

Gifts, Grants and Affordable Seconds[®]

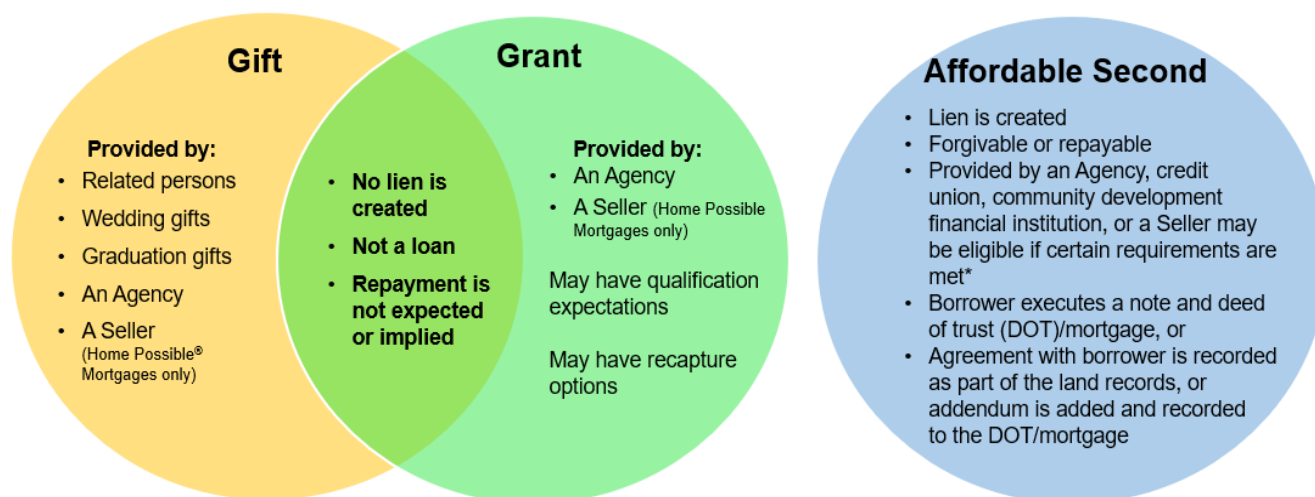
Defined and Tips for Submission into Loan Product Advisor[®]

Introduction

As part of achieving homeownership, potential buyers may not have the means or opportunity to save for a large down payment and closing costs. To help bridge this gap, there are options available to assist qualifying borrowers with down payment and closing costs. This resource outlines the Loan Product Advisor[®] (LPASM) data submission requirements for Freddie Mac Affordable Seconds[®]. For complete requirements on gifts, grants and Affordable Seconds refer to the Seller/Servicer Guide.

What are Gifts, Grants and Affordable Seconds

Recognizing there are various terms used in the industry, the information provided below is a high-level overview of the defined terms used in this resource when gifts, grants and or Affordable Seconds are used to assist with down payment and closing costs.



*Refer to Guide Section [4204.2\(a\)\(i\)](#) for eligibility requirements for non-Seller and Seller funded Affordable Seconds.

Find the Affordable Seconds job aid [here](#).

For definitions of "Affordable Seconds" and "Agency" access [Freddie Mac Glossary](#) and Seller/Servicer Guide [Section 4204.2](#).

This information is not a replacement or substitute for the requirements in the Freddie Mac *Single-Family Seller/Servicer Guide* or any other contractual agreements. This information does not constitute an agreement between Freddie Mac and any other party.

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



Loan Product Advisor Data Submission Tips

The information below provides step-by-step guidance on how to enter data through LPA.

Gifts and Grants



A subordinate lien is **not** created.

Tip: To submit to LPA, select “Cash gift” or “Grant” from the Account Type field.

Below is an example of the **Account Type** field displayed in LPA via Freddie Mac Loan Advisor® single sign-on portal. For system-to-system LPA users, refer to your loan origination system (LOS).

Notes:

In addition to the **Account Type** also select the **Source Type**.

Deposited Indicator: If you select “Yes” the gift and/or grant has been **deposited** and is included in the value of an asset account entered in the Assets section, LPA will exclude the gift amount entered in Other Assets You Have, **Cash or Market Value** field, since it is already deposited into a submitted depository account.



Affordable Seconds - No Repayment Within the First 5 Years



A subordinate lien **is** created.

To submit to LPA, enter the Affordable Second terms in the **Other New Mortgage Loans on the Property You are Buying or Refinancing** section.

Tip:

Select, “Yes/True” (refer to your loan origination system (LOS)) for the following questions only if the Affordable Second does not require a payment before the Due Date of the 61st monthly payment under the First Lien Mortgage, and it meets all the other requirements for an Affordable Second stated in the Guide.

