



**Freddie Mac BorrowSmart® Program**  
**Brought to you by Pennymac Correspondent Group**  
**07.05.2023**

The Freddie Mac BorrowSmart® program provides eligible homebuyers down payment or closing cost assistance up to \$1500. The assistance amount varies based on AMI requirements. Some geographical restrictions may apply. Refer to the BorrowSmart program requirements below for full details.

Base Product <sup>1</sup>	Home Possible		HomeOne	Standard Freddie Mac
AMI Requirement	≤ 50%	> 50% & ≤ 80%	> 80% & ≤ 100%	
Assistance Amount	\$1500	\$500	\$1000	
Assistance	<ul style="list-style-type: none"> <li>The assistance can be applied toward down payment, closing costs, or permanently buying down the note rate.</li> <li>The assistance must provide a benefit to the borrower equal to the value of the applicable credit based on the AMI requirements referenced above.               <ul style="list-style-type: none"> <li>The loan cannot be adversely price compared to similar loans without BorrowSmart assistance.</li> <li>The assistance cannot be funded using premium pricing.</li> </ul> </li> <li>Evidence of such benefit must be reflected on the final CD and retained in the loan file.</li> <li>The assistance can be used in conjunction with other DPA programs that meet Pennymac requirements.</li> </ul>			
LTV	Max. 97%	Max. 97%	Min. 95.01% Max. 97%	Max. 95%
Geographic Restrictions	N/A	N/A	<ul style="list-style-type: none"> <li>The property must be located in a High Needs Area within a designated rural tract<sup>2</sup></li> <li>No geographic restriction if the property is a manufactured home.</li> </ul>	
Transaction Type	Purchase			
Occupancy	Primary residence			
Borrower Eligibility	<ul style="list-style-type: none"> <li>First-time homebuyer requirements determined per base product requirements.<sup>1</sup></li> <li>Non-occupant co-borrower requirements determined per base product requirements.<sup>1</sup></li> </ul>			
Manufactured Homes	<ul style="list-style-type: none"> <li>Maximum LTV 95%.</li> <li>CHOICEHome Eligible – maximum LTV 97%.</li> <li>Must meet all requirements of the Pennymac (Freddie Mac) Manufactured Home Product Profile, along with the base product and BorrowSmart requirements.</li> </ul>			
LPA	<ul style="list-style-type: none"> <li>Accept / Eligible required.</li> <li>For Home Possible transactions, LPA will determine if the borrowers meet eligibility requirements.</li> </ul>		<ul style="list-style-type: none"> <li>Accept / Eligible required.</li> </ul>	

Underwriting Highlights	<ul style="list-style-type: none"> <li>The more restrictive of the applicable base product guidelines referenced above and the BorrowSmart specific requirements apply<sup>2</sup>.</li> <li>A Homebuyer Eligibility Review is required prior to loan approval (refer to requirements in the Homebuyer Eligibility Review and Counseling Requirements section).</li> <li>AMI requirements and the applicable base product requirements must be met.</li> </ul> <p><sup>1</sup> Use the applicable Pennymac Product Profiles to determine base product guidelines.  <sup>2</sup> Designated rural tracts in high needs areas can be identified by Freddie Mac's <a href="#">Area Median Income and Property Eligibility Tool</a>.</p>
Mortgage Insurance	<ul style="list-style-type: none"> <li>Use the base product to determine applicable MI coverage requirements.</li> <li>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"> <li>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.</li> <li>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.</li> </ul> </li> </ul> <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"> <li>Temporary buydowns are ineligible</li> </ul>
<b>Homebuyer Eligibility Review and Counseling Requirements</b>	
Homebuyer Eligibility Review	<ul style="list-style-type: none"> <li>The borrower(s) must be referred to the Homeownership Preservation Foundation (HPF) for a program eligibility assessment prior to loan approval.</li> <li>Any changes to the borrowers' qualifying income must be resubmitted to HPF for an eligibility review.</li> <li>The income on the final LPA Feedback Certificate must match the income reflected on the BorrowSmart Eligibility Certificate.</li> <li>A copy of the BorrowSmart Eligibility Certificate must be retained in the loan file.</li> </ul>
Homebuyer Counseling	<ul style="list-style-type: none"> <li><b>Prior to the note date, all occupant borrowers</b> must complete the pre-purchase counseling with HPF.</li> <li>A copy of the Counseling Completion Certificate from HPF, verifying <b>all</b> occupant borrowers participated in the pre-purchase counseling, must be retained in the loan file.</li> </ul> <p>To schedule an HPF eligibility review and/or counseling session, contact HPF directly at the following telephone number: 866-285-4036.</p>
Homebuyer Counseling Fee	<ul style="list-style-type: none"> <li>An upfront, non-refundable, \$99 homebuyer counseling fee must be paid by the borrower to HPF at the time of the required counseling.</li> </ul>
Refer to your Business Account Manager for complete program details and loan purchase requirements.	