

Note: Vertical revision bars " | " are used in the margin of this reference to highlight these new requirements and significant changes.



Potential homebuyers may not have the means or opportunity to save for a down payment and closing costs. To help bridge this gap, there may be options available to assist qualifying borrowers with the down payment and/or closing costs. This resource outlines the Loan Product Advisor[®] (LPASM) data submission requirements for grants.

A grant meeting the requirements in [Guide Section 5501.3\(c\)\(4\)](#) is an eligible source of funds that can be used to qualify the borrower for the mortgage transaction.



How do I know if it's a grant?



It must be provided by an **Agency** that has an established program, it doesn't have to be repaid and it doesn't create a lien. Refer to [Guide Section 5501.3\(c\)\(4\)](#).



An **Agency** must be one of the following:



- ➔ A municipality which includes any duly authorized authority or agency of the federal, State, local or municipal government
- ➔ A nonprofit organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code
- ➔ An employer where the borrower is an employee
- ➔ A regional Federal Home Loan Bank under one of its affordable housing programs
- ➔ A Native American Tribe as defined in Guide Section 4504.2(c)

Note: An entity created or partially or wholly owned by a Native American Tribe that does not qualify as a Tribally Designated Housing Entity (TDHE) cannot be considered an Agency.

Note: The **Agency** cannot be an interested party (as described in [Guide Section 5501.5](#)), be the Seller or have participated in any aspect of the mortgage origination process, or be affiliated with, under contract to, or financed (directly or indirectly) by the Seller or any party that participated in the mortgage origination process.

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Did you know... that a **grant** provided by the **Seller** or by an **Agency** affiliated with, under contract to, or financed by the **Seller** as the originating lender is **acceptable** with a **Home Possible Mortgage®** if certain requirements are met ([Guide Section 4501.10\(c\)\(ii\)](#)).



Home Possible Mortgage: Lender Grant as an Eligible Source of Funds



As a lender providing the grant what do I need to know?



A contribution of at least **3%** of value (as described in [Guide Section 4203.1](#)) must be made from borrower **personal funds** and/or **other eligible** sources of funds.



NOTE:

The grant **must not** be funded through the mortgage transaction (i.e., through premium pricing), including differential pricing in rate, discount points, or fees for individual loans or across the Home Possible Mortgage offering.

In addition,

A **grant** provided by an **Agency** that is affiliated with, under contract to, or financed (directly or indirectly) by the **Seller** as the originating lender, is **acceptable when**:

- ➔ The source of funds is an eligible source meeting all applicable Guide requirements (for example, a grant from an Agency must meet the requirements in [Guide Section 5501.3\(c\)](#)).
- ➔ A contribution of at least 3% of value (as described in [Guide Section 4203.1](#)) is made from borrower personal funds and/or other eligible sources of funds; and
- ➔ The source of funds is **not** funded through the mortgage transaction (i.e., through premium pricing), including differential pricing in rate, discount points, or fees for individual loans or across the Home Possible Mortgage offering.



As you determine the borrower's eligible sources of funds and complete your data entry keep in mind the information provided to determine if the lender provided funds meet the grant requirements, or are to be considered as a lender credit (refer to the [How to Submit Lender Credits Through Loan Product Advisor](#) job aid).

Loan Product Advisor Data Submission Tips

Use these steps to submit a mortgage with a grant.

Note: System-to-System (S2S) LPA Request File data points have been provided as a resource to help identify specific data fields when using a loan origination system (LOS) that interfaces with LPA.

Step	Data Entry	S2S LPA Request File	
		Unique ID	Data Point Name
1.	Select, Asset Type 'Grant'.	8.00	Asset Type
2.	Enter the dollar amount of the grant.	7.00	Asset Cash or Market Value Amount
3.	Select, Funds Source Type .	10.00	Funds Source Type
4.	Select, Deposited/Not deposited .	12.00	Included In Asset Account Indicator



For Home Possible Mortgages, if the Funds Source Type selected is 'Lender' or 'Non-Originating Lender', proceed to the next steps below for additional data entry steps.

Home Possible Mortgages: If the Funds Source Type selected is 'Lender' or 'Non-Originating Lender', two additional data fields are required to be completed, **Grant Closing Cost Amount** and **Grant Down Payment Amount**.

LPA will require a distribution of lender or non-originating lender grant amounts reported by the borrower as assets, as applicable.

