

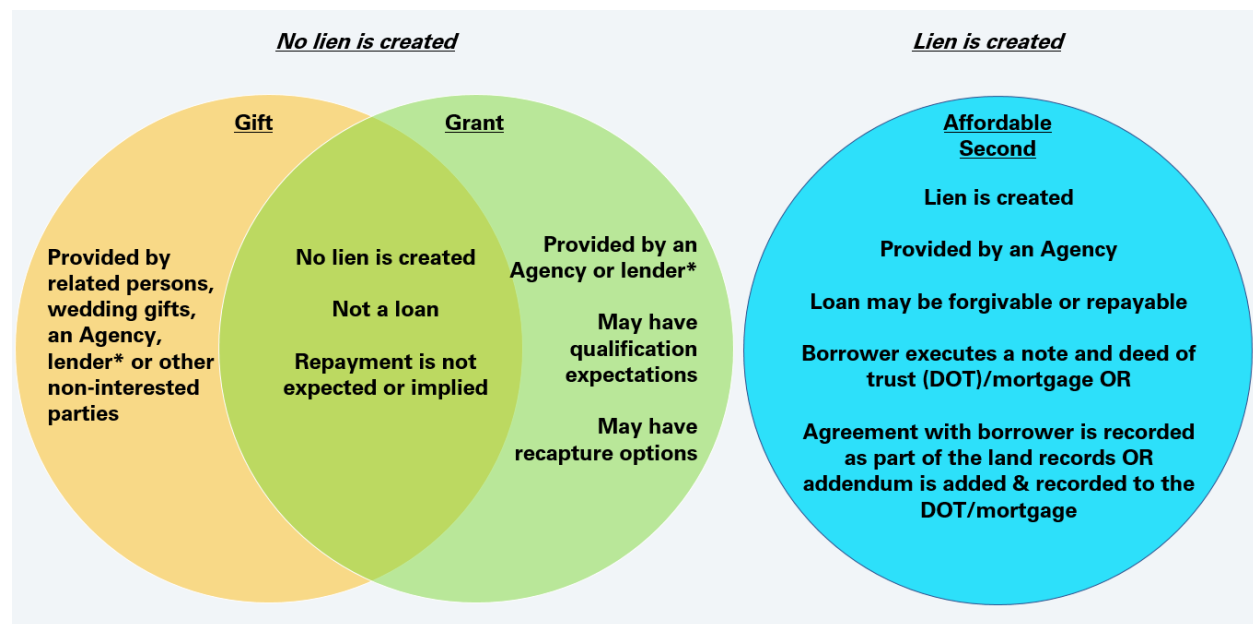
Gifts, Grants and Affordable Seconds Defined and Tips for Submission into Loan Product Advisor

Introduction

As part of achieving home ownership, 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 focuses on the different types of down payment and closing cost assistance from a Loan Product Advisor® (LPASM) data submission perspective. The terminology used in the tool will help you to understand how to correctly input information into Loan Product Advisor.

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.



*Home Possible® mortgages only

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

For definitions of “Affordable Seconds” and “Agency” access [Freddie Mac glossary](#).

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

Gifts and Grants



A subordinate lien is **not** created.

Tip: To submit to Loan Product Advisor, select “Cash gift” or “Grant” from the **Account Type** field.

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

Loan Product Advisor CREATE LOAN OTHER LINKS PRIOR VERSION

Create Loan: Assets and Liabilities

LOAN FILE SETUP BORROWER INFO ASSETS AND LIABILITIES REAL ESTATE LOAN AND PROPERTY INFO DECLARATIONS DEMOGRAPHIC INFO LEN

PATRICIA

Assets – Bank Accounts, Retirement, and Other Accounts You Have

Other Assets You Have

Account Type *

Cash Gift

Cash on Hand

Gift of Equity

Grant

Proceeds from Real Estate Property to be sold on or before closing

Cash or Market Value *

\$

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.

Account Type *

Checking

Financial Institution

Account Number *

1

Cash or Market Value *

\$ 10000.00

Joint Asset *

Yes No

Other Assets You Have

Account Type *

Cash Gift

Cash or Market Value *

\$ 5000.00

Source Type *

Relative

Deposited *

Yes No

Joint Asset *

Yes No



Affordable Seconds - No Repayment Within the First 5 Years



A subordinate lien **is** created.

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

Tip:

Select, “Yes” 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 Loan Product Advisor via Loan Advisor single sign-on portal. For system-to-system Loan Product Advisor users, refer to your loan origination system (LOS).

The screenshot shows the 'Create Loan: Loan and Property Information' form. The 'Other New Mortgage Loans on the Property You are Buying or Refinancing' section is highlighted with a red box. This section contains the following fields:

- Creditor Name:** abc1Agency
- Creditor Type:** Business (selected)
- Lien Type:** Second Lien
- Monthly Payment:** \$ 0.00
- Loan Amount / Amount Drawn:** \$ 20000.00
- Is the Other New Mortgage an Affordable Second?:** Yes (selected)
- Is the Affordable Second Payment Deferred?:** Yes (selected)
- HELOC:** No (selected)

Three red arrows point to the 'Yes' radio buttons for the Affordable Second questions and the 'Monthly Payment' field.

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 Loan Product Advisor, enter the Affordable Second terms in the **Other New Mortgage Loans on the Property You are Buying or Refinancing** section.

Tip

Select, “**Yes**”, for the following question:

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

Select, “**No**”, 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 Loan Product Advisor via Loan Advisor single sign-on portal. For system-to-system Loan Product Advisor users, refer to your loan origination system (LOS).

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

Creditor Name:

Creditor Type: Business Individual

Lien Type:

Monthly Payment:

Loan Amount / Amount Drawn:

HELOC: Yes No

Is the Other New Mortgage an Affordable Second? Yes No

Is the Affordable Second Payment Deferred? Yes 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:

- [Affordable Seconds Defined and Tips for Data Submission into Loan Product Advisor](#). Also refer to, [How to Enter Data for an Affordable Second](#), job aid
- 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](#).
- Guide [Section 4204.2](#).
- Mortgages secured by a manufactured home with an Affordable Second are eligible if they meet the additional requirements in Guide Section [5703.3\(e\)](#).

This document is not a replacement or substitute for the information found in the *Freddie Mac Single-Family Seller/Servicer Guide* or terms of your Master Agreement or other Pricing Identifier Terms.

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