

Conforming Home Possible Fixed Rate

General Description:

Home Possible mortgages offer low down payment options for low-to-moderate income homebuyers or buyers in high-cost or underserved communities. There are lower than standard MI coverage requirements above 90% LTV.

Effective for all loans locked on or after: **April 1, 2024**

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APPRAISAL	<ul style="list-style-type: none"> • Refer to Conforming Fixed Rate Product Description
ASSUMABILITY	<ul style="list-style-type: none"> • Refer to Conforming Fixed Rate Product Description
BORROWERS (ELIGIBLE/INELIGIBLE)	<ul style="list-style-type: none"> • Eligible: <ul style="list-style-type: none"> ◦ Borrowers do not have to be a first-time home buyer • Ineligible: <ul style="list-style-type: none"> ◦ More than four (4) borrowers per transaction • Refer to Conforming Fixed Rate Product Description for additional borrower eligibility requirements
CASH RESERVES	<ul style="list-style-type: none"> • As determined by LPA
CLOSING REQUIREMENTS	<ul style="list-style-type: none"> • Refer to Conforming Fixed Rate Product Description
CONDOS/PUDS	<ul style="list-style-type: none"> • Refer to the Home Possible Fixed Rate Matrix within this Product Description • Refer to Conforming Fixed Rate Product Description • Refer to Appraisal Standards & Guidelines Chapter for requirements and guidelines
CONSTRUCTION-TO-PERMANENT	<ul style="list-style-type: none"> • Refer to Conforming Fixed Rate Product Description
CREDIT HISTORY	<ul style="list-style-type: none"> • Refer to Conforming Fixed Rate Product Description
CREDIT SCORES	<ul style="list-style-type: none"> • Minimum FICO 620
DOCUMENTATION	<ul style="list-style-type: none"> • Refer to Conforming Fixed Rate Product Description
DOWN PAYMENT	<ul style="list-style-type: none"> • 1-unit greater than 80% LTV/CLTV <ul style="list-style-type: none"> ◦ The entire payment may come from gift funds. <ul style="list-style-type: none"> ▪ No borrower minimum contribution is required.

	<ul style="list-style-type: none"> 2-4-unit greater than 80% LTV/CLTV <ul style="list-style-type: none"> 3% minimum down payment from the borrower's own funds is required.
ESCROW HOLDBACKS	<ul style="list-style-type: none"> Refer to Conforming Fixed Rate Product Description
ESCROWS	<ul style="list-style-type: none"> Required if LTV > 80%, except where prohibited by state law.
GEOGRAPHIC RESTRICTIONS	<ul style="list-style-type: none"> Refer to Appraisal Standards & Guidelines Check with local MI Representative for any state restrictions See website for state specific Geographic Restrictions.
GIFTS	<ul style="list-style-type: none"> Permitted Refer to Down Payment within this Product Description Refer to Conforming Fixed Rate Product Description for additional requirements.
HOMEOWNERSHIP EDUCATION/HOUSING COUNSELING AND LANDLORD EDUCATION	<p>Homeownership Education/Housing Counseling - 1-4-Unit Properties</p> <ul style="list-style-type: none"> Required on Purchase transactions only when all occupying borrowers on the transaction are first-time homebuyers. If counseling is required, it must be completed prior to the Note Date. Counseling may not be provided by an interested party to the transaction. Homeownership Education Program Options: <ul style="list-style-type: none"> Counseling completed through Framework Programs developed by HUD-approved counseling agencies, Housing Finance Agencies (HFAs) or Community Development Financial Institutions (CDFIs). 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 As an alternative to the above programs, Freddie Mac's free homeownership education curriculum, CreditSmart Homebuyer U, meets the homeownership education requirements provided: Documentation: <ul style="list-style-type: none"> A Homeownership Education Certification, or another document (such as the CreditSmart Homebuyer U certificate of completion) containing comparable information must be in the file. <p>Landlord Education - 2-4-Unit Properties</p> <ul style="list-style-type: none"> Required on purchase transactions. At least one qualifying borrower must participate in a landlord education program prior to the note date. May not be provided by an interested party to the transaction. Documentation: <ul style="list-style-type: none"> A copy of the certificate evidencing successful completion of the landlord education program must be in the file.
INVESTMENT PROPERTIES	<ul style="list-style-type: none"> Not permitted
LEASEHOLD	<ul style="list-style-type: none"> Refer to Conforming Fixed Rate Product Description
LEGAL DOCUMENTATION	<ul style="list-style-type: none"> Standard Fannie Mae/Freddie Mac Multi-State Fixed Rate Note Form 3200 or applicable state specific note. Fannie Mae/Freddie Mac Standard Riders as applicable.
LOAN TERM	<ul style="list-style-type: none"> 15, 20, and 30 years Fixed Rate only

