



FHLMC Home Possible Addendum

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This addendum is a summary of information and are NOT complete program guidelines. Follow [Kind Lending FHLMC](#) guidelines located in Product Guidelines in Bubble.

Please refer to full [FHLMC Selling Guide](#) for guidelines for specific restrictions and requirements.

Information is subject to change at any time.

Links to Specific Content

- [LTVs](#)
- [Homeownership Education](#)
- [Credit Score](#)
- [Max DTI](#)
- [Income Limit](#)
- [Reserves](#)
- [Mortgage Insurance](#)
- [Property](#)
- [Appraisal Requirements](#)

LOAN MATRICES

Purpose	Program offers more options and credit flexibilities to help very low to moderate income borrowers. A low 3% down payment option; Purchase or “no cash-out” refinance; Owner Occupied – Primary Residence transactions; Non-occupant permitted.
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Special Lender Credit	<p>Effective 2/26/2024 and available through February 2026, a \$2500 LLPA credit is offered to borrowers with total qualifying income < = 50% of the applicable AMI for the subject property’s location.</p> <ul style="list-style-type: none"> The full amount of the credit must be provided directly to the borrower through the transaction, such as being applied to down payment and closing costs, including escrows and mortgage insurance premiums. At least one borrower must be a first time homebuyer (new requirement effective 12/12/2025) The credit may be used to satisfy the 3% minimum contribution for all loans secured by one-unit properties or loans secured by two- to four-unit properties with LTV ratios less than or equal to 80% The credit may not result in cash to the borrower, nor may the credit cause a principal reduction on the loan The standard LLPA waiver for HomeReady / Home Possible loans continues to apply in addition to this new credit. The following Special Feature Codes MUST be included in the system: <ul style="list-style-type: none"> Loan Program Identifier (Sort ID 404) and enter a valid value of “Home Possible Mortgage”. Investor Feature Identifier (Sort ID 368) and enter a valid value of “K10”, indicating Home Possible VLLIP Mortgage Credit This credit will be applied at CTC once the income has been calculated and the eligibility has been confirmed. <i>It is important that the income does NOT change once CTC has been issued.</i> The credit will be shown as a lender credit on the CD.
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Transaction Parameters	Primary Residence Purchase or Rate/Term Refinance			
	Amortization Type	Property Type	Max/LTV/TLTV/HTLTV	Hight Balance Mortgage Max LTV/TLTV/HTLTV
	Fixed Rate	1 Unit	97% ¹	95% ²
		2 Units	95%/95%/95%	85%
		3-4 Units	95%/95%/95%	80%
		Manufactured Home	95%	N/A
	¹ A TLTV ratio exceeding 97% and up to 105% is permitted when secondary financing is an Affordable Second ² A TLTV ratio exceeding 95% and up to 105% is permitted when secondary financing is an Affordable Second Note: If using a Community Second program, Kind Lending will not act as the Lender or be involved in any part of the 2 nd loan transaction. All FHLMC Community Seconds requirements must be met. Note: No minimum LTV ratio			



