



Correspondent Lending - Freddie Mac BorrowSmart® Program

BorrowSmart - Synopsis

A Freddie Mac offered program to assist income qualifying Low-Income Purchase (LIP) borrowers who complete housing counseling through Homeownership Preservation Foundation (HPF) which is a HUD approved provider.

Key Benefits

- Assistance can be used to fund up to 100% of the borrower's required cash to close and reduce money owed at the closing table
- Pre-purchase counseling with HPF will fulfill homeownership education requirements for Home Possible
- The \$1250 credit helps Home Possible® be more competitive when compared to an FHA loan
- Borrowers and Correspondent Lenders are not required to pay for the Counseling Fees

Eligibility Requirements

- Must be approved for Home Possible
- Qualifying income is greater than 50% and less than or equal to 80% of county area median income
- Cannot be combined with assistance programs from other initiatives that Freddie Mac offers
- May be used in conjunction with other Down Payment Assistance programs that meet Freddie Mac guidelines
- For the Lender to be reimbursed for the credit of \$1250 and not be billed the Counseling Fee of \$500, the loan must be purchased by ONITY.
- Freddie Mac BorrowSmart is eligible for loans that were referred to HPF and completed the HPF eligibility certificate with funding dates no later than December 31, 2025.

Process

1. Lender determines borrower eligibility through standard loan application or pre-approval process which includes AMI eligibility check.
2. Contact HPF using ONITY's designated phone number **(866) 285-4035** and provide the following information:
 - Lender Name
 - Reference the Freddie Mac BorrowSmart program
 - Provide borrowers total qualifying gross income
3. HPF will collect the borrower and lender contact information and complete the eligibility review with the applicant.
4. Eligibility certificate is provided in ONITY's name and provided to the borrower.
5. Counseling session will be scheduled and subsequently conducted with at least one qualifying
6. borrower. Note, counseling may be done then or at a later date.
Upon completion of the counseling session, an AMI Eligibility and Pre-purchase counseling certificate is
7. provided to the borrower along with a packet.
Borrower will provide the packet to the Originating Lender which will confirm completion.
8. If the borrower's income changes at any time after issuance, a new eligibility certificate is required, the counseling certificate will not change.
9. Loan closes with the \$1250 credit in Section L of the Closing Disclosure listed as BorrowSmart Grant.
10. Lender sends the loan to ONITY for purchase and includes the BorrowSmart packet (including the HPF Counseling and Eligibility certificates) in the initial upload which will ensure the loan is identified correctly and the grant amount will be included in the Purchase Advice.

If you have any questions or are interested in participating in the program, please contact your Correspondent Specialist, Sales Executive, or contact us via the support line at 800-929-4744.

Refer to the Onity Mortgage Corporation, f/k/a PHH Mortgage Corporation Seller Guide for questions not addressed in this product description.

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