.



HFAs serve very low-, low- and middle-income households, first-time homebuyers, and other specialty segments with limited funds for down payment and closing costs..

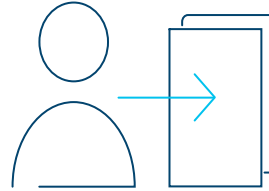
Source: NCSHA- State Housing Finance Agencies: The Center of the Affordable Housing System, 2022

HFAs: Opportunities for You

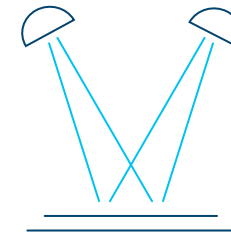


Reach more potential borrowers through HFA programs that:

- Provide low down payment options.
- Offer preferential pricing.



Most HFAs offer down payment assistance programs to further support borrower needs.



[Freddie Mac HFA Advantage®](#) is a competitive alternative to FHA financing offered exclusively to HFAs.

Freddie Mac HFA Advantage®



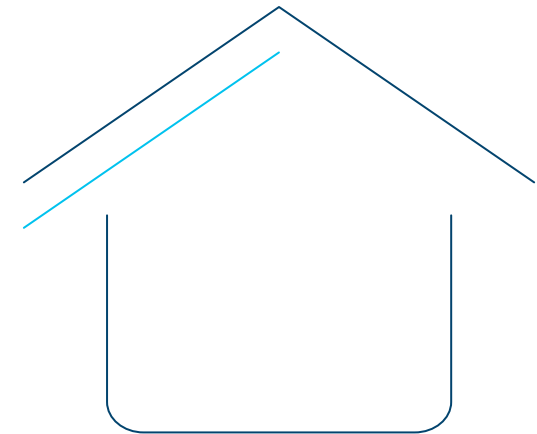
Freddie Mac HFA Advantage®

HFA Advantage® mortgage is a conventional mortgage product available exclusively to HFAs seeking strategic solutions to diversify their product offerings and portfolio mix while expanding homeownership responsibly.

With new enhancements announced in August 2022 and expanded eligibility, HFA Advantage offers more homeownership opportunities to very low-, low- and moderate-income borrowers.

Key benefits include:

- Primary residences:
 - 97% LTV, 105% TLTV with Affordable Seconds® (1-unit).
 - 95% LTV, 105% TLTV with Affordable Seconds® (2-4 unit). (NEW!)
- Non-occupying borrowers permitted. (NEW!)
- Manufactured homes with 95% LTV, 95% TLTV ratios. (NEW!)
- HFA income limits in lieu of Home Possible® Area Median Income limits.
- HFA determines homebuyer education requirements.
- Credit enhancement options including Custom Level mortgage insurance coverage.



HFA Advantage[®] Mortgage

One-four-unit primary residences

Purchase and no cash-out refinancing

Non-occupying borrowers

Manufactured Housing

Flexible funding options for down payment and closing costs

High loan-to-value (LTV) conventional offering that's **an excellent alternative to FHA** lending requirements and mortgage premiums.

Adopts the requirements of Home Possible[®] but with **added flexibilities for HFAs.**

HFA-established income limits

Available to first-time homebuyers, repeat buyers, and borrowers seeking no cash-out refinances

Loan Product Advisor[®], manual UW, or alternative UW system subject to prior approval

Flexible MI options available

No reserves required

Why Choose HFA Advantage[®] Mortgage over FHA?

HFA Advantage[®]



MI ends when LTV < 80%



Custom Level MI*: monthly premium



MI only required if the LTV is 80% or higher



No upfront MIP

OR

OR

OR

OR

FHA



MI stays for the life of the loan



FHA: Upfront AND monthly premiums



MI required regardless of the LTV



Upfront MIP added to principal AND amortized

WHAT THIS MEANS:

With more funds applied toward the principal up front, an HFA Advantage mortgage with PMI lets the borrower build equity faster

Mortgage Insurance

*Custom Level Mortgage Insurance for loans made to borrowers with qualifying incomes less than or equal to 80% AMI.

This document reflects our understanding of the FHA requirements as of August 2022. We make no claims, promises, or guarantees about the accuracy or completeness of this information.

