



Freddie Mac BorrowSmart® Program
Brought to you by Pennymac Correspondent Group
06.11.2024

Delegated Only - Pennymac Approval Required

The Freddie Mac BorrowSmart program provides eligible homebuyers \$1,250 in down payment or closing cost assistance. Refer to the BorrowSmart program requirements below for full details.

Base Product	Home Possible
AMI Requirement	> 50% & ≤ 80%
Assistance Amount	\$1,250
Assistance	<ul style="list-style-type: none"> The assistance can be applied toward down payment, closing costs, or permanently buying down the note rate. The assistance must provide a benefit to the borrower equal to the value of the applicable credit referenced above. <ul style="list-style-type: none"> The loan cannot be adversely priced compared to similar loans without BorrowSmart assistance. The assistance cannot be funded using premium pricing. Evidence of such benefit must be reflected on the final CD and retained in the loan file. The assistance can be used in conjunction with other DPA programs that meet Pennymac requirements.
LTV	Max. 97%
Transaction Type	Purchase
Occupancy	Primary residence
Borrower Eligibility	<ul style="list-style-type: none"> First-time homebuyer requirements determined per Home Possible requirements. Non-occupant co-borrower requirements determined per Home Possible requirements.
Manufactured Homes	<ul style="list-style-type: none"> Maximum LTV 95%. CHOICEHome Eligible – maximum LTV 97%. Must meet all requirements of the Pennymac (Freddie Mac) Manufactured Home Product Profile, along with the Home Possible and BorrowSmart requirements.
LPA	<ul style="list-style-type: none"> Accept / Eligible required. LPA will determine if the borrowers meet eligibility requirements.

Underwriting Highlights	<ul style="list-style-type: none"> • The more restrictive of the Home Possible, Freddie Mac Manufactured Home product profiles, and the BorrowSmart specific requirements apply. • A Homebuyer Eligibility Review is required prior to loan approval (refer to requirements in the Homebuyer Eligibility Review and Counseling Requirements section). • AMI and all product requirements must be met.
Mortgage Insurance	<ul style="list-style-type: none"> • Mortgage Insurance for the Pennymac-BorrowSmart program may be obtained via your MI company of choice, subject to the following: <ul style="list-style-type: none"> ○ MI certificates issued by the MI provider (under the correspondent's Master Policy) for the Pennymac BorrowSmart program are only eligible for loans delivered to and purchased by Pennymac. ○ Each MI provider has different rules of engagement for this program. Please refer to mortgage insurance requirements in the "BorrowSmart MI Guidance for Correspondents" matrix for complete details. <p>Note: As an alternative, MI can also be obtained via Pennymac's MI for Correspondent program.</p>
Temporary Buydowns	<ul style="list-style-type: none"> • Temporary buydowns are ineligible
Homebuyer Eligibility Review and Counseling Requirements	
Homebuyer Eligibility Review	<ul style="list-style-type: none"> • The borrower(s) must be referred to the Homeownership Preservation Foundation (HPF) for a program eligibility assessment prior to loan approval. • Eligibility screening must be completed by 3/31/2025. • Any changes to the borrowers' qualifying income must be resubmitted to HPF for an eligibility review. • The income on the final LPA Feedback Certificate must match the income reflected on the BorrowSmart Eligibility Certificate. • A copy of the BorrowSmart Eligibility Certificate must be retained in the loan file.
Homebuyer Counseling	<ul style="list-style-type: none"> • Prior to the note date, at least one occupant borrower must complete the pre-purchase counseling with HPF. • A copy of the Counseling Completion Certificate from HPF, verifying at least one occupant borrower participated in the pre-purchase counseling, must be retained in the loan file. <p>To schedule an HPF eligibility review and/or counseling session, contact HPF directly at the following telephone number: 866-285-4036.</p>
Refer to your Business Account Manager for complete program details and loan purchase requirements.	