FHLMC Home Possible Addendum

GENERAL GUIDELINES	
Freddie Mac Guidelines/Resource	FHLMC Home Possible Kind Lending FHLMC Program Guidelines FHFA Loan Limits
AUS	<p>A Home Possible Mortgage must be submitted to Loan Product Advisor (LPA): Borrower's credit reputation is acceptable when the Mortgage is submitted to LPA in accordance with Chapter 5101 and receives an "Accept" Risk Class</p> <ul style="list-style-type: none"> • Manufactured Home must be submitted to LPA and receive an "Accept" Risk Class • If the manufactured home has a term > 20 years and an LTV/TLTV/HTLTV ratio > 90% and ≤ 95% LPA must also receive an "Accept" Risk Class - See Guide Section 4501.8 for additional requirements • High Balance Mortgage must be submitted to LPA and receive an "Accept" Risk Class, and <ul style="list-style-type: none"> ○ 1-unit property, maximum 95% LTV/TLTV/HTLTV ratio; TLTV ratios over 95% and ≤ 105% must have secondary financing that is an Affordable Second ○ 2-unit property, maximum 85% LTV/TLTV/HTLTV ratio for fixed rate ○ 3-4-unit property, maximum 80% LTV/TLTV/HTLTV ratio for fixed rate • For special requirements for submitting Mortgages with Affordable Seconds to LPA, see Chapter 4204.2 • Use Loan Product Advisor Offering Identifier Code "241"
Cash Out Refinance	Not permitted
Eligible Products	Fixed Rate: Freddie 30 Year Fixed Home Possible Freddie 20 Year Fixed Home Possible Freddie 15 Year Fixed Home Possible Freddie 30 Year Fixed High Balance Home Possible
Eligible Terms	Fixed: 30 Years High Balance: Fixed 30 Note: ARM products are not permitted
Eligible States	All states where Kind Lending does business
Escrow Account Waiver	<ul style="list-style-type: none"> • Allowed for LTV ≤ 80% • LTV > 80% required (as applicable to state law) • Allowed for CA loans with LTV up to 89.99%. LTV ≥ 90%, escrow waiver not allowed.
Homeownership Education Requirement	<p>At least one occupying borrower must participate in a homeownership education program before the Note Date or the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages, regardless of the LTV, in each of the following instances:</p> <ul style="list-style-type: none"> • For purchase transactions when all occupying borrowers are First-Time Homebuyers, or • For any transaction when the credit reputation for all borrowers is established using only Noncredit Payment References <i>Refer to Chapter 5103.6 for requirements related to homeownership education.</i> • Homeownership education programs may use different formats & require different lengths of time to complete. Following are acceptable: <ul style="list-style-type: none"> • Programs developed by HUD-approved counseling agencies, Housing Finance Agencies (HFAs) or Community Development Financial Institutions • Homeownership education programs developed by mortgage insurance companies or other providers' programs that meet the standards of the National Industry Standards for Homeownership Education and Counseling (www.homeownershipstandards.com) • Other alternative programs may be available. Click here for FreddieMac Credit Smart Homebuyer U Education Course • Homeownership education must not be provided by an interested party to the transaction, originating lender or by Kind Lending. • Copy of Exhibit 20, Homeownership Education Completion Certification, or another document containing comparable information must be retained in file. • See Selling Guide Section 4501.12 for additional specifics.



FHLMC Home Possible Addendum

Landlord Education	<p>Landlord Education (2-4-unit Primary Residence): Purchase Transaction - At least one qualifying Borrower must participate in a landlord education program before the Note Date</p> <ul style="list-style-type: none"> Landlord education must not be provided by an interested party to the transaction or Kind Lending A copy of a certificate evidencing successful completion of the landlord education program must be retained in the Mortgage file. Refinance Transaction - Landlord education is not required but recommended for borrowers who have not previously attended a program. See Selling Guide Section 4501.12 for additional specifics
Loan Purpose	<ul style="list-style-type: none"> Purchase Rate and Term Refinance
Manual Underwrite	Not Permitted
Maximum Number of Financed Properties	<p>Maximum limit of two (2) financed properties, including the subject property, as of the Note date</p> <p>Note: FHLMC is extending the mandatory effective date from settlement dates on and after July 3, 2019, to settlement dates on and after September 16, 2019; otherwise, new policy will apply.</p>
Minimum Credit Score	<p>620 720 – 3-4 units</p>
Non-Occupant Co-Borrower	<p>Permitted subject to the following requirements:</p> <ul style="list-style-type: none"> 1-unit property only LTV/TLTV/HTLTV ratios must not exceed 95% with LPA Accept, except that for Mortgages with Affordable Seconds, TLTV ratio must not exceed 105% Manual underwriting is not permitted. Funds used to qualify for the Mortgage may come from the occupying and / or the non-occupying borrower. At least one borrower occupies the premises as a primary residence.
Occupancy	<p>Owner Occupied – Primary Residence only</p> <p>At least one Borrower must occupy the property secured by a Home Possible Mortgage as their Primary Residence.</p> <p>Note: 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, or the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages.</p> <p>Second Homes are ineligible</p>
Temporary Buydown	Not permitted
Ineligible Transactions	<ul style="list-style-type: none"> Cash-Out Refinance Financed Permanent Buydown Mortgage Non-Traditional credit <p><i>This is not an all-inclusive list - See FHLMC Guidelines for complete information and requirements</i></p>
CREDIT	
Subordinate / Secondary Financing	<ul style="list-style-type: none"> FHLMC will permit standard secondary financing, including HELOCs, for a Mortgage with TLTV/HTLTV ratio of ≤ 97% for 1 unit. When the TLTV ratio exceeds the maximum LTV, the secondary financing must be an Affordable Second. IFI 583 (Home Possible mortgage with an Affordable Second) . IFI G18 (Home Possible mortgage with Affordable Second entered into Loan Product Advisor in "Total Gift Fund" field). <p>Secondary financing must meet Freddie Mac requirements - Reference Guide Chapter 4204.2 for Special requirements for Affordable Seconds and Chapter 4205.2 for Home Possible Mortgages with RHS Leveraged Seconds.</p>