HFA Advantage VS FHA: A side-by-side example

	Conventional	FHA
	<ul style="list-style-type: none"> Borrower paid monthly MI premium 97% LTV Rate 6.75% 	<ul style="list-style-type: none"> FHA upfront and monthly MI premium 96.5% LTV Rate 6.25%
Down Payment	\$9,000	\$11,250
Upfront MI Cost	\$0	\$5,066 (1.75%)*
Total Loan Amount Financed	\$291,000	\$294,566
Monthly MI (\$/rate)	\$133 / 0.55%**	\$205 / 0.85%**
Monthly Payment (PITI + MI) (Year 1)	\$2,420	\$2,419
Monthly Cost Savings vs FHA	-\$1	-
MI Cost Over 5 Years (60 payment + any upfront MI)	\$7,980	\$17,366 estimate
5-year MI Savings Compared to FHA	\$9,386	-

Assumptions

- 30-year fixed rate mortgage
- Purchase price = \$300,000
- \$400 monthly taxes and insurance
- Two borrowers
- FICO score = 700
- Debt-to-income ratio ≤ 45%
- Qualifying income ≤ 80% area median income
- Conventional HFA Advantage example requires 18% mortgage insurance (MI) coverage
- Annual appreciation of 3% over 5 years; MI may be dropped by month 60 for conventional loans

These scenarios are intended for illustrative purposes only and should not be relied upon for actual rate quotes, loan estimates or other narrower disclosures. Comparisons are at the highest LTV ratio allowed for the products.

*FHA includes an upfront mortgage insurance premium (1.75%) and monthly premiums (0.85%). FHA example assumes financing of upfront premium. Private MI premiums adjust based upon loan features and borrower credit profile (e.g., loan-to-value ratios, loan purpose, loan term, MI coverage required, FICO scores, number of borrowers, debt-to-income ratios, etc.)

**Private MI premium rate shown is for illustrative purposes only. Please check with your preferred MI provider(s) for more specific details.

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HFA Advantage® Mortgage – Mortgage Insurance

LTV Ratio	Mortgage Insurance Coverage For Borrowers Earning ≤ 80% AMI	Mortgage Insurance Coverage For Borrowers Earning > 80% AMI*
Greater than 95% up to 97%	18%	35%
Greater than 90% up to 95%	16%	30%
Greater than 85% up to 90%	12%	25%
Greater than 80% up to 85%	6%	12%

*Custom MI options may be available; consult with your HFA.

HFA Advantage®

Visit the [HFA Advantage webpage](#) today!

The latest in product information at your fingertips!

- Product overview and factsheet.
- Convenient links to HFA Resource Center and other product-related articles and materials.

[Origination & Underwriting](#)[Improving Workflow](#)[Mortgage Products](#)[Resources & Learning](#)

HFA Advantage®

The Freddie Mac HFA Advantage® mortgage is a conventional mortgage product available exclusively to housing finance agencies (HFAs) seeking strategic solutions to diversify their product offerings and portfolio mix while expanding homeownership responsibly.

New HFA Advantage Enhancements

Freddie Mac is continually offering solutions to advance affordable homeownership which is why we've added new enhancements to HFA Advantage to help you qualify more very low, low- and moderate-income borrowers.

Whether your HFA is a Freddie Mac Seller/Servicer or sells through one or more Freddie Mac Seller/Servicer partners, HFA Advantage offers enhanced flexibility for maximum financing.

Who is HFA Advantage® for?

- Borrowers who qualify for HFA homeownership programs.
- First-time homebuyers, repeat buyers and borrowers seeking no cash-out refinances.
- Borrowers purchasing or refinancing one- to four-unit properties, condominiums, homes in planned unit developments (PUDs), and CHOICEHomes®.

[READ FACTSHEET PDF](#)

Freddie Mac HFA Resource Center

Visit the [HFA Resource Center](#) today!

A digital information hub designed to support and provide HFA professionals with resources and tools including:

- Hot Topic articles
- Popular resources
- Freddie Mac's Home Starts Here podcast series
- Events Calendar
- And more... all in one centralized location.

And don't forget to sign up to [receive the latest insights, updates and communications](#) from Freddie Mac!

Get the latest Freddie Mac updates in your inbox.

Enter your email address to be sure you always have the latest news from Freddie Mac Single-Family.

Your Email Address

Sign Up

HFA Resource Center

An information hub designed for HFA staff and their business partners

Hot Topics

We've compiled Freddie Mac's most current affordable and equitable housing research, insights, and thought leadership in one convenient place. Click any of the links below to explore more about how we can work together to help aspiring homebuyers overcome barriers and achieve responsible, sustainable homeownership.

Freddie Mac Salutes Home Possible RISE Award® for HFA Advantage Volume Winners

The Freddie Mac HFA Advantage mortgage is a low-down payment offering like the Freddie Mac Home Possible® mortgage but has additional flexibilities for HFAs. Meet these organizations who are using all the mortgage tools in their toolkit to make homeownership a reality for the borrowers of the future.

Closer Collaboration with HFAs Can Grow Business in Underserved Communities

Created to finance affordable housing activities, housing finance agencies (HFAs) are public entities that offer first mortgage loan products and down payment assistance. How can HFAs help pave the way for homeownership?

2022 State of Affordability

What are the key trends, challenges and opportunities in the housing market in 2022? Get up to speed on today's market and learn how the industry can collaborate to prompt impactful change and better serve homebuyers.

