

GMFS LA CAFA

Home Possible Advantage for HFA

Freddie Conforming CAFA



Familiarize you with the benefits, key features and requirements for
GMFS LA CAFA's low down payment mortgage offering:

Home Possible Advantage for HFA

(also known as HFA Advantage)

General
Requirements

Features and
Benefits

Underwriting
& Processing
Tips

Resources



***Home Possible Advantage for HFA is available exclusively to
Housing Finance Agencies (CAFA)***



Key Features: HFA Advantage

Home Possible
Advantage
for HFA

Loan Product Advisor SM
Income Limits
Established by
HFA

- 97% LTV
- No Minimum LTV
- No Minimum Borrower Contribution
- Purchase Only
- First-time homebuyers or repeat buyers
- LP Only
- 1-unit primary residence*
(detached/attached, PUDs)
- All borrowers must occupy the mortgaged premises as their primary residence
- No reserves required
- Fixed rate

*Manufactured homes are not eligible;
Condominiums are eligible if LTV \leq 95%



Features and Benefits

Mortgage Insurance

LTV Ratio	Home Possible Advantage for HFA Mortgage Insurance Coverage* (Fixed Rate Only)	Standard Mortgage Insurance Coverage (Fixed rate, term > 20 years)
Greater than 80.01% up to 85%	6%	12%
Greater than 85.01% up to 90%	12%	25%
Greater than 90.01% up to 95%	16%	30%
Greater than 95.01% up to 97%	18%	

*Home Possible Advantage for HFA Mortgage Insurance:

- Premiums may not be financed
- Lender-paid mortgage insurance option may not be used





- **Home Possible Advantage for HFA offerings are available to first-time homebuyers AND repeat buyers**



Qualifying Income/Income Limits

- Qualifying income must include all stable monthly income for all borrowers on the loan.
- HFA will determine income eligibility based upon their own income limits.
- CAFA allows 140% AMI



Approved Parishes and Income Limits

Parishes	Freddie Mac Home Possible Advantage
Acadia	\$64,400
Allen	\$71,120
Ascension	\$95,060
Beauregard	\$87,360
Calcasieu	\$81,900
Cameron	\$81,900
East Baton Rouge	\$95,060
East Feliciana	\$95,060
Evangeline	\$60,060
Iberville	\$77,840
Jefferson Davis	\$73,360
Lafayette	\$91,700
Lafourche	\$78,260
Livingston	\$95,060
Pointe Coupee	\$95,060
St. Bernard	\$88,620
St. Helena	\$95,060
St. Martin	\$91,700
St. Tammany	\$88,620
Tangipahoa	\$79,240
Terrebonne	\$78,260
West Baton Rouge	\$95,060
West Feliciana	\$95,060



Flexible Down-payment & Closing-cost Sources

Flexible Sources of Funds

Closing Costs
and Escrow

Financing Concessions

- 3% LTV/TLTV ratio > 90%
- 6% LTV/TLTV ratio > 75% ≤ 90%
- 9% LTV/TLTV ratio ≤ 75%

- Lender Credit
- Down Payment Allowance
- Down Payment Assistance from GMFS

Borrower Personal Funds

- Depository accounts
 - Cash on hand
 - Securities
 - Retirement accounts
 - Government bonds
 - Loan secured by borrower's assets
 - Sale of borrower's real property
 - Sale of borrower's assets
 - Borrower's real estate commission
 - Funds from a trust
 - Pooled funds
 - Individual Development Account (IDA): *Include matching funds only if not subject to recapture tax*
 - Community Savings-Borrower contribution
 - Cash value of life insurance policy
 - Trade equity
 - Rent Credits
- Credit card charges, cash advances or unsecured line of credit: to pay fees associated with the mortgage application process

Other Eligible Sources of Funds

- Gift funds or gift of equity: Related Person
- Gift funds: wedding gift
- Gift/Grant: Agency
- Gift/Grant: seller as the originating lender
- Employer-Assisted Homeownership Benefit
- IDA : Matching funds subject to recapture tax



Features and Eligibility

Homeownership Education *Purchase Transactions Require:*

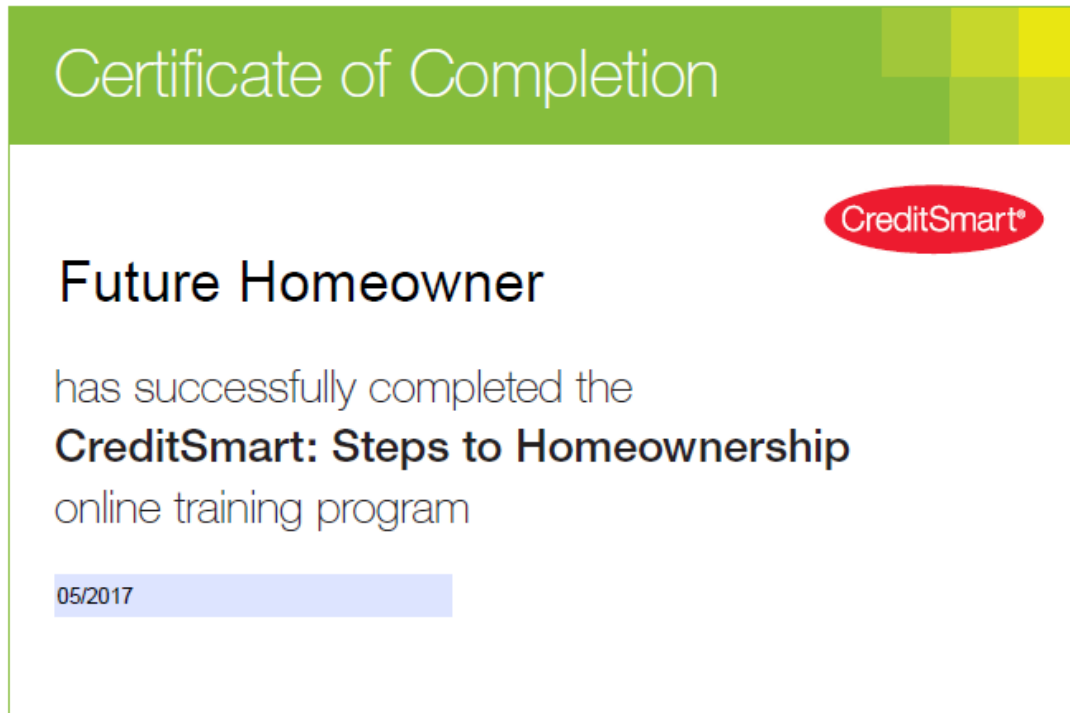
- When all borrowers are first-time homebuyers, at least one qualifying borrower must participate in a homeownership education program before the Note Date*
 - A copy of Homeownership Education Certification, or another document with comparable information , to be retained in the mortgage file-**prior to closing!**

