

# Processing Checklist for Home Possible<sup>®</sup> Mortgages: Loan Prospector Accept or Caution A-minus Eligible



Use this checklist to help you process Freddie Mac's Home Possible<sup>®</sup> Accept or Caution A-minus eligible mortgages.

Yes*	No*	Processing Requirements
*A response in a shaded box indicates the mortgage does not meet the eligibility or underwriting requirements for a Home Possible mortgage; refer to the Freddie Mac Single Family Seller/Service Guide (Guide) Chapter A34.		
<b>All Home Possible Mortgages</b>		
	See note	Was the mortgage submitted to Loan Prospector <sup>®</sup> ? <b>Note:</b> Home Possible Mortgages with Rural Housing Service (RHS) Leveraged Seconds are permitted to be either a Loan Prospector Mortgage or a manually underwritten mortgage. For manually underwritten Home Possible mortgages with RHS Leveraged Seconds, you must follow the requirements of Guide Chapter A34.8, and this checklist does not apply.
	See note	Did the mortgage receive a Loan Prospector assessment of Accept or Caution A-minus eligible? <b>Note:</b> If no, for manually underwritten mortgages, you must follow the requirements of Guide Chapter A34, and this checklist does not apply.
	*	Have all requirements on the Loan Prospector Full Feedback Certificate been met?
	*	Does the LTV/TLTV ratio meet the requirements of Guide Chapter A34.10(a)?
	*	If the LTV ratio or the TLTV ratio is greater than 97%, is the Indicator Score on the Loan Prospector Full Feedback Certificate equal to or greater than 700?
	*	Do the sources of all funds meet requirements of Guide Section A34.10(c)?
	*	If rental income for a 1-unit property is used as qualifying income, does it meet all requirements of Guide Section A34.9(a)?
	*	If secondary financing is used, is it an Affordable Second <sup>®</sup> , and does it meet all requirements of Guide Section 25.1(g)? RHS Leveraged Seconds may be used as secondary financing. Refer to Guide Section 35.3. <b>Note:</b> If the secondary financing is an Affordable Second, the amount may be entered into Loan Prospector's Total Gift Fund field, instead of the Subordinate Financing field, provided that the Affordable Second does not require a payment before the due date of the 61 <sup>st</sup> monthly payment. The lender must determine that Home Possible TLTV requirements are met.
	*	Have all requirements in Guide Chapter A34, as well as any of your own corporate guidelines and policies been met?
*		Does the borrower have an ownership interest in another residential property?
	*	If all borrowers are first time homebuyers, has at least one qualifying borrower completed homeownership education?
<b>Additional Checks for Home Possible Mortgages that are 5/1 ARMs</b> See Guide Section A34.3 for more information		
	*	Are the Initial Cap 2%, the Periodic Cap 2%, and the Life Cap 5%?
See note	*	Is the property a 1- to 4-unit Primary Residence (includes condos and PUDs)? <b>Note:</b> Manufactured Homes must also meet the requirements of Guide Section H33.

Note: Vertical revision bars "|" are used in the margin of this quick reference to highlight new requirements and significant changes

Yes*	No*	Processing Requirements
<p>*A response in a shaded box indicates the mortgage does not meet the eligibility or underwriting requirements for a Home Possible mortgage; refer to Guide Chapter A34.</p>		
<p><b>Additional Checks for Home Possible 3% Cash and Home Possible Neighborhood Solution® 3% Cash Mortgages</b> See Guide Section A34.10 for more information.</p>		
	*	<p>Did the borrower provide 3% towards the down payment from Borrower Personal Funds as described in Guide Section A34.2(b) on a purchase, or 3% equity and/or borrower personal funds on a no cash-out refinance?</p>
See note	*	<p>Is the Property a 1-unit primary residence (includes condos and PUDs)? <b>Note:</b> Manufactured Homes are <b>not</b> permitted.</p>
<p><b>Home Possible Neighborhood Solution Mortgages</b> See Guide Section A34.7 for more information.</p>		
	*	<p>Does the mortgage file contain written documentation [such as a paystub, W-2, letter from the borrower's employer, Defense Department Form 214 (Form DD214)] that the borrower meets employment requirements as stated below?</p> <ul style="list-style-type: none"> <li>▪ An employee of an accredited or state-recognized private or public school; a certified teacher or administrator in an education agency; or an employee of a post-secondary level educational institution; or</li> <li>▪ An employee of a law enforcement agency or fire department administered by an agency or subdivision of a state or local government; or a sworn law enforcement officer responsible for crime prevention and detection, law enforcement, or criminal incarceration; or a sworn member of a fire department involved in fire suppression or prevention, emergency medical response, hazardous materials incident response, or management or response to terrorism; or</li> <li>▪ A certified, accredited, or licensed healthcare worker who is a medical resident or fellow; a nurse, nursing assistant, pharmacist, pharmacy technician, physician's assistant or medical technician, technologist or therapist</li> <li>▪ A member of the United States Armed Forces (United States Army, Navy, Air Force, Marine Corps, and Coast Guard) who is on full-time active duty; a member of a reserve component of the United States Armed Forces (the Army National Guard of the United States, the Army Reserve, the Naval Reserve, the Marine Corps Reserve, the Air National Guard of the United States, the Air Force Reserve, and the Coast Guard Reserve) or a former member of the United States Armed Forces or a reserve component of the United States Armed Forces who has been separated or retired from either active duty or a reserve component for no more than two years at the time of the loan application.</li> </ul>

Yes*	No*	Processing Requirements
*A response in a shaded box indicates the mortgage does not meet the eligibility or underwriting requirements for a Home Possible mortgage; refer to Guide Chapter A34.		
<b>Additional Checks for Home Possible and Home Possible Neighborhood Solution Mortgages Using a Limited Temporary Subsidy Buydown Plan</b> See Guide Section A34.5 for more information		
	*	Will the initial interest rate be temporarily reduced to 2.0 or less percentage points below the Note Rate?
	*	Will the initial interest rate be increased by 1.0 percentage points or less annually for two years or less?
	*	If the LTV is > 95%, did you enter the principal and interest (P&I) payments into Loan Prospector based on the initial (bought down) interest rate plus 1%?
*		Are Mortgage Credit Certificates (MCCs) being used?
	*	If secondary financing is used, does the secondary financing have a fixed interest rate?
See Note	*	Is the property a 1-unit primary residence (includes condos and PUDs)? Note: Manufactured Homes are not permitted.
*		If the mortgage is a no cash-out refinance, is the buydown funded from Premium Financing?
<b>Additional Checks for Home Possible Neighborhood Solution Mortgages Using an Extended Temporary Subsidy Buydown Plan</b> See Guide Section A34.5 for more information		
	*	Will the initial interest rate be temporarily reduced to 1.5 or less percentage points below the Note Rate?
	*	Will the initial interest rate be increased by 0.5 percentage points or less annually for three years or less?
	*	Did you enter the principal and interest (P&I) payments into Loan Prospector based on the initial (bought down) interest rate?
*		Are Mortgage Credit Certificates (MCCs) being used?
	*	If secondary financing is used, does the secondary financing have a fixed interest rate?
See Note	*	Is the property a 1- or 2-unit Primary Residence (includes condos and PUDs)? <b>Note:</b> Manufactured Homes are <b>not</b> allowed.
*		If the mortgage is a no cash-out refinance, is the buydown funded from Premium Financing?

**Additional Home Possible resources** are available at <http://www.freddiemac.com/learn/mp/>, including detailed product descriptions and fact sheets, quick references, and training opportunities.