FHLMC Home Possible Addendum

Subordinate / Secondary Financing (cont'd)	<p>If using a Community Second program, Kind Lending will not act as the Lender or be involved in any part of the 2nd loan transaction. All FHLMC Community Seconds requirements must be met. Ineligible subordinate financing terms include the following:</p> <ul style="list-style-type: none"> Mortgages with negative amortization (with the exception of employer subordinate financing that has deferred payments) Subordinate financing that does not fully amortize under a level monthly payment plan where the maturity or balloon payment date is less than 5 years after the Note date of the new first mortgage Subordinate financing that has a prepayment penalty Bond programs Deed Restrictions 																								
Maximum DTI Ratios	<p>1 unit and 2 units: There is generally no maximum monthly housing expense-to-income ratio; however, the DTI is not to exceed the limit as determined by the Loan Product Advisor (LPA)</p> <p>3-4 units: 45%</p>																								
Mortgage Insurance Requirements	<p>Loan with > 80% LTV, Mortgage Insurance is required</p> <ul style="list-style-type: none"> Standard MI coverage will be required Custom MI coverage is not permitted (including LPMI) LPMI is not permitted <p>3-4-unit property - Essent ONLY for MI coverage and see 2-4 Units section below for additional requirements</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #0056b3; color: white;"> <th colspan="5" style="text-align: center;">Standard Mortgage Insurance Coverage Requirements</th> </tr> <tr style="background-color: #d3d3d3;"> <th rowspan="2" style="text-align: left;">Transaction Type</th> <th colspan="4" style="text-align: center;">LTV Range</th> </tr> <tr style="background-color: #d3d3d3;"> <th style="text-align: center;">>80% - <85%</th> <th style="text-align: center;">>85% - <90%</th> <th style="text-align: center;">>90% - <95%</th> <th style="text-align: center;">>95% - <97%</th> </tr> </thead> <tbody> <tr> <td>Fixed Rate <20 year</td> <td style="text-align: center;">6%</td> <td style="text-align: center;">12%</td> <td style="text-align: center;">25%</td> <td style="text-align: center;">25%</td> </tr> <tr> <td>Fixed Rate >20 year or Manufactured Home¹</td> <td style="text-align: center;">12%</td> <td style="text-align: center;">25%</td> <td style="text-align: center;">25%</td> <td style="text-align: center;">25%</td> </tr> </tbody> </table> <p>¹ <i>Manufactured home limited to maximum 95% LTV</i></p> <p>Eligible MI providers are:</p> <p>MGIC Essent Enact (formerly Genworth) Radian National MI Arch MI</p> <p>Reference Chapter 4701.1 of the seller guide for complete guideline requirements</p>	Standard Mortgage Insurance Coverage Requirements					Transaction Type	LTV Range				>80% - <85%	>85% - <90%	>90% - <95%	>95% - <97%	Fixed Rate <20 year	6%	12%	25%	25%	Fixed Rate >20 year or Manufactured Home ¹	12%	25%	25%	25%
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INCOME																									
Departing Residence	See Maximum Number of Financed Properties section above																								
Income / Borrower Income Limits	<p>The Borrower's qualifying income converted to an annual basis must not exceed 80% of the area median income (AMI) for the location of the Mortgaged Premises. To determine whether the Borrower's income exceeds the income limits, the underwriter must rely on the income used to qualify the Borrower and submitted to LPA.</p> <ul style="list-style-type: none"> Kind Lending must use income used to qualify the Borrower to establish that the income limits are not exceeded LPA will determine the income eligibility of the mortgage Check the Home Possible Income and Property Eligibility Tool to verify eligibility in advance of LPA submission <p>Reference Chapter 4501.7 for additional information</p>																								



