



HFA Advantage[®] Mortgage

HFA Advantage[®] offers outstanding flexibility for maximum financing. This offering adopts the responsible and affordable requirements of the Freddie Mac Home Possible[®] mortgage, but with added features for housing finance agencies (HFAs).

Key Features

- 1- to 4-unit primary residences, manufactured homes and non-occupying borrower(s).
 - 1-unit primary residences: Maximum 97% loan-to-value (LTV) and 105% total loan-to-value (TLTV) ratios. Non-occupying borrowers allowed with maximum 95% LTV and 105% TLTV ratios.
 - 2- to 4-unit primary residences: Maximum 95% LTV and 105% TLTV ratios.
 - Manufactured homes: Maximum 95% LTV and 95% TLTV ratios.
- Purchase and “no cash-out” refinances.
- Freddie Mac’s Loan Product Advisor[®] (LPA[®]), manual underwriting or alternative automated underwriting systems (AUS) subject to prior approval.
- No reserves are required for 1-unit primary residences.
- HFAs establish their own income limits.
- Available to first-time homebuyers, repeat buyers and borrowers seeking “no cash-out” refinances.
- Funding options for down payment and closing costs.
- Mortgage insurance (MI) options available.
- Loan-level credit fees are waived for HFA Advantage mortgages with the exception of the Custom Mortgage Insurance Credit Fee in Price, if applicable.



Origination and Underwriting Requirements

Borrower eligibility

- Non-occupying borrower(s) are permitted for 1-unit primary residences with maximum 95% LTV and 105% TLTV ratios.
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Eligible property types

- 1- to 4-unit primary residences
 - Condominiums
 - Planned Unit Developments (PUDs)
 - Accessory Dwelling Units (ADUs)
 - Manufactured homes, including manufactured homes that are CHOICEHomes® as described in *Single-Family Seller/Service Guide* (Guide) Section 5703.12
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Eligible mortgages

- Fully amortizing first-lien conventional mortgages
 - Fixed-rate mortgages with an original maturity not greater than 30 years
 - Community land trust mortgages originated in accordance with Guide Chapter 4502
 - Construction Conversion and Renovation Mortgages originated in accordance with Guide Chapter 4602
 - GreenCHOICE Mortgages® originated in accordance with Guide Chapter 4606
 - CHOICERenovation® Mortgages originated in accordance with Guide Chapter 4607
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Ownership of other property

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.

Income limits

HFA Advantage mortgages must be subject to income limits. Freddie Mac will defer to HFAs to establish income limits aligned with their affordable housing missions and statutory mandates.

Loan purpose

- Purchase
- “No cash-out” refinance



LTV/TLTV Ratios

Property Type	Maximum LTV Ratio	Maximum TLTV Ratio*
1-unit properties, condominiums** and PUDs	97%	105%
2- to 4-unit properties	95%	105%
CHOICEHome®	97%	105%
Manufactured homes	95%	95%

*Refer to Guide Section 4501.17 for LTV/TLTV specific requirements.

**Refer to Guide Section 5701.4 for maximum LTV/TLTV ratio requirements for streamlined project review.

Mortgage Insurance

- MI coverage levels for HFA Advantage mortgages, based on area median income (AMI), are as follows:

LTV Ratio Categories for Amortization Term >20yr	≤ 80% AMI ¹	>80%AMI ²
Greater than 95% up to and including 97% LTV ratio	18%	35%
Greater than 90% up to and including 95% LTV ratio	16%	30%
Greater than 85% up to and including 90% LTV ratio	12%	25%
Greater than 80% up to and including 85% LTV ratio	6%	12%

² Custom MI is available and if chosen, the Custom Mortgage Insurance Credit Fee in Price on Exhibit 19 applies. Refer to Guide Section 4701.1 for MI information.

- Lender-paid and financed mortgage insurance premiums described in Guide Section 4701.2 are permitted.

Secondary financing

- Only Freddie Mac Affordable Seconds® meeting the requirements in Guide Section 4204.2 are permitted for TLTV ratios up to 105%.
- If monthly payments on the Affordable Second are required and begin before the 61st monthly payment under the first-lien mortgage, such monthly payments must be included in the borrower's monthly housing expense-to-income ratio and monthly debt payment-to-income ratio.
- If monthly payments on the Affordable Second begin on or after the 61st monthly payment under the first-lien mortgage or if repayment of the entire Affordable Second amount is due only upon sale or default, the amount of the Affordable Second monthly payment may be excluded from both ratios.