What Drove Home Price Growth and Can it Continue?

Home prices, the best single indicator of whether market conditions favor buyers or sellers, jumped 33% nationally over the past two years. What is behind the strength of the housing market, and can it continue?

Understanding Mortgage Readiness: A Roadmap for Getting More Americans into Homes

By knowing what it means to be mortgage ready, the homebuyers can better understand the process and the resources available to them.

Together, We're Making an Impact Through Affordable Lending

This year, we have ambitious goals to increase homeownership opportunities for underserved communities.

Housing Finance Agencies: A Key Partner in Equitable Housing

Different stakeholders within the mortgage and housing industry play a role in decreasing barriers to homeownership. Kathy Kier, Assistant Commissioner at Minnesota Housing, and Pamela Thurman, Director, Freddie Mac's Single-Family Equitable Housing Team discuss ways to address the array of complex issues communities of color face in attaining, sustaining and building wealth through homeownership.

[CHECK OUT THIS PODCAST EPISODE](#)

HOME STARTS HERE PODCAST



Overview of Home Possible[®] Mortgage



Home Possible® Mortgage Overview

LTV Ratios by loan type (Manufactured Homes, refer to Seller/Service Guide)	Fixed Rate Mortgages 1-unit property: 97% LTV / 105% TLTV (with Affordable Second®) / 97% HTLTV 2- to 4-unit property: 85% LTV / 95% TLTV / 95% HTLTV
	5/1 or 5/5 7/1 or 10/1 Adjustable-Rate Mortgages 1-unit property: 95% LTV / TLTV / HTLTV 2-unit property: 85% LTV / 95% TLTV / 95% HTLTV 3- to 4-unit property: 75% LTV / TLTV / HTLTV
Transaction Type	Purchase/no cash-out refinance
Property Types	1- to 4-unit detached/attached properties, planned unit developments, condominiums
Occupancy	Owner occupied, primary residences only Non-occupying co-borrower permitted
Mortgage Insurance	Lender Paid Single Premium MI and Financed Single Premium MI allowed
Other Property Ownership	Occupying Borrower can own one other property in addition to the subject property

Home Possible/HomeOne Overview

Home Possible®		Home One sm
Qualifying income is at or below * 80% of the Area Median Income	Income	No income limitations
1 unit: 97% LTV**/105% TLTV***/97% HTLTV 2-4 unit: 95% LTV/TLTV/HTLTV	LTV Ratio	1 unit: 97% LTV**/105% TLTV***/97% HTLTV
1- to 4-unit Primary Residence Manufactured Homes up to 95% LTV/TLTV/HTLTV	Property type	1 unit Primary Residence 2-4 unit: Not permitted Manufactured homes not permitted
Fixed Rate and ARMs Purchase and No-Cash out refinance	Loan type	Fixed Rate Purchase No cash-out Refinances are eligible only if loan refinanced is owned by Freddie Mac** or is secured by an affordable second
Reduced MI Coverage (25% maximum)	Mortgage Insurance	Standard MI Coverage (35% maximum)
At least one borrower must occupy as primary residence. Non-occupying co-borrower allowed (max LTV 95%)	Occupancy	All borrowers must occupy as primary residence and for purchases at least one occupant must be a first time homebuyer
Borrower can own up to two financed properties (includes the Home Possible property)	Additional properties	Standard Guideline requirements apply
Loan Product Advisor Accept. May be manually underwritten (See Guide Section 4501.8 for requirements)	U/W Path	Loan Product Advisor Accept Risk Class only

*Loan Product Advisor will if determine income limits are met or utilize our [Home Possible Income and Property Eligibility Tool](#)
 **[Loan Look Up Tool](#)

Creating Affordability for Many Types of Borrowers

First-time homebuyers and very low- to moderate-income borrowers

Refinance and repeat borrowers with limited home equity

Changing demographics and greater opportunities: first-time homebuyers, millennials, multi-generational households, seniors, Hispanics, Asians, Black Americans

Relevant for the ever-growing condominium market

Product that supports financing for manufactured housing, energy-efficient properties and property renovations



Home Possible® Resource Page

Resource pillar page available to discover, explore and get started with Home Possible® Mortgage:
<https://sf.freddiemac.com/working-with-us/affordable-lending/guide-to-home-possible-mortgage#discover-home-possible>

Your Guide to Home Possible® Mortgage

Discover Home Possible® Explore Home Possible® Make Home Possible®

Discover the Possibilities with Home Possible®

Discover the Possibilities With Home Possible® Watch later Share

Related Links

- Home Possible® Mortgage
- Home Possible® FAQs
- Home Possible® Income and Eligibility Tool
- Home Possible® Mortgage Factsheet
- Home Possible® Mortgage Requirements in Seller/Service Guide
- Home Possible® Income Eligibility Training
- Discover the Possibilities with Home Possible® Mortgages Training

Your Guide to Home Possible® Mortgage

Discover Home Possible® Explore Home Possible® Make Home Possible®

Explore Home Possible®

The Benefits of Home Possible®

Explore the benefits of choosing a Home Possible® mortgage.

