

The Freddie Mac HFA Advantage mortgage offers outstanding flexibility for maximum financing. The information contained in this resource will help guide you through the steps on how to enter an HFA Advantage mortgage through Loan Product Advisor[®] (LPASM).

The information contained in this section generally applies to all LPA users, whether you are entering data directly into the Loan Product Advisor interface or importing data from your system (direct access user) or using a loan origination system (LOS) that interfaces with Loan Product Advisor (system-to-system (S2S user)). The field groupings and the order in which you enter information may vary. Contact your system administrator, or system vendor, for more information on data input mapping from your system to Loan Product Advisor.

How to Identify an HFA Advantage Mortgage

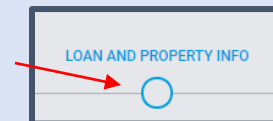
Depending on your LOS, an HFA Advantage mortgage may be identified with one of the following options:

- HFA Advantage, or
- Using code 251.

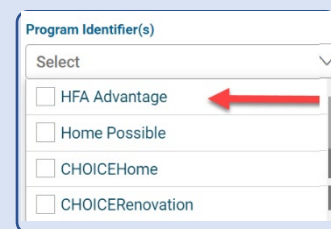
Direct Access Users

When entering data into LPA using the **Freddie Mac Loan Advisor[®] single sign-on portal**:

1. Access the **Loan and Property Info** metro stop from the navigation menu.



2. Select **HFA Advantage** from the **Program Identifier** drop down selection.





How to Identify Other New Mortgage Loans on the Property

Down Payment Assistance: Non-Amortizing Subordinate Financing

This section provides guidance on how to enter **non-amortizing** subordinate financing (also referred to as a “forgivable” or “deferred” loan) when a borrower receives down payment assistance that meets our requirements for Freddie Mac Affordable Seconds®. For more information on Affordable Seconds refer to the [Affordable Seconds® Checklist](#).

If the Affordable Second **does not** require a payment before the due date of the 61st monthly payment under the first lien mortgage and meets all requirements for an Affordable Second as stated in the Guide, enter “True” or “Yes” based on your access method to LPA, as follows:

- Direct access users: **Is the other new mortgage an Affordable Second?** – “Yes”
- S2S users: **Loan Affordable Indicator** – “True”

The information below provides step-by-step guidance on how to enter an Affordable Second as either a direct access user, **Table 1**, or as a S2S user, **Table 2**.

Table 1: Direct Access Users

When entering the data into LPA using the Loan Advisor single sign-on portal:

1. Access the **Loan and Property Info** metro stop
2. **Other New Mortgage Loans on the Property You are Buying or Refinancing** section, enter the information as shown.

Other New Mortgage Loans on the Property You are Buying or Refinancing

Creditor Name *

Creditor Type * Business Individual

Lien Type *

Monthly Payment

Loan Amount / Amount Drawn *

Is the Other New Mortgage an Affordable Second? Yes No

Is the Affordable Second Payment Deferred? Yes No

HELOC * Yes No

Funds Source Type *

Select the source* of the Affordable Second from the drop down selection. Only one Funds Source Type may be selected for each Affordable Second entered.

***Tip!** If the Affordable Second **does not** require a payment before the due date of the 61st monthly payment under the first lien mortgage, the Monthly Payment/Initial Principal and Interest Payment Amount **must be equal to zero** (“0.00”).



Table 2: S2S Users

LPA Request Unique ID	Subordinate Financing Information	Conditionality
101.00	LoanRoleType = “ RelatedLoan ” Note: Up to 3 subordinate liens may be submitted.	Required
207.00	InitialPrincipalAndInterestPaymentAmount = Enter amount ≥ “0” Note: Enter “0” if the PaymentDeferredFirstFiveYearsIndicator = “ true ”.	Conditional <ul style="list-style-type: none"> • If LoanRoleType = “RelatedLoan” AND amount ≥ “0”
207.10	PaymentDeferredFirstFiveYearsIndicator = “ true ”	Conditional <ul style="list-style-type: none"> • If LoanRoleType = “RelatedLoan” AND LoanAffordableIndicator = “true”
194.00	LienPriorityType = “ SecondLien ”	Required
205.00	HELOCIndicator = “ false ”	Conditional <ul style="list-style-type: none"> • If LoanRoleType = “RelatedLoan”
206.00	LoanAffordableIndicator = “ true ”	Conditional: <ul style="list-style-type: none"> • If LoanRoleType = “RelatedLoan” AND HELOCIndicator = “false”
209.00	NoteAmount = Enter amount ≥ “0”	Conditional <ul style="list-style-type: none"> • If LoanRoleType = “RelatedLoan” AND HELOCIndicator = “false”

