



CAR STEPS Toward Homeownership

December 2024

Making Home Possible for Over 50 Years

- Freddie Mac was [chartered by Congress in 1970](#) and operates in the Secondary Mortgage Market
- [Mission](#) to promote liquidity, stability, affordability and equality 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



Affordable Product Solutions

The Freddie Mac Home Possible Mortgage



Home Possible offers **options and credit flexibilities to help very low- to low-income borrowers** attain the dream of owning a home.

3%
Down payment

With a low, down payment option and flexible sources of funding, more borrowers can overcome one of the leading barriers to homeownership

Flexibilities to
help more
borrowers

Multiple qualifying choices including ownership of another property and non-occupant borrowers to support a broad range of borrowers

Robust features

Designed for the changing needs of today's borrowers and anticipated needs of tomorrow's homebuyer

Housing options





Supports financing for manufactured housing, energy-efficient properties and property renovations as well as the ever-growing condominium market

Making Home Possible for a **First-Time Homebuyer**

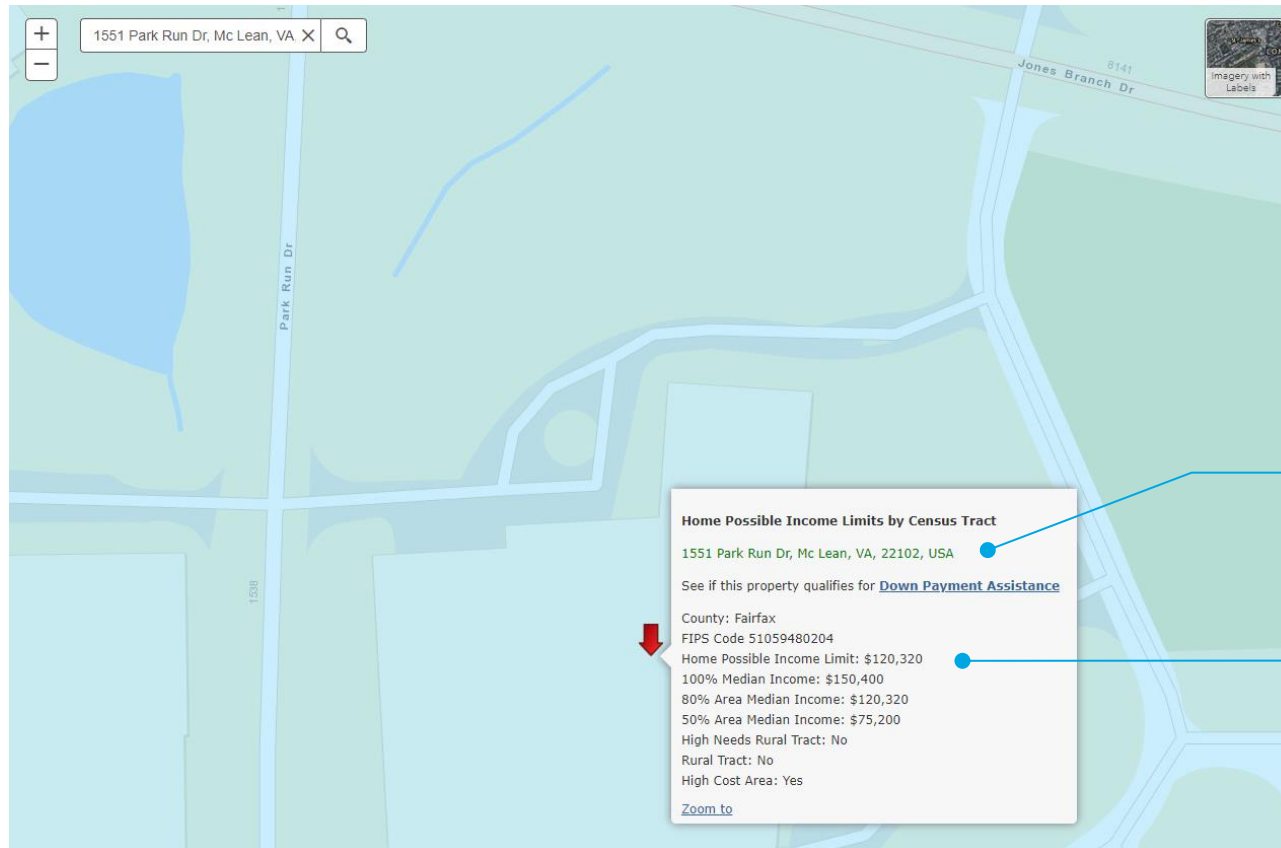


Meet Jessica

- College graduate in her first professional job
- Earns \$50K per year
- Currently rents with two roommates
- Managing car and student loan debt payments
- Does not have savings but parents are gifting funds towards down payment/ closing costs
- Thinks she needs a 20% down payment!