- **Allow for flexible sources of funding** for down payment and combinable with many other types of down payment assistance.
- **Apply sweat equity** for up to the entire amount of the down payment and closing costs by applying construction skills for necessary improvements.
- Provide qualified, very low- to moderate-income borrowers, and those who live within low income census tracts, a **maximum financing option with maximum flexibility**.
- **Enable the dream of home**, whatever it may look like; single-family, manufactured housing or condominium.
- **Cancel mortgage insurance** upon reaching 20 percent equity, reducing the monthly mortgage payment, and potentially saving thousands over the life of the loan.
- **Enable empowered decisions** and life-long responsible homeownership with required financial literacy education, which can be fulfilled by Freddie Mac's online, free CreditSmart® Homebuyer

Related Links

- CreditSmart® Homebuyer U
- Discover the Possibilities of Home Possible® PDF
- Home Possible® Mortgage
- Home Possible® FAQs
- Home Possible® Income and Eligibility Tool
- Home Possible® Mortgage Factsheet
- Home Possible® Mortgage Requirements in Seller/Service Guide
- Home Possible® Income Eligibility Training
- Discover the Possibilities with Home Possible®

Your Guide to Home Possible® Mortgage

Discover Home Possible® Explore Home Possible® Make Home Possible®

Make Home Possible®

Let's Get Started

Getting started with a Home Possible mortgage is easy!

Find videos and other materials for all your Home Possible® training and education needs.

- Home Possible® Mortgage Factsheet
- Home Possible® Income Eligibility Training – for Freddie Mac Seller and Servicer Clients
- Discover the Possibilities with Home Possible® Mortgages
- Loan Production Advisor
- Home Possible® Mortgage Fact Sheet for Real Estate Professionals PDF

If you are a lender, real estate professional or housing professional, you can join us Affordable Lending conferences, workshops, and events. Connect with other housing professionals and learn from experts.

Related Links

- Home Possible® Mortgage
- Home Possible® FAQs
- Home Possible® Income and Eligibility Tool
- Home Possible® Mortgage Factsheet
- Home Possible® Mortgage Requirements in Seller/Service Guide
- Home Possible® Income Eligibility Training
- Discover the Possibilities with Home Possible® Mortgages Training

Expanding Affordable Lending

CHOICERenovation®



Financing for renovations and repairs including home resiliency

GreenCHOICE Mortgages®



Financing for energy- and water-efficiency home improvements

Manufactured Housing including CHOICEHome®



Financing for factory-built HUD Code homes affixed to permanent foundations and titled as real property

Shared Equity Homeownership



Financing for homes with lasting affordability administered by not-for-profits or state/local governments