MAXIMUM / MINIMUM LOAN AMOUNT	<ul style="list-style-type: none">Refer to Conforming Fixed Rate Product Description												
MAXIMUM LTV	<ul style="list-style-type: none">Refer to Home Possible Fixed Rate Matrix												
MORTGAGE INSURANCE	<p><u>Required MI Coverage:</u></p> <table><tr><th>LTV Ranges</th><th>15-20 Year Terms</th><th>21-30 Year Terms</th></tr><tr><td>90.01% to 97%</td><td>25%</td><td>25%</td></tr><tr><td>85.01% to 90%</td><td>12%</td><td>25%</td></tr><tr><td>80.01% to 85%</td><td>6%</td><td>12%</td></tr></table> <p><u>Ineligible:</u></p> <ul style="list-style-type: none">Refer to Conforming Fixed Rate Product Description	LTV Ranges	15-20 Year Terms	21-30 Year Terms	90.01% to 97%	25%	25%	85.01% to 90%	12%	25%	80.01% to 85%	6%	12%
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80.01% to 85%	6%	12%											
NON-OCCUPANT CO-BORROWER	<ul style="list-style-type: none">Permitted on 1-unit propertiesMaximum 95% LTV/CLTV¹/HCLTV <p>¹CLTV may be up to 105% with an eligible Affordable Second</p>												
NUMBER OF LOANS / PROPERTIES	<ul style="list-style-type: none">Number of Loans per Borrower: See Conforming Fixed Rate Product DescriptionNumber of Properties Owned/Financed:<ul style="list-style-type: none">The occupying borrower(s) may own a total of two (2) financed residential properties, including the subject property, as of the Note date.												
OCCUPANCY	<p><u>Eligible:</u></p> <ul style="list-style-type: none">Owner-Occupied primary residence <p><u>Ineligible:</u></p> <ul style="list-style-type: none">Second HomeInvestment Property												
PROPERTIES (ELIGIBLE/INELIGIBLE)	<p><u>Eligible:</u></p> <ul style="list-style-type: none">1-4-unit properties (attached and detached)Attached and Detached Condos and PUDsRefer to Conforming Fixed Rate Product Description <p><u>Ineligible:</u></p> <ul style="list-style-type: none">Refer to Conforming Fixed Rate Product Description												
QUALIFIED MORTGAGE (QM)	<ul style="list-style-type: none">All loans, regardless of loan product type sold to Citizens, must conform to Qualified Mortgage (QM) guidelines per Dodd Frank regulations.												
RATIOS	<ul style="list-style-type: none">Maximum DTI as determined by LPA, subject to MI availability.												
REFINANCES	<p><u>Eligible:</u></p> <ul style="list-style-type: none">Rate/Term Refinance <p><u>Ineligible:</u></p> <ul style="list-style-type: none">Cash-Out Refinance												
RENOVATION LOANS	<ul style="list-style-type: none">Refer to Conforming Fixed Rate Product Description												

SELLER/INTERESTED PARTY CONTRIBUTIONS

LTV/CLTV	Max Contribution
> 90%	3%
> 75% and ≤ 90%	6%
≤ 75%	9%

- Refer to [Conforming Fixed Rate](#) Product Description for Interested Party guidelines and restrictions.

