FHLMC Home Possible®
Fixed Rate & Adjustable Rate

See full Product Guide for complete information.

Revised 08-28-26

Maximum FRM LTV/TLTV/HTLTV Primary, Purchase, and No Cash Out Refinance	
Property Type	**LTV / TLTV / HTLTV**
1 Unit[1]	97%/97%
2 Unit	95%/95%
3 to 4 Unit	95%/95%
Maximum ARM LTV/TLTV/HTLTV Primary, Purchase and No Cash Out Refinance	
Property Type	**LTV / TLTV / HTLTV**
1 Unit[1]	95%/95%
2 Unit	95%/95%
3 to 4 Unit	75%/95%

[1] Non-Occupant co-borrower permitted on a 1-unit property with maximum 95% LTV/TLTV/HTLTV.

- Refer to the Agency Loan Limit matrix for maximum loan amounts.

Some transactions may not be eligible for MI. Please refer to the MI provider guidelines.

- Refer to the Agency Loan Limit matrix for maximum loan amounts

Amortization	• 15, 20, 25, 30 Year (30 Year only for ARM transactions)
	• 30 Year only for ARM transactions
	• Odd terms allowed down to 8 years
	• ARM Characteristics
	  ○ Index: SOFR
	  ○ Margin: 2.75%
	  ○ Floor: 2.75%
	  ○ CAP Structure
	  ▪ 5/6 ARM: 2/1/5
	  ▪ 7/6 & 10/6 ARM: 5/1/5

Secondary Financing	• Permitted in accordance with Freddie Mac Section 4204. • Secondary financing on loans over 80% LTV must meet MI Provider guidelines • For any refinance, any eligible subordinate financing may remain in place; however, it must be re-subordinated to the first mortgage and meet any TLTV/HTLTV limits. • **Affordable Seconds are not permitted.** • **Shared equity, shared appreciation, and properties subject to private transfer fees are not permitted.**

<table>
<tr><td>Temporary Buydown</td><td colspan="2">

Available Plans: 3/2/1, 2/1, 1/1, 1/0
Fixed Rate, 30 year amortizations only; odd terms not permitted.
Permitted for 1-2 unit properties only
Purchase transactions only
Buydown subsidy must be funded by the Seller or Lender.

When the source of the funds is from the Seller, the interested party contribution limits apply.
A 3/2/1 Lender Funded option is not available.

Primary Residence
Borrower(s) must qualify using the Note Rate (without consideration of the bought-down rate)
Buydown must be disclosed to the MI company
Buydown agreement must be signed by all parties, including the borrower(s) and contributor(s).

Must provide that the borrower is not relieved of the obligation to make the mortgage payments required by the terms of the mortgage note, if, for any reason, the buydown funds are not available.

Ineligible Transactions: Investment, Manufactured Homes, 3-4 units, Cash Out Refinance, Texas 50 (a)(6) or 50(a)(4), Adjustable Rate Mortgages, Odd Term Amortizations, Rate Term Refinances, Borrower or Other Funded subsidies, Lender Paid Single Premium Mortgage Insurance.

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<tr><td>Eligible Properties</td><td>

1-4 Units
Warrantable Condo, PUD, Townhouse
1-3 Unit property with an Accessory Dwelling Unit (ADU)
Leaseholds/Ground Leases (5704.1)

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Land Contracts/Contract for Deed (4404.1 and 5601.3)
Properties in Lava Zones 1&2

Proper insurance must be obtained

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<tr><td>Ineligible Properties</td><td>

Manufactured Housing*
Second Homes
Investment Properties
Non-warrantable Condo
Timeshare
Mixed Use
Mobile Home
Cooperative
Condo/PUD Hotel

</td><td>

Commercial Property
Working Farms
Properties with Resale Deed Restrictions (Age restricted properties may be eligible)
Commercial Property
Land Trust and Community Land Trust (including Illinois Land Trusts)
Life Estates (Credit Policy Announcement 15-28)

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<tr><td></td><td colspan="2">*Manufactured homes available in all states, excluding New York and Virginia. Please see full product guidelines for details.</td></tr>
<tr><td>Occupancy</td><td colspan="2">

Primary Residence ONLY
1-4 Unit
All Borrowers must occupy the property with the exception of the below:

Non-occupant Borrower(s) are permitted on transactions secured by 1-unit properties when the LTV/TLTV/HTLTV ratio is less than or equal to 95%. All borrowers must have a credit score.

