



Last Reviewed: 06/28/2021

COMPARISON GUIDE OF Freddie Mac Home Possible Advantage and FHA 203(b) at 97% LTV

The matrix below provides a comparison of the Freddie Mac Home Possible Advantage and FHA 203(b).

Program Requirements	FREDDIE MAC Home Possible Advantage at 97%	FHA 203(b) at 96.5%
Maximum LTV	97%	96.5% - Purchase Transactions, Existing Construction
First-Time Home Buyer	No First Time Home Buyer Requirement	Not Required
Income Limits	Total annual qualifying income limit is 80% of Area Median Income (AMI), effective July 28, 2019.	
Minimum FICO	As Accepted by LPA. 660 for 1-unit purchases MFC 720. At least 1 score is required from at least 1 borrower. Borrowers without a fico must have a housing reference as one source of alternative credit.	Purchases & Rate-Term Refinances Credit Scores below 640 are not eligible for applications on or after 04/06/2020
Max DTI	All standard requirements for liabilities, including excluding liabilities or mortgage debt from the DTI apply	Max DTI- Per Automated Underwriting System (AUS) Findings; Manual U/W-43%, higher may be allowed with Risk Committee Approval
Gifts Allowed	Yes	Eligible Gift donors: Family member, Employer or Labor Union, Close friend with a documentable relationship, Charitable organization, Government Organization
Reserves	Determined by LP	There are no minimum reserve requirements
CLVT	97% LTV/105% TLTV if a there is an allowable community second. Refer to section 4204.2 of the Freddie Mac Selling Guide for special requirements for Affordable Seconds.	The CLTV can exceed the LTV when directly related to only the UFMIP. The CLTV cannot exceed the applicable LTV limit (with UFMIP) when secondary financing is provided by a party other than a HUD approved nonprofit or a government entity.
Loan Terms Available	15-year Fixed 30-year Fixed	15-year Fixed 30-year Fixed 3/1 ARM 5/1 ARM
Occupancy	Primary residences only Non-occupying borrowers are permitted in accordance with Guide section 4501.7(b) provided at least one borrower occupies the mortgaged premises as a primary residence	Owner Occupied only



Last Reviewed: 06/28/2021

**COMPARISON GUIDE OF
Freddie Mac Home Possible Advantage and FHA 203(b) at 97% LTV**

Eligible properties	1-Unit properties, PUDs, Condominiums (per Freddie Mac requirements). No renovation or construction loans	Single Family Dwelling (1-4 units), Condo/Townhome, and permanently affixed Manufactured Housing
Manufactured eligibility	Manufactured - Ineligible at 97% LTV	Permanently affixed Manufactured Housing Allowed
Number of Units	97% LTV/105% TLTV limited to 1-unit properties only	1-4 units
AUS Requirement	Approve/LP	Requires Approve/Eligible or Refer/Eligible
Manual Underwrite	Manual underwriting is not permitted	Yes, Manual Underwriting Is Permitted
Minimum Mortgage Insurance Coverage	25% Minimum Coverage Required	An Up Front Mortgage Insurance Premium (UFMIP) of 1.75% is charged on all loans, regardless of LTV. An Annual (monthly) Mortgage Insurance Premium (MIP) is added to the monthly PITI payment. The premium is required through the life of the loan when the LTV is greater than 90%.
Homebuyer Education	For a purchase transaction, if all occupying borrowers are first-time homebuyers, at least one occupying borrower must receive homeownership education. Homeownership education is also required for any borrowers using non-traditional credit payment references. Homeownership education must be completed prior to the note date.	Not Required
Eligible Homebuyer Education	Eligible homeownership education must meet the National Industry Standards for Homeownership Education and Counseling or be provided by an eligible source, such as a: <ul style="list-style-type: none"> • HUD-approved counseling agency. • Mortgage insurer. • Housing Finance Agency (HFA) or Community Development Financial Institutions (CDFIs). 	N/A
Additional Benefits	Eligible homeowners may qualify for the Freddie Mac BorrowSmart® program. Based on income, property type, or geographic location. Borrowers may qualify for a \$1,500, or \$1,000 grant.	N/A