	Jessica's Needs	Freddie Mac Solutions
Prepare 	<p>As a first-time homebuyer, education serves a powerful role in helping Jessica make informed decisions and feel in control of the home purchase journey.</p>	<p>CreditSmart® Free, online education resource Available in English and Spanish Range of learning topics including credit, budget management and how to find the right lender.</p>
	<p>Meet with a housing counselor to talk through goals and create an action plan.</p> <p>Look at property options with a real estate professional recommended by a friend.</p>	<p>Housing Counselors and the Freddie Mac Borrower Help Centers provide the personal touch for FTHBs like Jessica.</p> <p>Real Estate Professionals assess Jessica's purchase needs and shows her property options that meet her needs.</p>
Work with a Lender 	<p>Saving for a down payment has been a challenge, and with gifted funds, there's still a need for additional funds.</p>	<p>Explore down payment assistance options through DPA One®</p>
	<p>Even with down payment assistance, not sure if there is enough for a 20% down payment.</p>	<p>Consider low down payment mortgage solutions including Home Possible® that offers a 3% down payment for eligible borrowers as well as credit flexibilities and other benefits for first time homebuyers.</p> <p>Check borrower's AMI based on purchase property and qualifying income. If below 50% AMI, can also take advantage of the \$2,500 Home Possible VLIP Credit.</p>
Move Forward 	<p>Satisfy first time homebuyer education requirements for a Home Possible loan.</p>	<p>CreditSmart® Homebuyer U provides the necessary educational requirements and, upon completion of the program, awards Jessica with a Certificate of Completion for her loan file.</p>
Move In! 	<p>While excited, Jessica wants to ensure she stays on a healthy financial path.</p>	<p>CreditSmart® The CreditSmart curriculum supports borrowers through their journey to being a successful homeowner by keeping learning topics relevant for sustainable homeownership.</p>

Home Possible[®] Income & Property Eligibility Tool



Use this tool to **verify if a borrower can qualify for a Home Possible mortgage based** on the property location and the borrowers' qualifying income.

Allows you to check for available down payment assistance on the [DPA One[®] website](#).

Provides Home Possible income limits based on property location.

Making the Right Match For Down Payment Assistance



About DPA One®

- Freddie Mac developed DPA One® as a free, online tool to host down payment assistance programs nationwide and ease the matching efforts within the business-to-business mortgage ecosystem.
- DPA One facilitates the partnerships between housing professionals and DPA program providers in reaching the shared goal of helping more borrowers get into homes.



Value Proposition

Lenders / Loan Officers / Housing Counselors

Allows housing professionals to **quickly find, understand and match the best DPA programs to their clients** by providing all the DPA program information they need in one place right when they need it most.

DPA Program Providers

Can easily manage DPA programs in a standardized format so that **information is efficiently delivered through one centralized mechanism, reducing submission errors** and program requirement questions from housing professionals.

The HomeOne[®] Mortgage



Qualify more first-time homebuyers by easing the challenges related to available savings for down payment and closing costs.

- Product offering provides a solution to capture growing borrower segment
- More flexibility for maximum financing
- Simple and seamless with Freddie Mac Loan Advisor[®]
- Addresses a portion of borrower situations that may not be served by the Home Possible[®] affordable product



HomeOne Benefits



Solution for Down Payment Challenges

Brings more first-time homebuyers to the table by permitting 3% minimum down payment



Broad Access

No geographic or income restrictions



Homeownership Preparedness

Educational requirements support informed and responsible homeownership



Not Every First Home Looks the Same

Eligible for single family homes, including townhouses, condos and CHOICEHome®

Eligibility: HomeOne Highlights



What you need to know...