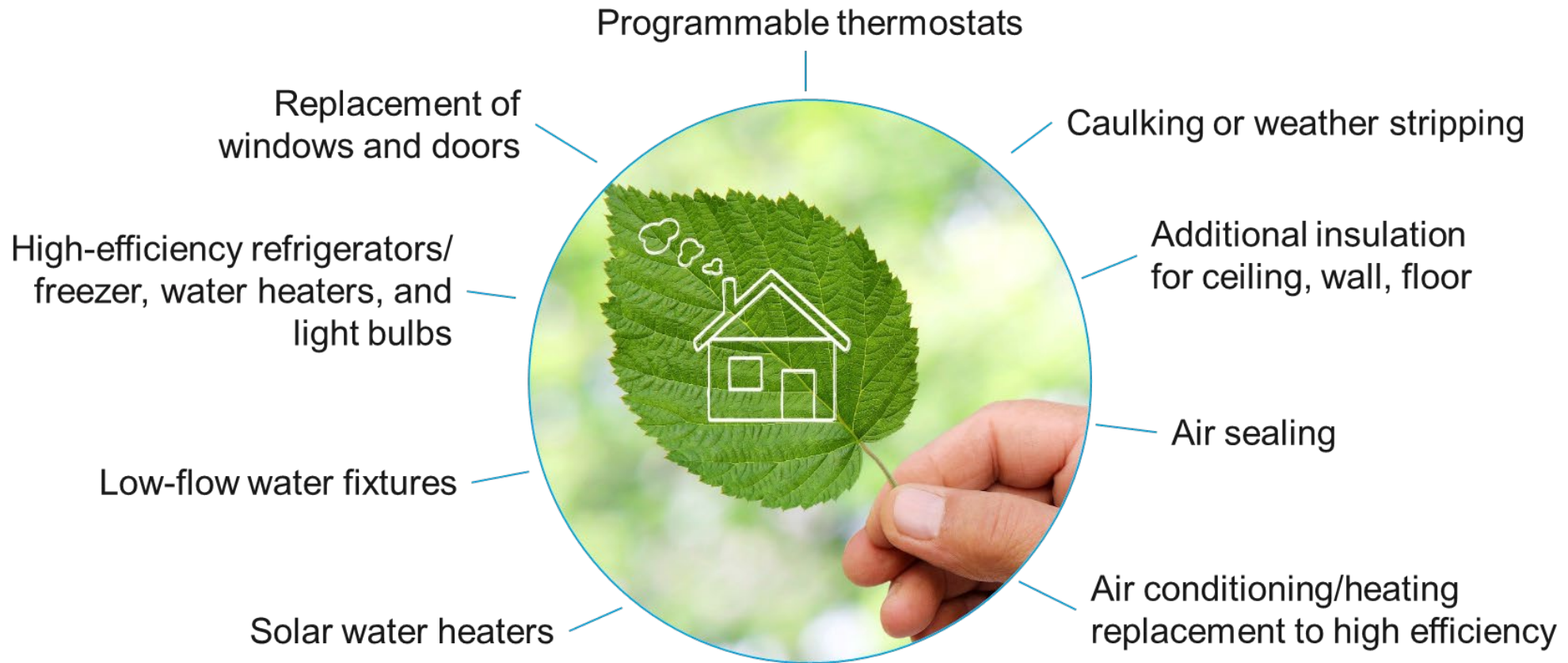
CHOICERenovation

- May **finance a wide range** of home repairs, improvements, and resiliency and energy-efficiency features
- Proceeds must be used only to finance renovations to an **existing dwelling**
- Proceeds may **not** be used
 - to **raze** an existing structure **and build** a new dwelling
 - for **personal property**, with the exception of new appliances

Renovations must comply with all applicable state and local laws and regulations, including zoning regulations. All required permits and approvals must be obtained.



GreenCHOICE



Accessory Dwelling Unit (ADU)

Previous Policy

- One ADU permitted only on a 1-unit property.
- Rental income from a 1-unit primary residence was permitted only from a live-in aide or with a Home Possible® mortgage.

New Policy as of June 1, 2022

- Allow one ADU on 1-, 2- and 3-unit properties.
- ADUs on 2- and 3-unit properties must be legally permissible by jurisdiction, legal non-conforming or be located in an area without zoning.
- Rental income generated from an ADU on a subject 1-unit primary residence may be used to qualify when certain requirements are met.
- If rental income from the ADU on a subject 1-unit primary residence is used to qualify the borrower, an appraisal is required, and any ACE appraisal waiver offered must not be accepted.

★ Our CHOICERenovation offering provides an option to use a “no cash-out” refinance mortgage to pay off short-term financing from ADU renovations, including the addition or renovation of the ADU, that are completed by the note date.

Manufactured Homes and CHOICEHome

Factory-built
homes then



- and now



Preserving Long-term Affordability through Shared Equity Homeownership Offerings

Community Land Trust Mortgages

Expands opportunities in the secondary market for loans secured by properties on land owned by community land trusts that then lease the land under long-term ground leases to homebuyers

Mortgages Secured by Resale-Restricted Homes

Expands opportunities in the secondary mortgage market for properties sold under affordable housing programs that use deed covenants, subordinate loans, or similar legal mechanisms to restrict the sales prices of properties