FHLMC Home Possible Addendum

Rental Income	<p>Rental income from a 1-unit may be considered stable monthly income provided it meets the requirements in Chapter 5306.1 or the following:</p> <p>Person providing the rental income:</p> <ul style="list-style-type: none"> • Is not obligated on the Mortgage and does not have an ownership interest in the Mortgage Premises • Have resided with the borrower for at least 1 year • Will continue residing with the borrower in the new residence, • Provides appropriate documentation to evidence residency with borrower (i.e. copy of a driver's license, bill, bank statement, etc., that shows the address of that person to be the same as the borrower's address) • Is not the borrower's spouse or domestic partner. <p>Rental income from the person residing in the Mortgaged Premises:</p> <ul style="list-style-type: none"> • Can be verified with evidence showing receipt of regular payment of rental income for at least 9 of the past 12 months (i.e. cancel checks) • Has been paid to the Borrower for the past 12 months • Must be averaged over 12 months for qualifying purposes when fewer than 12 months of payments are documented • Rental income does not exceed 30% of total income used to qualify for the mortgage • Borrower must provide written LOE affirming: <ul style="list-style-type: none"> ○ The source of the rental income ○ The fact that the person providing the rental income has resided with the borrower for the past year and intends to continue residing with the borrower in the new residence for the foreseeable future. <p>2-4 Units - Rental income from 2-4-unit primary residence that meets the requirements of Chapter 5306.1 may be used as qualifying income</p> <p>Note: Rental income that meets the above requirements may be generated from an accessory unit. In addition, refer to Selling Guide 4501.6 for property eligibility and appraisal requirements.</p>			
Non-Borrower Household Income	Not permitted			
ASSET				
Minimum Required Investment	Minimum Required Investment from Borrower Personal Funds			
	Property Type	Home Possible LTV, TLTV, and HLTV ratios ≤ 80%	Home Possible LTV, TLTV, or HLTV ratio > 80% - ≤ 95%	Home Possible LTV, TLTV, or HLTV ratio > 95%
	1 Unit	None	None	None
	2-4 Units	None	3% of value	N/A
	Manufactured Home	None	None	N/A
<i>Note: Contributions from borrower's personal funds. See "Source of Funds" below for additional information</i>				