The requirement stresses the importance of utilizing a curriculum that contains the minimum core content specified by the National Industry Standards for Homeownership Education and Counseling. The standards help ensure quality education and counseling is delivered with fairness and respect to homebuyers and homeowners

<http://www.freddiemac.com/creditsmart>



Homeownership Education



Does the Homeownership Education Certificate need to be placed in the mortgage file pre-closing?

YES!



Sources of Funds: Cash on Hand

Cash on Hand

- Credit report shows no more than 3 tradelines
 - Copies of 3 months' statements for any open revolving account that reveal cash advances are not the source of Borrower Funds
 - Any cash advances must be explained and documented
- Updated credit report approximately one week prior to closing to show no new accounts or increase in current accounts
- 6 months' cash receipts or other alternative documentation (refer to Freddie Selling Guide Section 5202.2 (b))
- Complete Monthly Budget and Residual Income Analysis (Exhibit 23), or another document containing the same information
- Evidence that funds for the down payment, Closing Costs, Financing Costs, Prepays/Escrows and reserves are deposited in a financial institution or are held in an institutional escrow account prior to closing

The mortgage file must have no indication that the borrower typically uses checking, savings or similar accounts



Loan Product Advisor Feedback Certificate

***Must enter in LP as “Home Possible Advantage for HFA”**

Loan Product Advisor Feedback Certificate Evaluation Summary

PURCHASE ELIGIBILITY



INELIGIBLE

RISK CLASS



ACCEPT

COLLATERAL REP & WARRANTY RELIEF



UNAVAILABLE

PURCHASE RESTRICTION(S)

GY: ELIGIBILITY EXCEPTION. The mortgage is FREDDIE MAC ELIGIBLE under an HFA program only. This mortgage must be delivered by either the HFA, or its Master Servicer, under the required Negotiated Commitment to deliver HPA for HFAs. Seller must ensure all HFA program and income eligibility requirements are met.



Loan Product Advisor Feedback Certificate

Loan Product Advisor Feedback Certificate General Messages

Code Messages



If all Borrower(s) are First-Time Homebuyers, at least one qualifying Borrower must participate in a homeownership education program before the Note Date. Retain Homeownership Education Certificate or comparable document in the mortgage file.

EW

Seller is responsible for documenting and underwriting all Mortgages in accordance with the requirements of the Single-Family Seller/Servicer Guide and/or Master Agreement.

NU

Loan Submitted as Home Possible Advantage for HFA mortgage



Resources

www.FreddieMac.com/singlefamily/hfa.html

Freddie Mac HFA Advantage® Program

The Freddie Mac HFA Advantage® Program offers Housing Finance Agencies (HFAs) a comprehensive program that enables you to diversify your portfolio responsibly.

Whether you're a Freddie Mac Seller/Service or selling through the Advantage Program offers you outstanding flexibility for maximum

Program Features

Feature	Details
Freddie Mac HFA Advantage Mortgage	<ul style="list-style-type: none"> Enhanced 97% LTV HFA income limits Homeownership Education Possible® mortgages Use of Loan Product broader product flexibility AUS alternatives in line considered
Pricing	<ul style="list-style-type: none"> Market competitive rates reflecting market conditions Loan-level delivery fees Cash & Guarantor expenses Long-term contracts

HFA Advantage®: A Competitive Alternative to FHA Mortgages

First-time and repeat buyers

Purchase and no cash-out refinance borrowers

Serves low- to moderate-income borrowers

Freddie Mac HFA Advantage® mortgage is a high loan-to-value (LTV) conventional offering that's an excellent alternative to FHA lending requirements and mortgage premiums. This offering adopts the responsible and affordable flexibilities and requirements of Freddie Mac Home Possible Advantage® but with added flexibilities for housing finance agencies (HFAs).

Key Features & Flexibilities

- Guarantee fee specific to HFAs and elimination of delivery fees.
- Maximum 97 percent LTV and 105 percent total loan-to-value (TLTV) ratios.
- Income limits established by the HFA.
- Purchase and no cash-out refinancing.
- No reserves required.

Benefits for HFAs and Lenders

- Minimum private mortgage insurance (PMI) required (Charter level coverage)
- Option for immediate selling representation and warranty relief through a quality control review of all HFA Advantage mortgages soon after delivery to Freddie Mac.
- For HFAs interested in becoming a Freddie Mac Seller/Service.

