



Freddie Mac BorrowSmart® Program

Brought to you by Pennymac Correspondent Group
05.30.2024

The Freddie Mac BorrowSmart program provides eligible homebuyers down payment or closing cost assistance up to **\$1000**. 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 ¹	Home Possible	HomeOne	Standard Freddie Mac
AMI Requirement	> 50% & ≤ 80%	> 80% & ≤100%	
Assistance Amount	\$500	\$1000	
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 based on the AMI requirements referenced above.<ul style="list-style-type: none">○ The loan cannot be adversely price 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%	Min. 95.01% Max. 97%	Max. 95%
Geographic Restrictions	N/A	<ul style="list-style-type: none">• The property must be located in a High Needs Area within a designated rural tract²• No geographic restriction if the property is a manufactured home.	
Transaction Type	Purchase		
Occupancy	Primary residence		
Borrower Eligibility	<ul style="list-style-type: none">• First-time homebuyer requirements determined per base product requirements.¹• Non-occupant co-borrower requirements determined per base product requirements.¹		
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 base product and BorrowSmart requirements.		
LPA	<ul style="list-style-type: none">• Accept / Eligible required.• For Home Possible transactions, LPA will determine if the borrowers meet eligibility requirements.	<ul style="list-style-type: none">• Accept / Eligible required.	

Underwriting Highlights	<ul style="list-style-type: none"> The more restrictive of the applicable base product guidelines referenced above and the BorrowSmart specific requirements apply². A Homebuyer Eligibility Review is required prior to loan approval (refer to requirements in the Homebuyer Eligibility Review and Counseling Requirements section). AMI requirements and the applicable base product requirements must be met. <p>¹ Use the applicable Pennymac Product Profiles to determine base product guidelines.</p> <p>² Designated rural tracts in high needs areas can be identified by Freddie Mac's Area Median Income and Property Eligibility Tool.</p>
Mortgage Insurance	<ul style="list-style-type: none"> Use the base product to determine applicable MI coverage requirements. 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 5/31/2024. 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.	