The occupying Borrower(s) must not have an ownership interest in more than two financed residential properties, including the subject property, as of the Note Date.
Refer to maximum LTV/CLTV/HCLTV chart above.
If subordinate financing exists refer to Secondary Financing section

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<tr><td>Refinance Transactions</td><td colspan="2">

No Cash Out Only
Pay off of the principal and interest due, including a balance deferred under a loss mitigation plan, for the First Mortgage, regardless of its age, used to acquire the property.
Pay off of the principal and interest due, including a balance deferred under a loss mitigation plan, for the First Mortgage, originated as a refinance transaction, with a Note Date no less than 30 days prior to the Note Date of the no cash out refinance Mortgage, as documented in the Mortgage file on the credit report or the title commitment.

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</table>

	• Pay off any costs or fees associated with the satisfaction and release of the first mortgage (such as late fees, prepayment penalties, etc.)
	• Pay off or pay down any junior liens secured by the Mortgaged Premises, that were used in their entirety to acquire the subject property. Any remaining balance must be subordinated to the refinance Mortgage. Written documentation must be obtained and included in the loan file.
	• **If the borrower's payoff statement reflects a 60 or more days past due on the subject property mortgage, the loan refinance is not permitted.**
	• All refinance transactions must satisfy one of the following:
	  ○ At least one borrower on the refinance must have been a borrower on the mortgage being refinanced; OR
	  ○ At least one borrower on the refinance must have held title to and resided in the property as their primary residence for the most recent 12-month period and the loan file must contain documentation evidencing that the Borrower, either:
	  ▪ Has been making timely Mortgage payments, including the payments for any secondary financing, for the most recent 12-month period; and
	  ▪ Provide documentation evidencing timely mortgage payments on the mortgage being refinanced for the most recent 12-month period, OR
	  ▪ At least one borrower on the refinance mortgage inherited or was legally awarded the mortgaged premises by a court in the case of divorce, separation or dissolution of a domestic partnership.
	  ○ A No Cash Out may receive up to the greater of 1% of the loan amount or $2,000 in cash back at closing.
	• **For properties located in Texas, the first mortgage being refinanced cannot be a 50(a)(6), a/k/a Texas home equity loan. This information will appear in the title commitment.**

Underwriting	**Automated Underwriting (Loan Product Advisor):**
	• All loans are required to be submitted to LPA. **Manual underwriting is not permitted.**
	• Eligible Loan Product Advisor recommendation: Loan Product Advisor Accept
	• A verbal VOE 10 Business days prior to note date (for non-self-employed borrowers) and **60 Calendar days (for self-employed) prior to note date.**
	  ○ **Alternative forms of verification, such as bank statements or YTD Paystubs, are not permitted.**
	Ratios:
	• According to Loan Product Advisor Feedback, however, must follow the more restrictive of Loan Product Advisor or 50.49%.
	• Loan Product Advisor must reflect all payments, regardless of the number of months remaining, except for installment loans with less than 10 months.
	• BNPL (Buy Now Pay Later) debts identified on the borrower's asset statements, but not reported on the credit report, must be treated as undisclosed debt, and fully documented. Whether or not the payment is to be included in the DTI will be determined by the financing arrangement and the number of payments left. The financing agreement and/or a current statement reflecting the payment, balance and terms are required.
	  ○ Refer to Credit Policy Announcement 26-02 for requirements and list of BNPL companies.
	Qualify At:
	• Fixed: Note rate
	• 5/6 SOFR ARM
	  ○ The greater of the fully indexed rate or the note rate plus 2.0%
	• 7/6 & 10/6 SOFR ARM
	  ○ Note rate
	  • **7/6 and 10/6 SOFR ARM loans that are higher priced mortgage loans (HPML) are not permitted.**
	  ▪ State based restrictions apply to the following states and must be qualified at the greater of the Note Rate or Fully Indexed Rate.

