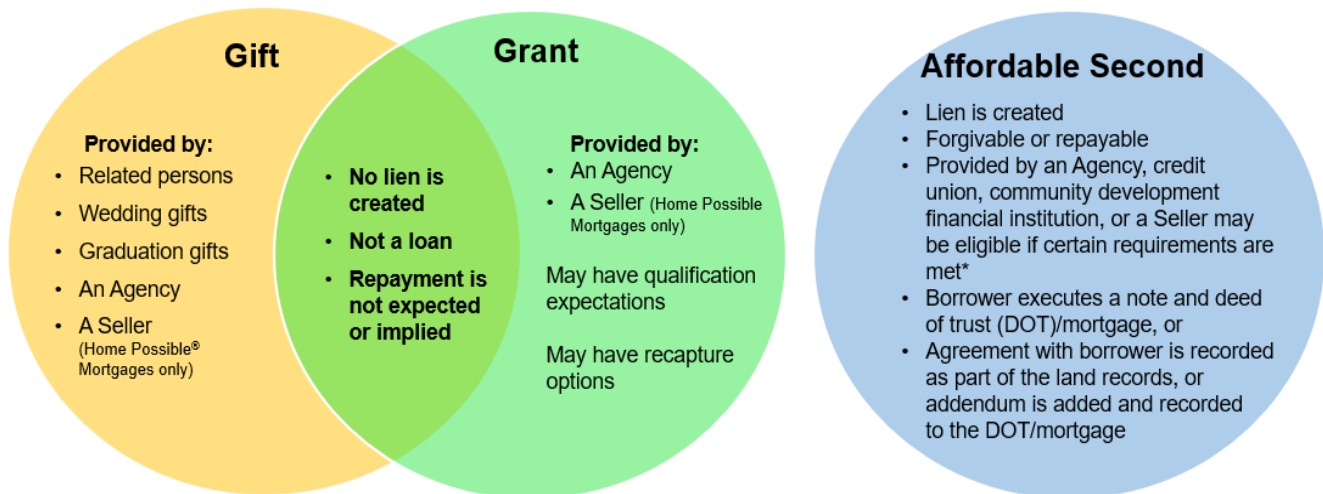


Introduction

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).

Source Type Field

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.



Source Type Field (cont'd)

When **Source Type** selected is “Lender” or “Non-originating Lender” additional data fields will display: **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. You must enter the portion(s) of the grant to be used for the down payment and/or closing costs.

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

Other Assets You Have			
Account Type *		Cash or Market Value *	Source Type *
Grant		\$ 5000.00	Lender
Deposited *	Joint Asset *	Grant Closing Cost Amount	Grant Down Payment Amount
<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	\$ 5000.00	\$

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

SAVE | SUBMIT

Loan and Property Information *Required

Loan Amount *

Street Address

Number of Units *

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

Unit #

City

State

ZIP Code

Estimated Property Value

Appraised Property Value

FHA Secondary Residence
 Yes No

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

0 / 3
 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:

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

0 / 3

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:



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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