FHLMC Home Possible Addendum

Source of Funds	Use	Permitted Sources of Funds
Permitted Source of Funds	Minimum borrower contribution	Borrower Personal Funds
	Down payment for purchase transaction (difference between purchase price and the 1st lien amount)	<ul style="list-style-type: none"> • Borrower Personal Funds • Other eligible Borrower Funds
	Additional equity if needed for a Rate and Term refinance	<ul style="list-style-type: none"> • Borrower Personal Funds • Other eligible Borrower Funds
	Closing costs, financing costs, prepaids/escrows	<ul style="list-style-type: none"> • Borrower Personal Funds • Other eligible Borrower Funds • Flexible Sources of Funds
	Reserves	<ul style="list-style-type: none"> • Borrower Personal Funds • Other eligible Borrower Funds • Eligible Assets (See guide Section 5501.3(b))
<p><i>Note: Funds used to qualify for the Mortgage may come from the occupying and/or the non-occupying borrower</i></p>		
<p>Source of Funds <u>Borrower Personal Funds:</u> depository accounts (e.g. checking, savings), securities, retirement account, bonds, <u>Other Borrower Funds:</u> gift funds, gift of equity, gift funds as a wedding gift, Agency gift/grant, Individual Development Account, Sweat Equity, or proceeds from an unsecured Employer Assisted Homeownership (EAH) company benefit, proceeds from an Affordable Second <u>Flexible Sources of Funds:</u> financing concessions, premium financing</p> <p>Reference selling guide Chapter 4501.10 for complete guidance and Chapter 5501.3 for Asset eligibility and documentation and complete source of funds list</p> <p>Ineligible Source of Assets</p> <ul style="list-style-type: none"> • Cash on hand, unsecured borrowed funds, and unverified funds. • Cryptocurrency, Bitcoin or other related virtual currency. • Marijuana related business assets. • Assets as a basis for mortgage qualification if not permitted. 		
Minimum Reserves	Property Type	Reserves Required
	1 unit	None
	2-4 units	2 months
<p><i>Note: LPA will verify all reserves required and the minimum reserves required will be included in the LPA (unless property is 3-4 units)</i></p>		
COLLATERAL		
Appraisal Report	<p>Standard appraisal report required based on property type: (1 unit / PUD - Form 70, Condo - Form 465, Manufactured Home - Form 70B, 2-4 Unit - Form 72)</p> <p>Automated Collateral Evaluation (ACE) permitted with an LPA Accept with the ACE offering (Offering must exist on the last LPA feedback certificate)</p> <p>Desktop Appraisals (Form 70D) may be obtained on HomePossible loans as follows:</p> <ul style="list-style-type: none"> • LPA Accept with feedback message that the Mortgage is eligible for a Desktop Appraisal • 1-unit primary residence, including PUD (does not include Condo or MH) • LTV less than or equal to 90%, calculated using the sales price. • The Desktop Appraisal MUST include a floor plan, which is different from the building sketch. The floor plan must include interior walls and show the relationship between rooms and reflect interior flow. • The Desktop Appraisal must include specific photographs: at a minimum the front, rear, street scene, kitchen, all bathrooms, and the main living area. • The appraiser may not make assumptions regarding the condition or quality of the property without a data source. • The fee for the Desktop Appraisal will be the same as the standard appraisal 	



FHLMC Home Possible Addendum

Appraisal Report (cont'd)	<p>Important: the following ULDD Data Points are required for Mortgages using desktop appraisals:</p> <ul style="list-style-type: none"> • Property Valuation Form Type (Sort ID 85) and enter a valid value of “Uniform Residential Appraisal Report” • Property Valuation Method Type (Sort ID 89) and enter a valid value of “Desktop Appraisal” <p>For reference: Freddie Mac Desktop Appraisal FAQ for additional information.</p>
Property Types	<p>Eligible Property Type</p> <ul style="list-style-type: none"> • 1 to 4 Unit(s) • Condo • Manufactured Home 1-unit dwelling (additional requirements apply, reference selling guide Chapter 5703) <ul style="list-style-type: none"> ○ Multi-wide (double/triple) or single-width manufactured home that is at least 12 feet wide and have a minimum 600 square feet of gross living area. ○ Owner occupied primary residence (excluding manufactured homes on leasehold estates; manufactured homes on leasehold estates are ineligible). ○ Single-width manufactured homes require 2nd Level Review by Credit Risk. • PUD • Rural properties: Maximum 40 acres. <p>Ineligible Property Type</p> <ul style="list-style-type: none"> • Non-warrantable condos • Condominiums <450 square feet • Co-ops • Condo Hotels • Leasehold Properties • Manufactured home located on a leasehold estate • Manufactured properties with ADU or guest homes are ineligible • Manufactured home involving trade equity or traded manufactured home • A manufactured home moved from another site (i.e. previously installed at another site) Home must have been delivered directly from the manufacturer/dealer to its current site. • Manufactured homes transactions where none of the borrowers have a credit score • Indian Leasehold Land • Property located in Hawaii Lava Zones 1 & 2
Manufactured Home (MH)	<p>Permitted: 1-unit dwelling Must have a risk class of Accept Reference <i>Guide</i> Chapter 4501.6 & Chapter 5703</p> <p>Note: Home Possible Mortgages secured by Manufactured Homes must have a maximum original maturity not greater than that specified in Section 5703.3(d).</p>

NOTE: These are NOT complete program guidelines. Please refer to full agency guidelines for specific restrictions and/or requirements. Also, reference Kind Lending FHLMC guidelines and for overlay requirements. This information is subject to change at any time without notice. This information is provided to mortgage professionals only and is not intended or authorized for consumer distribution.