- Is the Other New Mortgage an Affordable Second?
- Is the Affordable Second Payment Deferred?

Below is an example of the **Other New Mortgage Loans on the Property You are Buying or Refinancing** section displayed in LPA via Loan Advisor single sign-on portal.

Create Loan: Loan and Property Information

LOAN FILE SETUP BORROWER INFO ASSETS AND LIABILITIES REAL ESTATE LOAN AND PROPERTY INFO DECLARATIONS DEMOGRAPHIC INFO LENDER LOAN INFO REQUEST SERVICES

Loan and Property Information

Loan Amount * \$

Street Address

Unit #

City

State

ZIP Code

Number of Units * 1

Estimated Property Value \$

Appraised Property Value \$

Appraisal Identifier

Property Usage Type *

☐ Primary Residence ☐ Second Home ☐ Investment

Offering Identifier

☐ HFA Advantage ☐ Home Possible ☐ Home Possible Advantage ☐ Not Applicable

Mixed-Use Property

☐ Yes ☐ No

Manufactured Home

☐ Yes ☐ No

Loan Purpose *

☐ Purchase ☐ Refinance

FHA Secondary Residence

☐ Yes ☐ No

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

Creditor Name abc1Agency

Creditor Type * ☒ Business ☐ Individual

Lien Type * Second Lien

Monthly Payment \$ 0.00

Loan Amount / Amount Drawn * \$ 20000.00

HELOC * ☐ Yes ☒ No

Is the Other New Mortgage an Affordable Second? ☒ Yes ☐ No

Is the Affordable Second Payment Deferred? ☒ Yes ☐ No

☐ Does not apply

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ADD

Reminder: If the payment on the Affordable Second **does not** require a payment **before** the Due Date of the 61st monthly payment the **Monthly Payment/Initial Principal and Interest Payment Amount** must be equal to **zero**.



Affordable Seconds – Repayment Within the First Five Years



A subordinate lien **is** created.

To submit to LPA, enter the Affordable Second terms in the **Other New Mortgage Loans on the Property You are Buying or Refinancing** section.

Tip

Select, “**Yes/True**” (refer to your LOS), for the following question:

- **Is the Other New Mortgage an Affordable Second?**

Select, “**No/False**” (refer to your LOS), for the following question **only if** the Affordable Second requires a payment **before** the 61st monthly payment. Enter the monthly payment amount.

- **Is the Affordable Second Payment Deferred?**

Below is an example of the **Other New Mortgage Loans on the Property You are Buying or Refinancing** section displayed in LPA via Loan Advisor single sign-on portal.

Other New Mortgage Loans on the Property You are Buying or Refinancing ☐ Does not apply

Creditor Name <input type="text" value="Best Bank"/>	Creditor Type * <input type="radio"/> Business <input checked="" type="radio"/> Individual	Lien Type * <input type="text" value="Second Lien"/>	Monthly Payment <input type="text" value="\$ 100.00"/>
Loan Amount / Amount Drawn * <input type="text" value="\$ 1000.00"/>	Is the Other New Mortgage an Affordable Second? <input checked="" type="radio"/> Yes <input type="radio"/> No	Is the Affordable Second Payment Deferred? <input type="radio"/> Yes <input checked="" type="radio"/> No	
HELOC * <input type="radio"/> Yes <input checked="" type="radio"/> No			

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Reminder: If the payment on the Affordable Second **requires** a payment **before** the Due Date of the 61st monthly payment the **Monthly Payment/Initial Principal and Interest Payment Amount** must be accurate with an amount greater than zero.

For more information on Affordable Seconds refer to:



Did you know we have a free online resource to help you quickly find, understand and match down payment assistance (DPA) programs for borrowers?

Introducing DPA One®, down payment assistance programs all in one place. DPA One is an innovative new tool that aggregates and showcases down payment assistance programs in a single, standardized, insights-rich tool so lenders can quickly and efficiently access and compare programs to help make home possible for more families. Click [here](#) to learn more.



- [Affordable Seconds Defined and Tips for Data Submission into Loan Product Advisor.](#)
- For Data Quality and System Messages tips and best practices refer to [Data Quality and System Messages – Cause Resolution](#) job aid.
- For tools and techniques to correctly deliver loans with Affordable Seconds, go to [ULDD Data Delivery Tips](#).
- Mortgages secured by a manufactured home with an Affordable Second are eligible if they meet the additional requirements in Guide Section [5703.3\(e\)](#).
- Attend: [Down Payment Assistance: Solutions for Helping Borrowers with Funds for Closing](#) webinar.

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