



## Freddie Mac BorrowSmart® Program

Brought to you by Pennymac Correspondent Group  
02.18.2025

**Delegated Only - Pennymac Approval Required**

The Freddie Mac BorrowSmart program provides eligible homebuyers \$1,250 in down payment or closing cost assistance. Refer to the BorrowSmart program requirements below for full details.

Base Product	Home Possible
AMI Requirement	> 50% & ≤ 80%
Assistance Amount	\$1,250
Assistance	<ul style="list-style-type: none"> <li>The assistance can be applied toward down payment, closing costs, or permanently buying down the note rate.</li> <li>The assistance must provide a benefit to the borrower equal to the value of the applicable credit referenced above. <ul style="list-style-type: none"> <li>The loan cannot be adversely priced compared to similar loans without BorrowSmart assistance.</li> <li>The assistance cannot be funded using premium pricing.</li> </ul> </li> <li>Evidence of such benefit must be reflected on the final CD and retained in the loan file.</li> <li>The assistance can be used in conjunction with other DPA programs that meet Pennymac requirements.</li> </ul>
LTV	Max. 97%
Transaction Type	Purchase
Occupancy	Primary residence
Borrower Eligibility	<ul style="list-style-type: none"> <li>First-time homebuyer requirements determined per Home Possible requirements.</li> <li>Non-occupant co-borrower requirements determined per Home Possible requirements.</li> </ul>
Manufactured Homes	<ul style="list-style-type: none"> <li>Maximum LTV 95%.</li> <li>CHOICEHome Eligible – maximum LTV 97%.</li> <li>Must meet all requirements of the Pennymac (Freddie Mac) Manufactured Home Product Profile, along with the Home Possible and BorrowSmart requirements.</li> </ul>
LPA	<ul style="list-style-type: none"> <li>Accept / Eligible required.</li> <li>LPA will determine if the borrowers meet eligibility requirements.</li> </ul>

Underwriting Highlights	<ul style="list-style-type: none"> <li>The more restrictive of the Home Possible, Freddie Mac Manufactured Home product profiles, and the BorrowSmart specific requirements apply.</li> <li>A Homebuyer Eligibility Review is required prior to loan approval (refer to requirements in the Homebuyer Eligibility Review and Counseling Requirements section).</li> <li>AMI and all product requirements must be met.</li> </ul>
Mortgage Insurance	<ul style="list-style-type: none"> <li>Mortgage Insurance for the Pennymac-BorrowSmart program may be obtained via your MI company of choice, subject to the following: <ul style="list-style-type: none"> <li>MI certificates issued by the MI provider (under the correspondent's Master Policy) for the Pennymac BorrowSmart program are only eligible for loans delivered to and purchased by Pennymac.</li> <li>Each MI provider has different rules of engagement for this program. Please refer to mortgage insurance requirements in the "BorrowSmart MI Guidance for Correspondents" matrix for complete details.</li> </ul> </li> </ul> <p>Note: As an alternative, MI can also be obtained via Pennymac's MI for Correspondent program.</p>
Temporary Buydowns	<ul style="list-style-type: none"> <li>Temporary buydowns are ineligible</li> </ul>
Final Delivery and Purchase Date	<ul style="list-style-type: none"> <li><b>BorrowSmart loans must be delivered to Pennymac on or before November 7, 2025 and purchased by Pennymac November 28, 2025.</b></li> </ul>
<b>Homebuyer Eligibility Review and Counseling Requirements</b>	
Homebuyer Eligibility Review	<ul style="list-style-type: none"> <li>The borrower(s) must be referred to the Homeownership Preservation Foundation (HPF) for a program eligibility assessment prior to loan approval.</li> <li>Any changes to the borrowers' qualifying income must be resubmitted to HPF for an eligibility review.</li> <li>The income on the final LPA Feedback Certificate must match the income reflected on the BorrowSmart Eligibility Certificate.</li> <li>A copy of the BorrowSmart Eligibility Certificate must be retained in the loan file.</li> </ul>
Homebuyer Counseling	<ul style="list-style-type: none"> <li>Prior to the note date, at least one occupant borrower must complete the pre-purchase counseling with HPF.</li> <li>A copy of the Counseling Completion Certificate from HPF, verifying at least one occupant borrower participated in the pre-purchase counseling, must be retained in the loan file.</li> </ul> <p>To schedule an HPF eligibility review and/or counseling session, contact HPF directly at the following telephone number: 866-285-4036.</p>
Refer to your Business Account Manager for complete program details and loan purchase requirements.	