Down Payment Assistance: Fully Amortizing Subordinate Financing

This section provides guidance on how to enter **amortizing** subordinate financing when a borrower receives down payment assistance that meets our requirements for an Affordable Second. For more information on Affordable Seconds refer to the [Affordable Seconds® Checklist](#).

If the Affordable Second **requires** a payment **before** the due date of the 61st monthly payment under the first lien mortgage, and meets all requirements for an Affordable Second, as stated in the Guide, enter “True” or “Yes” based on your access method to LPA, as follows:

- Direct access users: **Is the other new mortgage an Affordable Second?** – “Yes”
- S2S users: **Loan Affordable Indicator** – “True”

The information below provides step by step guidance on how to enter an amortizing subordinate financing that meets our requirements for an Affordable Second as either a direct access user, **Table 3**, or as a S2S user.



Table 3: Direct Access Users

When entering the data into LPA using the Loan Advisor single sign-on portal:

1. Access the **Loan and Property Info** metro stop
2. **Other New Mortgage Loans on the Property You are Buying or Refinancing** section, enter the information as shown.

Other New Mortgage Loans on the Property You are Buying or Refinancing

Creditor Name *

Creditor Type * Business Individual

Lien Type *

Monthly Payment

Loan Amount / Amount Drawn *

Is the Other New Mortgage an Affordable Second? Yes No

Is the Affordable Second Payment Deferred? Yes No

HELOC * Yes No

Funds Source Type *

Select the source of the Affordable Second from the drop down selection. Only one **Funds Source Type** may be selected for each Affordable Second entered.

Reminder: If the Affordable Second **requires** a payment **before** the due date of the 61st monthly payment under the first lien mortgage, the Monthly Payment/Initial Principal and Interest Payment Amount **must be** entered.

S2S Users

Follow the guidance provided in **Table 2**, except if the Affordable Second **requires** a payment before the due date of the 61st monthly payment under the first lien mortgage, the Monthly Payment/Initial Principal and Interest Payment Amount **must be** entered with an amount greater than zero, and the Payment Deferred First Five Years Indicator is “false”.

Loan Product Advisor Feedback Certificate Results

Upon successful submission of an HFA Advantage mortgage, the following results are returned.

Assessment Summary Section*

Displays the **Purchase Eligibility** and **Risk Class** results for the transaction.

***Note:** LPA specification v5.3.00 displays an **Affordable Product Information** section.

Loan Details Section

Displays “HFA Advantage” in the **Program Identifier** field.

Mortgage Details Section

Displays the Affordable Second loan amount and the total subordinate financing amount.



Assessment Summary Section

FreddieMac
Assessment Summary

Attention: Loan meets Home Possible® income

Details
BORROWER NAME
John Freddie

Assessment Summary
PURCHASE ELIGIBILITY
ELIGIBLE

RISK CLASS
ACCEPT

Risk Class	
ACCEPT Representation and warranty relief for credit reputation and ratios	CAUTION No representation or warranty relief

LPA specification version 5.3.00

Affordable Product Information Section

This section provides quick access to the area median income (AMI) and the borrowers' total qualifying income as an AMI percentage without scrolling down to the Affordable Lending and Access to Credit Messages section.

FreddieMac
Loan Product Advisor® Feedback Certificate

Assessment Summary

Attention: Loan meets Home Possible® income limits. To assess eligibility, resubmit with program identifier.