SUBORDINATE FINANCING

- Refer to [Conforming Fixed Rate](#) Product Description
- Refer to the [Home Possible Fixed Rate Matrix](#) within this Product Description

Affordable Seconds

- Refer to the Home Possible matrix within this Product Description
- May not be funded by the property seller or any other interested party to the transaction.
- Resale Restrictions are not permitted.
- Refer to [Down Payment](#) within this Product Description for borrower minimum contribution requirements.
- Review Requirements:
 - NOTE: If an Affordable Seconds Checklist is used, Lenders must use Citizens [form](#) and not the Freddie Mac version.
 - Review of all documents applicable to the program:
 - The promissory note
 - The security instrument
 - Program Description
 - Any other applicable documents
 - The Affordable Second must be clearly subordinated to the first mortgage lien.
 - The documentation must allow the holder of the first mortgage to foreclose and be clear of all interests of the Affordable Second provider.
 - Refer to Repayment Requirements below
- Eligible Affordable Seconds Providers include an Agency or Employer under an established, ongoing, documented secondary financing or financial assistance program, such as:
 - A federal agency
 - Municipality
 - State or county
 - State or local housing finance agency
 - Nonprofit organization
 - A regional Federal Home Loan Bank under one of its affordable housing programs
 - An employer
 - When the Affordable Second is from an Employer Assisted Homeownership (EAH) mortgage, the financing terms must permit the borrower to continue making payments on the loan in the event the borrower no longer works for the employer and may not require payment in full unless:
 - Borrower terminates his/her own employment for any reason, or
 - Borrower is terminated by the employer for any reason other than long-term disability, elimination of employee's position, or reduction-in-force.
- Repayment Requirements:
 - Repayment of the Affordable Seconds mortgage may be structured in one of the following ways:
 - Requiring fully amortizing, level monthly payments; or
 - Deferring payments for some period before changing to fully amortizing, level monthly payments; or
 - Deferring payments over the entire term, if repayment is only due upon sale or default; or
 - Forgiveness of the debt over time.
 - Deferred 61 payments or more:

SUBORDINATE FINANCING (CONTINUED)

- The monthly payment is not required to be included in the total expense ratio.
- The Affordable Second must be entered in LPA as a second lien with no payment, regardless of the Freddie Mac Selling Guide.
- Deferred less than 61 payments:
 - The monthly payment that will be required after the end of the deferral period must be included in the total expense ratio.
- The terms must not provide for:
 - A balloon payment prior to the maturity or payment in full of the first lien mortgage.
 - Provider's share in appreciation in value.
- The interest rate may not be more than 2% higher than the interest rate of the first mortgage.
- Negative Amortization:
 - Any interest accruals may not increase the CLTV above the maximum CLTV permitted for the first lien.
- HELOCs
 - Not permitted.
- Subsidizing the sales price:
 - Not permitted.

TEMPORARY BUYDOWNS

- Not permitted

UNDERWRITING

Automated Underwriting Systems (AUS):

- All loans must be underwritten through LPA and receive an Accept recommendation.
- The more restrictive of these published guidelines or Agency requirements apply.
- Regardless of LPA recommendation, a thorough review of credit, capacity and collateral must be considered on all loans as part of the underwriting process. An LPA Accept does not constitute loan approval.
- DU - not permitted

Manual Underwriting:

- Not permitted

General Underwriting:

- Refer to [Conforming Fixed Rate](#) Product Description.