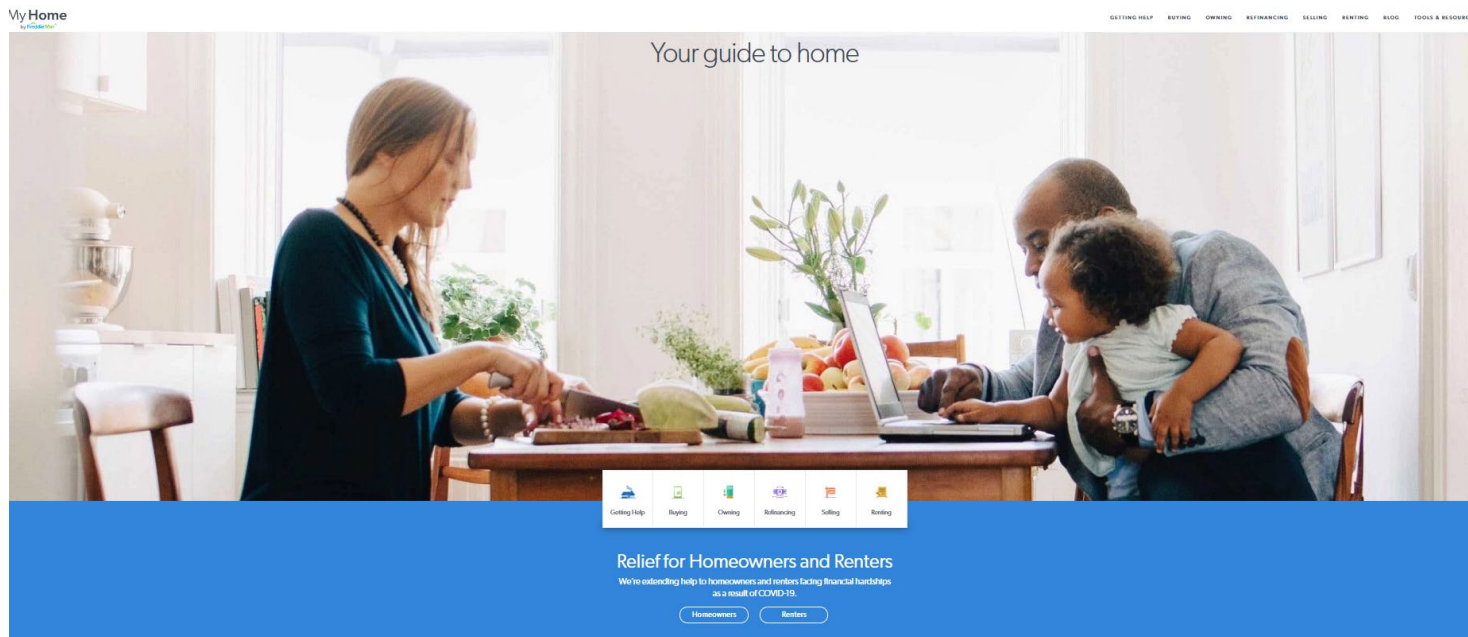
A few highlights:

- May be combined with most of our standard products, including Home Possible® and HomeOne®
- Provides flexible and explicit appraisal guidance; allows the hypothetical condition of value in certain instances
- Requires loan-to-value calculations to be based on the affordable sales price (the resale-restricted price)
- Permits appreciation-sharing under certain conditions

Supporting Your Business with Freddie Mac Resources



My Home® by Freddie Mac



My Home® Resource Center

Website for consumers with important resources on renting, the homebuying and mortgage process and maintaining homeownership in times of difficulty. Information is available in multiple languages.

- Help for homeowners: [Extending help to homeowners impacted by COVID-19](#)
- Help for renters: [COVID-19 support for renters](#)

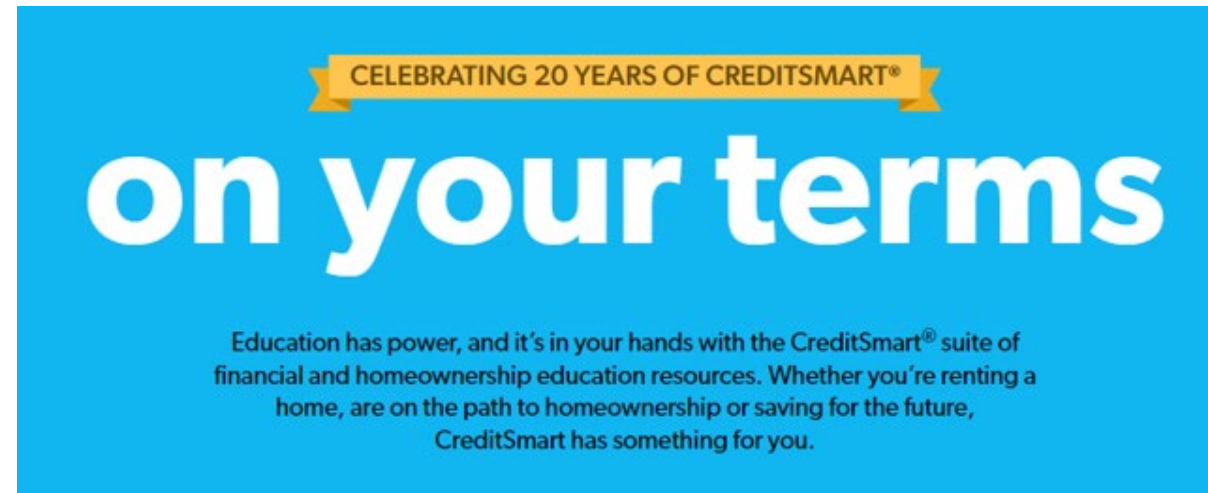
VISIT: myhome.freddiemac.com

CreditSmart®

CreditSmart is a suite of free financial capability and homeownership educational resources designed to empower consumers with the skills and knowledge to assist them through every stage of their homeownership journey.