Details
BORROWER NAME: John Freddie
NUMBER OF SUBMISSIONS: 24
LP KEY NUMBER: [REDACTED]

Affordable Product Information
AREA MEDIAN INCOME: \$140,500.00
AREA MEDIAN INCOME (%): 79.78%

Assessment Summary
PURCHASE ELIGIBILITY: ELIGIBLE
RISK CLASS: ACCEPT
Representation & Warranty Relief
COLLATERAL R&W RELIEF: NOT ELIGIBLE
INCOME R&W RELIEF: N/A
ASSET R&W RELIEF: NOT ELIGIBLE

Loan Details Section

The Loan **Details** section of the LPA Feedback Certificate displays HFA Advantage in the Program Identifier field.

Loan Details

BORROWER NAME	ADDITIONAL BORROWER	APPRAISAL IDENTIFIER	LENDER LOAN NUMBER
John Freddie 999-00-0001	Mary Freddie 111-10-0000	N/A	123456LP
MORTGAGE TYPE Conventional	DOCUMENTATION LEVEL Streamlined Accept	PROPERTY ADDRESS 2100 JONES BRANCH DRIVE MCLEAN, VA 22102	
PROGRAM IDENTIFIER(S) HFAAdvantage			

Example of the LPA specification version 5.3.00



Mortgage Details Section

The **Mortgage Details** section of the LPA Feedback Certificate displays, the Affordable Second loan amount in the **Affordable Second** field and the total subordinate financing amount in the **Subordinate Financing** field. Confirm the information is displayed accurately.

Mortgage Details					
PRODUCT TYPE 30 Year Fixed Rate	AMORTIZATION TYPE Fixed	AMORTIZATION MON 360			
LOAN PURPOSE Purchase	PURCHASE PRICE \$215,000.00	ESTIMATED PROPER \$215,000.00			
PROPERTY TYPE Site Built Detach		REFINANCE TYPE N/A			
INTEREST RATE BUYDOWN No	FEES CONCESSIONS \$500.00	ARM QUALIFYING RATE N/A	ARM QUALIFYING PITI N/A		LENDER SUBMITTED RESERVES \$6,753.00
AFFORDABLE SECOND \$5,000.00	TOTAL SUBORDINATE FINANCING \$5,000.00	HELOC BALANCE \$0.00	HELOC LIMIT AMOUNT \$0.00		

Easy to find the Affordable Second and Total Subordinate Financing

Tip! Lender Submitted Reserves
HFA Advantage mortgages do not require borrower reserves unless LPA determines borrower reserves are necessary to offset other underwriting factors, however, because borrower reserves are a compensating factor, it is advisable to verify and include borrower reserves in the assessment.

Example of the LPA specification version 5.3.00



Affordable Lending And Access To Credit Messages Section

The messages specific to Affordable Lending display in the **Message Summary** section in the **Affordable Lending And Access To Credit Messages** section. This is a dynamic section that will only appear if it applies. Review the messages returned.

HFA Advantage mortgage illustration:

Affordable Lending And Access To Credit Messages		
CODE	MESSAGE	
① FAL0002	Based on the annual qualifying income (\$51,600.00) and the Area Median Income (AMI) (\$65,600.00) where the property is located, the loan meets the housing goal qualifications for a Low-Income Purchase (LIP) since the income is at or below 80% AMI (\$52,480.00).	
② FAL0011	The Area Median Income (AMI) is (\$65,600.00) for the address submitted.	
③ FAL0025	Affordable Seconds: Document the mortgage file with a Note or other evidence of terms, settlement/closing disclosure statement or alternative required by law that evidences the fees and costs paid by the borrower at closing in connection with a new Affordable Second, and evidence of subordination of an existing Affordable Second for a refinance.	
④ FAL0006	At least one borrower must participate in a homeownership education program that meets the National Industry Standards for Homeownership Education and Counseling, or is provided by the HFA, a HUD-approved counseling agency or a Mortgage Insurer, or complete Freddie Mac's CreditSmart(R) Homebuyer U prior to the Note Date. Retain the Homeownership Education Certificate or comparable document in the Mortgage file.	
⑤ FAL0008	Only Freddie Mac seller/servicers with a negotiated commitment may deliver HFA Advantage mortgages. Ensure the annual qualifying income (\$51,600.00) falls within the maximum HFA-established income limits.	
⑥ FAL0026	The Affordable Second must be provided by an Agency under an established, ongoing, documented secondary financing or financial assistance program. The Affordable Second may not be funded by the property seller or any other interested party to the transaction except as provided in 4204.2(a)(i) B. and C.	