Sources of Funds

Source	Permitted Use
Borrower Personal Funds ¹	<ul style="list-style-type: none"> • Minimum Borrower Contribution • Down Payment • Closing Costs • Reserves
Other Eligible Sources of Assets (Refer to the Freddie Mac Selling Guide)	<ul style="list-style-type: none"> • Down Payment • Closing Costs • Reserves
Interested Party Contributions	<ul style="list-style-type: none"> • Closing Costs
Lender credit as documented on Closing Disclosure	<ul style="list-style-type: none"> • Closing Costs
Gift or Grant from the originating lender ²	<ul style="list-style-type: none"> • Closing Costs
Unsecured loan ³ from the originating lender	<ul style="list-style-type: none"> • Closing Costs
Unsecured loan ³ from: <ul style="list-style-type: none"> • A related person • A Community Savings System (funds in excess of the borrower contribution to the Community Savings System) (Purchase transactions)	<ul style="list-style-type: none"> • Down payment • Closing Costs • Reserves
Proceeds from an Affordable Second or other eligible secondary financing	<ul style="list-style-type: none"> • Down Payment • Closing Costs • Reserves

Footnotes

1. Cash on Hand is not permitted

UNDERWRITING (CONTINUED)

2. A gift or grant from the originating lender provided that:
 - A contribution of at least 3% is made from borrower personal funds and/or other eligible sources of funds.
 - The gift or grant must not be funded through the loan transaction, including differential pricing in rate, discount point or fees for individual loans with the Home Possible products
3. Unsecured Loans
 - Must not contain provisions that could or allow any negative amortization
 - The maturity date cannot exceed the maturity date of the mortgage and must be at least five years after the Note Date, unless the unsecured loan is fully amortizing
 - Must have an interest rate that is no greater than the Note Rate
 - May not be a cash advance from a credit card or unsecured line of credit
 - The source, terms and conditions must be documented and listed on the loan application
 - If the monthly payment begins on or after the 61st monthly payment under the Home Possible loan or if repayment of the loan is due only upon sale or default, the amount of the monthly payment may be excluded from the monthly debt payment-to-income ratio; otherwise, the required monthly payments must be included in calculating the monthly debt payment-to-income ratio.

Sweat Equity:

- Not permitted

Borrower Income Limits and Calculations:

- The total qualifying income of all borrowers converted to an annual basis must not exceed 80% of the area median income (AMI) for the location of the subject property.
- Loan Product Advisor will determine the income eligibility for the loan.
- The [Home Possible Income & Property Eligibility](#) tool must be utilized to determine eligibility.

Boarder Income/Rental Income from a 1-unit Primary Residence:

- As per Freddie Mac Home Possible Guidelines

For Delegated Delivery Only

VERY LOW-INCOME PURCHASE BORROWER LLPA ADJUSTMENT (VLIP)

Underwriting Requirements

- The Mortgage must be underwritten in accordance with the Freddie Mac Seller Guide and be a Loan Product Advisor Mortgage that receives a Risk Class of Accept.
- The borrower's qualifying income converted to an annualized basis must not exceed 50% of the Area Median Income for the location of the Mortgaged premises.
 - The qualifying income is that which was used to qualify the borrower and submitted to LPA.

Minimum borrower contribution

- The full amount of the Home Possible VLIP Mortgages Credit for Credit Fees must be applied to the Borrower's Down Payment and/or Closing Costs.
- The \$2,500 credit may be used to offset the 3% contribution due from Borrower personal funds.

Purchase requirements

- Lenders must complete the [HomeReady/ Home Possible Very Low- Income Purchase Credit](#) form (Citizens VLIP submission form)
- Lenders must provide the \$2,500 credit to the borrower, which will be reimbursed at the time loan purchase.

HOME POSSIBLE FIXED RATE MATRIX

Principal Residence	Units	Credit Score	LTV/CLTV/HCLTV ²
Purchase Rate/Term Refinance	1	620	97/105/97 ^{1, 3}
	2-4		95/105/95 ⁴

Footnotes:

1. 1-Unit: When the CLTV exceeds 97%, all subordinate financing must be from an Affordable Second. Affordable secondary financing cannot be a HELOC.
2. Florida Condominiums: Refer to the Florida Condominiums matrix in the [Conforming Fixed Rate](#) Product Description.
3. 1-Unit: Refer to [Non-Occupant Co-Borrower](#) within this Product Description, if applicable
4. 2-4-Unit: When the CLTV exceeds 95%, all subordinate financing must be from an Affordable Second. Affordable secondary financing cannot be a HELOC.