Education is delivered with key functionality that is:

- ADA accessible.
- Mobile-optimized.
- Interactive with videos and quizzes to keep users on track and engaged.
- Ability to start/pause/resume allowing for better time management and convenience.
- Multi-lingual.

A blue rectangular graphic with a yellow banner at the top that reads "CELEBRATING 20 YEARS OF CREDITSMART®". Below the banner, the text "on your terms" is written in large, white, lowercase letters. Underneath this, in smaller white text, it says: "Education has power, and it's in your hands with the CreditSmart® suite of financial and homeownership education resources. Whether you're renting a home, are on the path to homeownership or saving for the future, CreditSmart has something for you."

CELEBRATING 20 YEARS OF CREDITSMART®

on your terms

Education has power, and it's in your hands with the CreditSmart® suite of financial and homeownership education resources. Whether you're renting a home, are on the path to homeownership or saving for the future, CreditSmart has something for you.

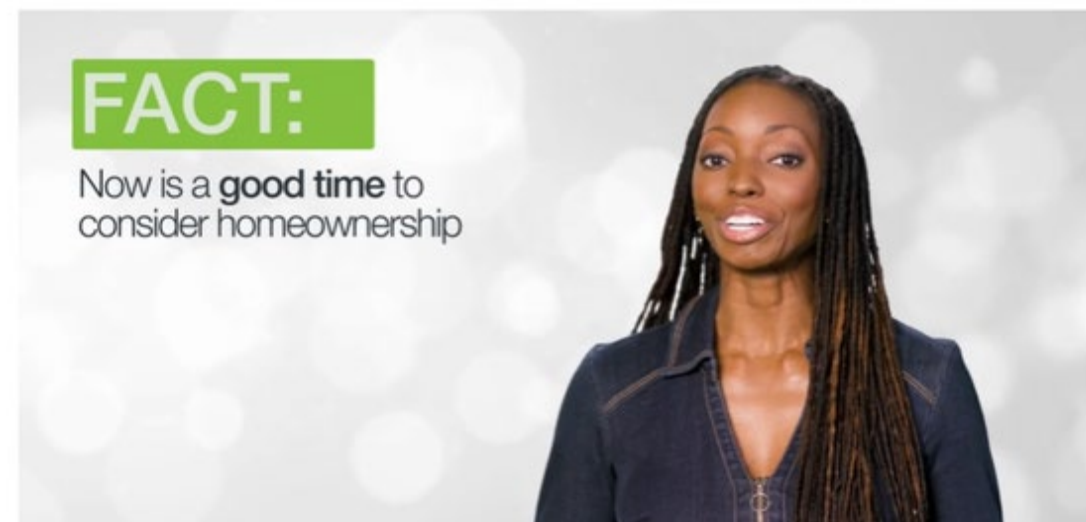
VISIT: <https://creditsmart.freddiemac.com/>

CreditSmart® Paths for Education

[CreditSmart® Homebuyer U](#) is available to borrowers wishing to qualify for a Freddie Mac Home Possible® or HomeOne® mortgage. It meets the National Industry Standards for Homeownership Education and Counseling. [A certificate is made available to both the consumer and lender upon successful completion.](#)

[Homebuyer U](#) offers [6 learning modules](#), each focused on a key learning principle for homeownership. Like Essentials, progress trackers, personal dashboards, and pause/resume functionality are just a few of the features offered in this dynamic, flexible learning environment.

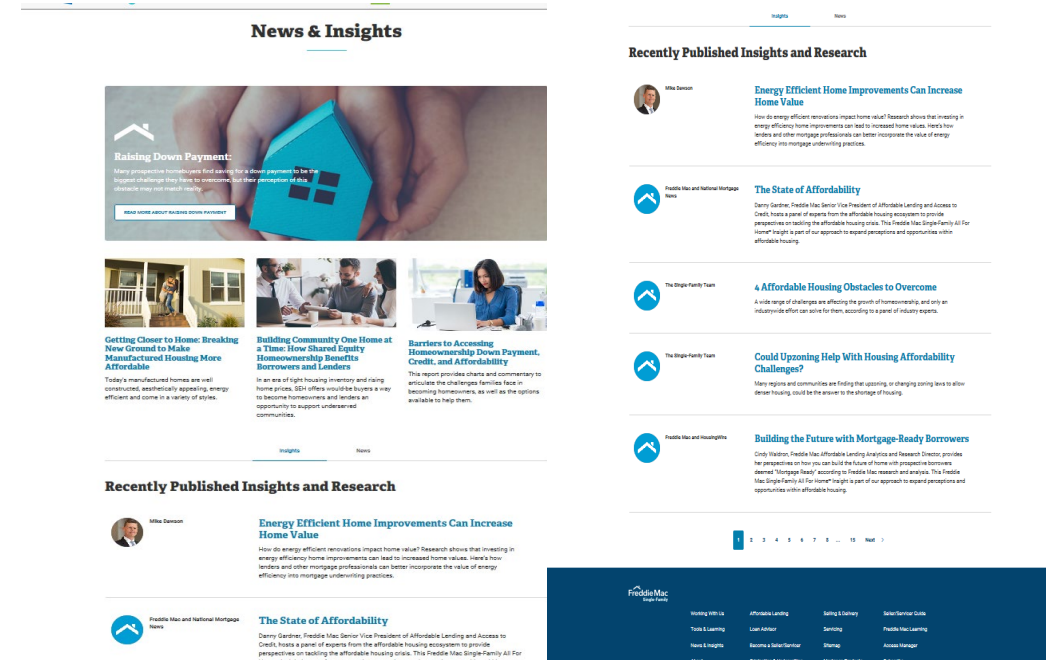
[Homebuyer U](#) is available in [English and Spanish](#), allowing users to easily toggle between both languages for optimized use.