	• Illinois, Maryland (purchase only), Massachusetts, Minnesota, New Mexico, Pennsylvania. **Credit Profile:** • **Minimum risk score of 620** unless a higher score is required for a Loan Product Advisor Accept recommendation. • Transactions where no borrower has a credit score may be eligible (see full underwriting guidelines for additional requirements) **Minimum Borrower Contribution for Purchase Transactions:** **Property Type** | **Home Possible with LTV / TLTV / HTLTV < 80%** | **Home Possible with LTV / TLTV / HTLTV > 80% and ≤ 97%** 1-unit | None | None 2- to 4-unit | None | 3%

Underwriting	**Income Limits:**
	• FMC must use income used to qualify the Borrower to establish that the income limits are not exceeded.
	• Loan Product Advisor will determine the borrower's income eligibility; income must be calculated as described in Freddie Mac Section 4501.9.
	• The borrower's qualifying income converted to an annual basis may not exceed 80% of the Area Median Income (AMI) limits for the location of the Mortgage Premises including properties in low-income census tracts.
	• When determining the borrowers' qualifying income, the borrowers' base earnings must be considered for both non-fluctuating and fluctuating employment earnings before any additional employment earnings (e.g., bonus, commission, overtime, tips) may be considered.
	• **The following is required when qualifying income has increased 30% or more in the most recent 12 months and cannot be validated with a W2 and W2 transcripts:**
	  ○ **Income must be validated via third-party service (i.e., TheWorkNumber).**
	  ○ **If income cannot be validated via third-party service, then:**
	  ▪ **Borrower to provide bank statements reflecting direct deposit of income.**
	  ▪ **FMC to validate bank statements using third-party service, AccountCheck, to support increase in income.**
	  ○ **In the event income cannot be validated either through TheWorkNumber (or similar service) or using bank statements and AccountCheck, the increased income is not permitted for qualification.**

Appraisal Requirements	• Loan Product Advisor Feedback will indicate if an appraisal is required and provide eligible appraisals and property data reports (PDR) for the loan. For an overview of the Freddie Mac appraisal reports and PDRs, refer to Freddie Mac Section 5604.1
	• The Feedback Certificate may indicate one of the following options to allow a loan to be originated without a traditional appraisal. Refer to the product guide for complete eligibility requirements.
	  ○ Desktop, Hybrid, ACE+PDR or ACE.
	• **Form 400, Warranty of Completion of Construction is not permitted.**
	• Solar Panels: When considering properties with solar panels, FMC must evaluate ownership of the solar panels and any liens upon the property relating to debt or lease payments used to obtain the solar panels.
	  ○ Refer to Freddie Mac Sections 4702.4 and 5601.2 for additional guidance.
	• Properties located in an area impacted by a disaster must refer to Credit Policy Announcement 23-03.

Homeownership Education	When all occupying borrowers are First-Time Homebuyers for a purchase transaction, or for any transactions when the credit reputation for all borrowers is established using only noncredit payment references, at least one qualifying borrower must participate in a homeownership education program before the note date or the effective date of permanent financing.

MI Coverage Requirements

	80.01-85.00%	85.01-90.00%	90.01-95.00%	95.01-97.00%
Standard Coverage, Term ≤ 20 Years	6%	12%	25%	25%
Standard Coverage, Term > 20 Years and manufactured Homes; ARMs	12%	25%	25%	25%

This document is not all encompassing. It is a summary reference tool to be utilized in conjunction with agency guidelines and applicable FMC credit and compliance policies. Where this document is silent, refer to agency guidelines.

All bolded and highlighted items are Freedom Mortgage overlays.

Pricing and product guidelines are subject to change and may be discontinued at any time.

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