At least one borrower must be a first-time homebuyer (purchase transactions)



1-unit primary residence, excluding manufactured homes



All borrowers must occupy as their primary residence



Fixed-rate only

Comparison of Home Possible® and HomeOne®



Home Possible		HomeOne
<ul style="list-style-type: none"> Qualifying income is at or below 80% of the Area Median Income* 	<p>Income</p>	<ul style="list-style-type: none"> No income limitations
<ul style="list-style-type: none"> 1-unit: 97% LTV/105% TLTV/97% HTLTV 2-4 unit: 95% LTV/105% TLTV/95% HTLTV 	<p>LTV Ratio</p>	<ul style="list-style-type: none"> 1 unit: 97% LTV/105% TLTV/97% HTLTV
<ul style="list-style-type: none"> 1- to 4-unit: Primary residence Manufactured Homes: Up to 95% LTV/TLTV/HTLTV CHOICE Home® up to 97% LTV/105% TLTV/97% HTLTV 	<p>Property Type</p>	<ul style="list-style-type: none"> 1-unit: Primary residence 2-4 unit: Not permitted Manufactured homes: Not permitted CHOICE Home® up to 97% LTV/105% TLTV/97% HTLTV
<ul style="list-style-type: none"> Fixed Rate and ARMs Purchase and No-Cash out refinance 	<p>Loan Type</p>	<ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> Reduced MI Coverage (25% maximum) 	<p>Mortgage Insurance</p>	<ul style="list-style-type: none"> Standard MI Coverage (35% maximum)
<ul style="list-style-type: none"> At least one borrower must occupy as primary residence Non-occupying co-borrower allowed (max LTV 95%) 	<p>Occupancy</p>	<ul style="list-style-type: none"> All borrowers must occupy as primary residence and for purchases at least one occupant must be a first-time homebuyer
<ul style="list-style-type: none"> Borrower can own up to two financed properties (includes the Home Possible property) 	<p>Additional Properties</p>	<ul style="list-style-type: none"> Standard Seller/Service Guide requirements apply
<ul style="list-style-type: none"> Loan Product Advisor Accept or may be manually underwritten (See Guide Section 4501.8 for requirements) 	<p>U/W Path</p>	<ul style="list-style-type: none"> Loan Product Advisor Accept Risk Class only

*Loan Product Advisor will determine if income limits are met.

Please see: [Home Possible Income and Property Eligibility Tool](#) and [Loan Look Up Tool](#)

Meeting Evolving Needs with CHOICERenovation®



- Finances a **broader range** of renovations
- Allows renovation costs of **≤ 75% of the appraised as-completed property value**
- Allows renovations to **rebuild** homes to recover from damage caused by natural disasters and/or to **improve a home's resilience** to future events
- Closes in a **single transaction** with a home purchase or refinance
- Allows financing of **up to 6 months' principal, interest, taxes and insurance** (PITI)
- May be used to add or renovate an Accessory Dwelling Unit
- May be combined with GreenCHOICE Mortgages® for energy- and/or water-efficiency improvements, including a \$500 credit when the loan is delivered to Freddie Mac
- Enables you to offer borrowers the ability to **combine affordable renovation mortgage products** with a low down payment product, such as [Home Possible®](#), [HomeOne®](#) and [HFA Advantage®](#)



Eligible properties:

- 1- to 4-unit primary residence
- 1-unit second home
- 1-unit investment property
- Unit in PUD, condo, co-op or leasehold estate
- Manufactured home including those that are certified CHOICEHome® (if permitted under the seller's purchase documents)
- Down payment as low as 3% allowed
- Lender must obtain appraisal based on interior/exterior inspection on completion of renovations

CHOICERenovation Eligibility



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.

What is an ADU?



An ADU can be part of the main home, such as:

- A converted basement space or an addition
- An above-garage unit
- Or it can be a detached structure(s) built on the main home's lot.



An ADU is an additional living area that:

- Includes a kitchen
- Includes a separate entrance
- A detached ADU must contribute less to the value of the property than the primary dwelling unit
- Includes a bathroom
- Is independent of the primary dwelling unit
- Is subordinate in living area

Visit the [ADU webpage](#) for more information



Resources



My Home by Freddie Mac[®]



Multi-Lingual Resources for
Homeowners and Renters on:

- Renting
- The Homebuying and Mortgage Process
- Sustaining Homeownership

Explore the resources: myhome.freddiemac.com

Freddie Mac CreditSmart®



Empower your clients through education

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

Every person has a unique homeownership journey which is why **CreditSmart offers different paths to education and financial wellness.**



*Available in English and Spanish



Real Estate Professional Resource Center

- Online resource center to help Real Estate Professionals grow their 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 their clients
- Subscribe for news, events, thought leadership and resources

Visit: SF.FreddieMac.com/realestatepros