Affordable Lending Insights

Stay informed on topics, challenges and solutions shaping the housing industry

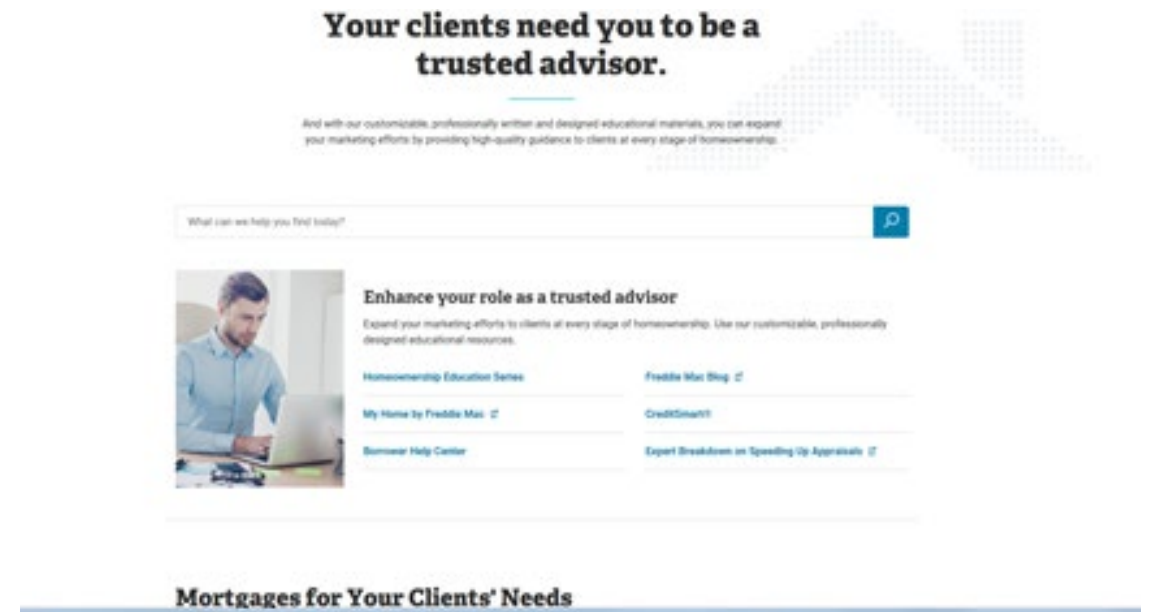
- Discover Freddie Mac affordable lending insights, conveniently in one place
- Access articles, executive perspectives, eBooks, webinars, research, analysis, blog posts, live-cast panels and presentations
- Featuring Freddie Mac subject matter expertise and that of thought leaders and influencers within the industry
- [Sign Up For Future News and Updates](https://sf.freddiemac.com/working-with-us/affordable-lending/news-insights)



VISIT: <https://sf.freddiemac.com/working-with-us/affordable-lending/news-insights>

Real Estate Professional Resource Center

- Online resource center to help Real Estate Professionals grow business with first-time homebuyers, low- to moderate-income buyers and within growing diverse communities
- Learn industry trends, inform on key topics that drive business and empower clients
- Subscribe for news, events, thought leadership and resources



Visit: SF.FreddieMac.com/working-with-us/real-estate-professionals/overview

Your Feedback is Important

1. Scan the QR code
2. Begin survey
3. Share your anonymous feedback

To continue serving as a valuable and trusted housing industry partner, it is important for us to understand how our sessions, affordable lending solutions and resources impact you and your customers to make home possible.



<https://survey3.medallia.com/?Vb9gir-FMEAFFORDABLE22>

An aerial photograph of a suburban neighborhood, showing a mix of single-family homes, some with large trees in front yards, and a few commercial buildings in the distance. The image is in grayscale, except for a blue horizontal bar and a green footer at the bottom.

Thank You