



Seller Guide Update



Upcoming Changes: Freddie Mac's HFA Advantage

August 19, 2022

☑ Housing Finance Agencies (HFA)

Summary

Freddie Mac recently advised U.S. Bank of upcoming changes to Freddie Mac's HFA Advantage loans specifically removing 2-4 unit properties, manufactured homes, and non-occupying borrowers as an ineligible mortgage effective August 1, 2022.

We would like to take this opportunity to outline some of the key points from the communication from Freddie Mac as shown below:

- **Eliminating the following items from Ineligible Mortgages:**
 - Mortgages secured by 2- to 4-unit properties, manufactured homes, or a property with non-occupying Borrowers.
- **Updating the Homeownership Education requirements as follows:**
 - Before the Note Date, at least one occupying Borrower must participate in a homeownership education program that is required by the HFA. If the HFA does not require homeownership education, at least one occupying Borrower must participate in a homeownership education program meeting the requirements of Guide Section 5103.6, as applicable.
 - For HFA Advantage Mortgages secured by 2- to 4-unit Primary Residences, in addition to the homeownership education, before the Note Date, at least one qualifying Borrower must participate in a landlord education program that is required by the HFA. If the HFA does not require landlord education, at least one qualifying Borrower must participate in a landlord education program meeting the requirements of Guide Section 4501.12(b), as applicable, and
 - An HFA may provide the required homeownership and landlord education, as applicable, even if the HFA is the originating lender and/or the Seller of the Mortgage. Evidence of completion of any homeownership education program and landlord education program, as applicable, must be retained in the Mortgage file.

U.S. Bank Offering and Action Required

U.S. Bank will align as follows once we understand the overall desired offering based on your feedback:

- Permit 2-4 unit properties, non-occupying borrowers (1-2 unit only), and manufactured homes;
- Manufactured homes are permitted (must adhere to all U.S. Bank product guidelines) provided the LTV/TLTV is ≤ to 95% (non-occupant borrowers not eligible on manufactured homes).

Action Required

In order for U.S. Bank to complete various readiness tasks, please confirm your intended participation and offering of the new changes **no later than August 26th** by reaching out to your Client Sales Executive.

Once U.S. Bank is able to fully review the offering and HFA participation, we will share additional information including documentation requirements with participating HFA lenders.

Attachment

A draft of the **U.S. Bank Seller Guide Update** is currently in process and is attached for your preview.

Questions



HFA: Please reach out to your Client Sales Executive with any questions you may have.





Seller Guide Update



SEL-2022-0XX: Upcoming Changes: Freddie Mac's HFA Advantage

August X, 2022

- Correspondent Lending
- Housing Finance Agency (HFA)

Summary

Underwriting/Delivery	
<input type="checkbox"/>	Corr. Delegated
<input type="checkbox"/>	Corr. Non-Delegated
<input type="checkbox"/>	Corr. EZD
<input type="checkbox"/>	Corr. Mandatory
<input checked="" type="checkbox"/>	HFA Delegated
<input checked="" type="checkbox"/>	HFA Non-Delegated
Products	
<input checked="" type="checkbox"/>	Conv. (Freddie)
<input type="checkbox"/>	Conv. (Fannie)
<input type="checkbox"/>	Conv. (Portfolio)
<input type="checkbox"/>	FHA
<input type="checkbox"/>	VA
<input type="checkbox"/>	Rural Development

Freddie Mac recently advised U.S. Bank of upcoming changes to Freddie Mac's HFA Advantage loan offering specifically removing 2-4 unit properties, manufactured homes, and non-occupying borrowers as an ineligible mortgage effective August 1, 2022.

Highlights of the Freddie Mac changes include the following:

- **Eliminating the following items from Ineligible Mortgages:**
 - Mortgages secured by 2- to 4-unit properties, manufactured homes, or a property with non-occupying Borrowers.
- **Updating the Homeownership Education requirements as follows:**
 - Before the Note Date, at least one occupying Borrower must participate in a homeownership education program that is required by the HFA. If the HFA does not require homeownership education, at least one occupying Borrower must participate in a homeownership education program meeting the requirements of Guide Section 5103.6, as applicable.
 - For HFA Advantage Mortgages secured by 2- to 4-unit Primary Residences, in addition to the homeownership education, before the Note Date, at least one qualifying Borrower must participate in a landlord education program that is required by the HFA. If the HFA does not require landlord education, at least one qualifying Borrower must participate in a landlord education program meeting the requirements of Guide Section 4501.12(b), as applicable, and
 - An HFA may provide the required homeownership and landlord education, as applicable, even if the HFA is the originating lender and/or the Seller of the Mortgage. Evidence of completion of any homeownership education program and landlord education program, as applicable, must be retained in the Mortgage file.

Commented [HKD1]: Requestor: Sally Mazzola

Participating HFA lenders preview communication announcing offering and effective date.

Distribution List:
Targeted to only the HFAs who agree to participate w/ the changes.

U.S. Bank Requirements

Provided the HFA has agreed to offer the updated parameters as outlined above, U.S. Bank will align with the offerings as follows effective with new loan reservations on and after **August X, 2022**.

- Permit 2-4 unit properties, non-occupying borrowers (1-2 unit only), and manufactured homes;
- Manufactured homes are permitted (must adhere to all U.S. Bank product guidelines) provided the LTV/TLTV is ≤ to 95% (non-occupant borrowers not eligible on manufactured homes).

U.S. Bank will require that evidence of completion of any homeownership education program and landlord education program, as applicable, is included in the mortgage file.

HFA Guidelines: Lenders are reminded to confirm HFA-specific Guidelines to determine what parameters are offered from the HFA.

HFA Division Lending Guide Updates

We have updated the HFA Division Lending Guide as follows: **HFA Specific Requirement Document Checklists** (Section 500 > State > Program > HFA Specific Required Documentation Checklist)

Questions



HFA: Please contact the Housing Finance Agency Hotline at 800.562.5165, option 1 for the HFA Customer Care Team.