Underwriting path

- LPA or manual underwriting:
 - Loan applications with an Accept risk class are eligible for sale.
 - If all borrowers lack credit scores the loan application can be submitted to LPA for a decision provided the loan is $\leq 95\%$ LTV ratio as noted in Guide Section 5201.1(c)(ii).
 - A risk class other than Accept may be manually underwritten subject to conditions below.
- Manually underwritten mortgages:
 - Manually underwritten loan applications are subject to the requirements in Guide Chapter 4501 and Guide Topics 5100-5500.

Mortgage Type	Purchase Transactions	No Cash-out Refinances
1-unit minimum indicator scores	660	680
2- to 4-unit minimum indicator scores	700	700
Manufactured home minimum indicator scores	680	680

- Use of alternative AUS is permitted with Freddie Mac approval.

Qualifying ratios

- There is no maximum monthly housing expense-to-income ratio.
- Maximum debt payment-to-income ratio:
 - Determined by LPA
 - Manually underwritten mortgages: 45%

Borrower contribution and reserves

- 1-unit properties do not require a minimum contribution from borrower personal funds.
- 2- to 4-unit properties require a 3% contribution from borrower personal funds when the LTV/TLTV ratios are greater than 80%.
- No reserves required unless LPA determines reserves are necessary to offset other underwriting factors.
- For manually underwritten mortgages, 2- to 4-unit properties require two months minimum reserves.

Source of funds

- Refer to Guide Section 4501.7(c).

Temporary subsidy buydown plans

- Must meet requirements of Guide Sections 4204.3 and 4501.5.
- If an HFA Advantage mortgage with a temporary subsidy buydown plan is subject to an Affordable Second that requires repayment to begin before the due date of the 61st monthly payment under the HFA Advantage mortgage, the Affordable Second must have a fixed-interest rate.
- Limited Buydown:
 - Initial interest rate reduced no more than two percentage points below the note rate
 - Increased by no more than one percentage point annually for no more than two years
- Extended Buydown:
 - Initial interest rate reduced no more than three percentage points below the note rate
 - Increased by no more than one percentage point annually for more than two but no more than three years
- The borrower must be qualified using monthly payments calculated at the note rate

Homebuyer education

At least one occupying borrower must participate in a homeownership education program when all occupying borrowers are first-time homebuyers before the note date, or the effective date of permanent financing for Construction Conversion and Renovation Mortgages. Homebuyer education is also required for any transaction when the credit reputation for all borrowers is established using only noncredit payment references. Refer to the HFA for any additional homebuyer education requirements. Refer to Guide Section 5103.6 for acceptable programs and providers including HFAs, the CreditSmart® Homebuyer U online program and education completion certificate requirements.

2- to 4-unit properties require at least one qualifying borrower to participate in a landlord education program before the note date. Any homeownership and landlord education, as applicable, required by the HFA must be completed prior to the note date and any education completion certificate must be included with the file.

Ineligible Mortgages

- Home Possible®
- HomeOne®
- Refi Possible®
- Enhanced Relief Refinance®
- ARMs
- Super Conforming
- Seller-Owned Converted
- Financed Permanent Buydown
- Mortgages with capitalized balances as described in Chapter 4403
- HeritageOne®
- Section 184 Native American
- FHA/VA
- Section 502 Guaranteed Rural Housing
- Rural Housing Service Leveraged Seconds
- Mortgages with an associated Home Equity Line of Credit (HELOC)



Servicing Requirements

Early delinquency counseling

Seller must provide (at no cost to the borrower) early delinquency counseling to all borrowers who experience problems meeting their mortgage obligations, as outlined in Guide Sections 9101.2 and 9102.4.

Delivery Requirements

- Eligible executions apply to Seller/Service providers approved to deliver HFA Advantage mortgages directly to Freddie Mac:
 - Cash Servicing-Retained
 - Fixed-rate Guarantor
 - MultiLender Swap
- Sellers must deliver valid value “HFA Advantage” for ULDD Data Point Loan Program Identifier, Loan Selling Advisor® version 5.0.0. NOTE: When “HFA Advantage” is delivered, the HFA ID number is required (in the Party section under “Housing Finance Agency Details.”
- Additional delivery requirements may apply; refer to Guide Sections 6302.14 and 6302.34 for detailed instructions.

The information in this document is not a substitute for information found in the Single-Family Seller/Service provider Guide and/or terms of your Master Agreement and/or Pricing Identifier Terms.

Questions? Contact
your Freddie Mac
representative or
Customer Service
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