Step	Data Entry	S2S LPA Request File	
		Unique ID	Data Point Name
1.	Enter the portion of the grant to be used for closing costs, if applicable.	12.50	Grant Closing Cost Amount
2.	Enter the portion of the grant to be used for the down payment, if applicable.	12.60	Grant Down Payment Amount



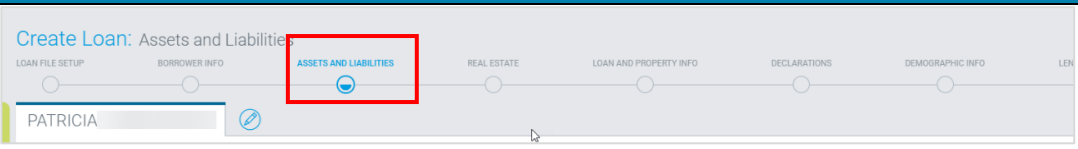
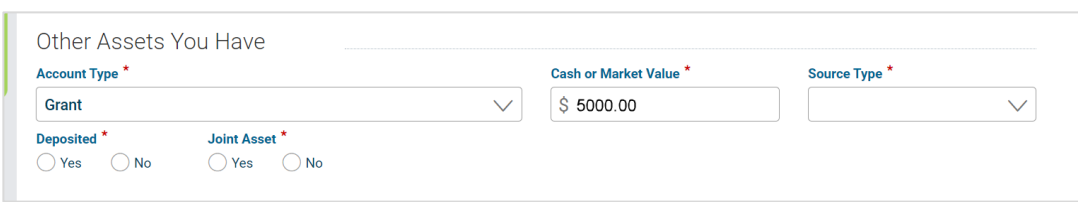
Note: The **sum of the value(s)** provided from the grant amount towards closing costs and/or the down payment **must equal** the value provided for the grant amount entered in the **Cash or Market Value** data field.



The amounts entered in the **Grant Closing Cost Amount** and/or **Grant Down Payment Amount** are **not included** in the Total Funds to be Verified.

Access LPA via Freddie Mac Loan Advisor® Single Sign-on Portal “Direct Access Users”

The information below provides step by step guidance on how to enter a grant through LPA when using the Loan Advisor portal to access LPA.

Data Entry Steps	
<p>1. Select Assets and Liabilities metro stop.</p>	
<p>2. In the Other Assets You Have section, select Account Type: Grant. Enter the amount of the grant. Select Source Type. Enter Deposited: Yes/No.</p>	 <p>Once the data fields are completed, click Add on the right side of the page This will create a table to display your entry(s). Repeat as needed based on the grant(s) received.</p>



Home Possible Mortgages

Data Entry Steps

1. If **Source Type** selected is 'Lender' or 'Non-Originating Lender' **two additional** data fields display.

Other Assets You Have

Account Type *
Grant

Cash or Market Value *
\$ 5000.00

Source Type *
Lender

Deposited *
 Yes No

Joint Asset *
 Yes No

Grant Closing Cost Amount
\$

Grant Down Payment Amount
\$

Refer to Step 2 below.

Data Entry Steps

2. Enter the portion of the grant to be used towards closing costs and/or the down payment.

LPA will require a distribution of lender or non-originating lender grant amounts reported by the borrower as assets, as applicable.

Other Assets You Have

Account Type *
Grant

Cash or Market Value *
\$ 5000.00

Source Type *
Lender

Deposited *
 Yes No

Joint Asset *
 Yes No

Grant Closing Cost Amount
\$ 5000.00

Grant Down Payment Amount
\$

Note: The sum of the value(s) provided from the grant amount towards closing costs and/or the down payment must equal the value provided for the grant amount entered in the **Cash or Market Value** data field.

The amounts entered in the **Grant Closing Cost Amount** and/or **Grant Down Payment Amount** are **not included** in the Total Funds to Be Verified.

Once the data fields are complete, click **Add** on the right side of the page. This will create a table to display your entry(s). Repeat as needed based on the grant(s) received.

Reminder: If the Home Possible very low-income purchase (VLIP) credit applies select **Source Type:** Federal Agency



Resources

Looking for more information on sources of funds or cash to close, check out these resources:

- ➔ [Understanding Loan Product Advisor's Determination of Cash-to-Close](#) job aid
- ➔ [Gifts, Grants and Affordable Seconds](#) job aid
- ➔ [How to Submit Lender Credits Through Loan Product Advisor](#) job aid
- ➔ [How to Use Freddie Mac Tools for Home Possible VLIP Credit](#) job aid

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