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Full/Alternative Documentation						
PRIMARY RESIDENCE – PURCHASE ONLY						
Property Type	Minimum LTV	Maximum LTV	Maximum CLTV	Loan Amounts	MI Coverage	Minimum Credit Score
<ul style="list-style-type: none"> • 1-unit • Condo • PUD • Mfd home (dbl-wide) 	90%	97%	105% ¹	MINIMUM: \$20,000 MAXIMUM: Single-family conforming loan limit	35%	680

1. Refer to **SUBORDINATE FINANCING** section below.

SUMMARY:

The Freddie Mac Affordable Gold Alt 97 is a mortgage loan program for low- and moderate-income homebuyers which allows for the use of alternative sources of funds to cover the required 3% downpayment, closing costs and prepaid expenses. Borrowers must have strong credit as evidenced by a 680 minimum credit score. Loans will NOT be underwritten using Freddie Mac's Loan Prospector system. The program is a fixed-rate, fully amortizing mortgage loan amortized over any of the terms listed below.

TERM:

Fifteen (15), twenty (20) or thirty (30) years

INCOME LIMITS:

The stable monthly income of the borrower converted to an annual basis must not exceed the following percentage of HUD Area Median Income:

Property Location	Percentage of HUD Area Median Income
Areas other than those listed below	100 percent
Bergen/Passaic, New Jersey MSA	120 percent
Boston, Massachusetts MSA	135 percent
California	140 percent
Hawaii	170 percent
Newark, New Jersey MSA	125 percent
New York City, NY MSA	165 percent
Portland, Oregon MSA	120 percent
Seattle, Washington MSA	120 percent
Any area designated as a Central City	No income limit
Any census tract with median family income that is 80 percent or less of area median income	No income limit
Any census tract in which nonwhites or Hispanics comprise 50 percent or more of the population	No income limit

To obtain the median income for your area visit Freddie Mac's website at www.freddiemac.com.



HOMEBUYER EDUCATION:

At least one borrower whose income is used for qualifying purposes shall participate in a classroom or face-to-face homeownership education course prior to closing. Sessions may be conducted over the telephone (instead of in person) if the mortgage insurer provides the service. Visit Freddie Mac's website (www.freddiemac.com) for a list of approved mortgage insurer programs. To obtain a list of approved homebuyer education agencies and programs for classroom or face-to-face sessions, call Freddie Mac at (800) FREDDIE. The mortgage file must include satisfactory documentation of course completion.

Borrowers will not be required to complete the homebuyer education if all of the following conditions are met:

- Has previously owned a home; and,
- Makes a downpayment of at least five percent (5%) from own funds; and,
- Has two (2) months PITI reserves after closing.

SOURCE OF FUNDS:

Downpayment, closing costs and/or prepaid expenses may come from any combination of the following sources:

- A gift or unsecured loan¹ from a related person²
- A grant or unsecured loan¹ from a municipality, nonprofit organization, an employer-assisted housing program, a regional Federal Home Loan Bank (FHLB) program or the originating lender (originating lender funds may be applied to closing costs/prepaid expenses only)
- An approved Affordable Second loan program³
- Interested party contributions⁴ (applied to closing costs/prepays only)

1. Refer to **UNDERWRITING** section below for unsecured loan guidelines.

2. Refer to **UNDERWRITING** section below for definition of related person.

3. Refer to **SUBORDINATE FINANCING** section below for Affordable Second guidelines.

4. Refer to **INTERESTED PARTY CONTRIBUTIONS** section below for limits.

SUBORDINATE FINANCING:

Subsidized subordinate financing (Affordable Seconds), up to 105% CLTV, is allowed from non-profit and religious organizations, a federal, state or local government agency, a regional Federal Home Loan Bank (FHLB), the borrower's employer or the originating lender (CLTV is limited to 100% if the Affordable Second is from the originating lender).

All secondary financing programs MUST be reviewed and approved by Flagstar Bank. An official written description of the program (from the agency providing the funds), the loan documents used in connection with the financing (i.e. the Note, Mortgage/Deed of Trust, etc.), and any other written descriptive material must be submitted with the loan file. Subordinate financing program review generally requires at least seven (7) business days for approval.



INTERESTED PARTY CONTRIBUTIONS:

Interested party contributions include funds contributed by the property seller, builder, real estate agent/broker, mortgage lender, or any other party with an interest in the real estate transaction.

- 3% maximum
- May not be applied to any portion of the downpayment, nor to the borrower's minimum contribution requirement
- May only be applied to closing costs/prepaid expenses

TEMPORARY BUYDOWNS:

Not allowed

QUALIFYING RATIOS: Total debt-to-income ratio of 38%-40%

RESERVES: One (1) month PITI in liquid reserves

PROPERTY INSPECTIONS:

Flagstar Bank strongly recommends that borrowers obtain a satisfactory property inspection report from a home inspector licensed and/or certified in the jurisdiction in which the property is located.

UNDERWRITING:

1. Loans will be underwritten to the Freddie Mac portions of Flagstar's current Residential Underwriting Guidelines.
2. Credit scores are required on all borrowers.
3. A related person is defined as the borrower's spouse, child, dependent, domestic partner, fiancé(e) or any other individual who is related to the borrower by blood, marriage, adoption or legal guardianship.
4. Credit unions are not considered non-profit organizations.
5. Unsecured loans may be used up to a maximum of two percent (2%) of the lesser of sales price or appraised value (the 2% limit applies to the aggregate total of all unsecured loans). The loan must be a term loan (of at least five (5) years but not to exceed the term of the first mortgage) with level payments, no negative amortization and a fixed interest rate not to exceed the rate of the first mortgage note. If the unsecured loan is from the borrower's employer, the loan cannot be due and payable and the borrower must retain the right to continue making payments, in the event the borrower no longer works for the employer. The monthly payment must be considered as debt in qualifying the borrower. Funds obtained from credit card advances or checking account overdraft protection are not acceptable.
6. All sources of stable monthly income may be used to qualify borrowers. Secondary income that is verified for one (1) year may be included as long as continuation of this income is probable.
7. Justification for a debt ratio higher than 38% includes the borrower's history of timely debt payments at the higher debt payment ratio and the borrower's 12-month mortgage history of timely housing payments at the same amount of the new mortgage payment.



8. The gross rents from rental property must be included in the borrower's income to determine if borrowers meet HUD median income limits.
9. If the payments on an Affordable Second mortgage are deferred for a minimum of five (5) years, payments may be excluded from the borrower's debt-to-income ratio.
10. Non-occupant co-borrowers are not allowed.
11. There is no restriction on the number of properties owned or financed by the borrower.

STATE ELIGIBILITY: All fifty (50) states

CLOSING DOCUMENTATION:

- Fannie Mae/Freddie Mac Uniform Security Instrument, [3000-series](#)
- Fannie Mae/Freddie Mac multi-state Fixed Rate Note, [3200-series](#)
- Standard title commitment with all applicable endorsements

If applicable:

- Fannie Mae/Freddie Mac multi-state Condo Rider, [Form# 3140](#)
- Fannie Mae/Freddie Mac multi-state PUD Rider, [Form# 3150](#)