	Message Code	Description
Informational Messages		
①	FAL0002	Compares the borrower's qualifying income to the area median income (AMI) and indicates if it is \leq 80% AMI or \leq 50% AMI.
②	FAL0011	States the AMI for the area in which the subject property is located and is the amount used for determining if the loan meets the housing goal qualifications (e.g., \leq 80% AMI or \leq 50% AMI).
Documentation Messages		
③	FAL0025	Provides the documentation requirements that must be obtained for the Affordable Second and must be included in the mortgage file.
④	FAL0006	Reminder that the HFA's homebuyer education requirements must be met before loan closing, and that the mortgage file must contain a copy of the Homeownership Education Certificate or comparable document the borrower received as evidence of participation and completion.



Additional Steps		
5	FAL0008	Reminder that LPA does not determine whether the borrower's qualifying income meets the maximum HFA-established income limits. You must verify that the borrower's qualifying income meets the HFA program's income limits.
6	FAL0026	Review the requirements outlined in Guide Section 4204.2(a)(i)A to confirm the provider of the Affordable Second is an acceptable source.

Mortgage Insurance Messages Section

The **Mortgage Insurance Messages** section will display the mortgage insurance (MI) options available based on the loan-to-value (LTV) ratio and AMI. Review the messages returned.

LTV Ratio	Message Code	Message
> 80% to ≤ 85%	FMI0037	This HFA Advantage mortgage requires 6% MI coverage when the borrower's income is less than or equal to 80% of Area Median Income and 12% MI coverage when the borrower's income is greater than 80% AMI. Refer to the HFA's website and/or program guidelines for other MI Options that may be available when the borrower's income is greater than 80% AMI.
> 85% to ≤ 90%	FMI0038	This HFA Advantage mortgage requires 12% MI coverage when the borrower's income is less than or equal to 80% of Area Median Income and 25% MI coverage when the borrower's income is greater than 80% AMI. Refer to the HFA's website and/or program guidelines for other MI Options that may be available when the borrower's income is greater than 80% AMI.
> 90% to ≤ 95%	FMI0039	This HFA Advantage mortgage requires 16% MI coverage when the borrower's income is less than or equal to 80% of Area Median Income and 30% MI coverage when the borrower's income is greater than 80% AMI. Refer to the HFA's website and/or program guidelines for other MI Options that may be available when the borrower's income is greater than 80% AMI.



LTV Ratio	Message Code	Message
> 95% to ≤ 97%	FMI0040	This HFA Advantage mortgage requires 18% MI coverage when the borrower's income is less than or equal to 80% of Area Median Income and 35% MI coverage when the borrower's income is greater than 80% AMI. Refer to the HFA's website and/or program guidelines for other MI Options that may be available when the borrower's income is greater than 80% AMI.

Resources

[HFA Advantage Mortgages](#)

[Freddie Mac Learning](#)

Customer Support: 1-800-FREDDIE and/or 800FREDDIE@freddiemac.com

Customer Service Menu Guide

EFFECTIVE APRIL 1, 2021

1 If you are a Freddie Mac approved Seller/Servicer or business partner

2 If you are a homeowner or renter

3 To become a Freddie Mac approved Seller/Servicer or business partner

SUPPORT FOR:

1 All login, password or other access related issues

- 1 Loan Advisor applications
- 2 Servicing Gateway
- 3 All other applications

2 Underwriting guidelines

- 1 Affordable lending, HFA Advantage, or Home Possible
- 2 All other questions

3 Loan Advisor tools

- 1 Loan Product Advisor
- 2 Loan Selling Advisor or Delivery
- 3 Loan Closing Advisor, Loan Quality Advisor or Correspondent Assignment Center
- 4 Condo Project Advisor
- 5 All other Loan Advisor tools

4 Loan Servicing

- 1 COVID-19 guidelines and updates
- 2 Investor reporting and edits
- 3 All other servicing-related questions

This information is not a replacement or substitute for the requirements found in the *Freddie Mac Single-Family Seller/Servicer Guide* and your other Purchase Documents. © 2023 Freddie Mac

[Freddie Mac Learning](#)