

## Freddie Expands 3% Down Loans for New Buyers

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Freddie Mac is debuting a new 3 percent down payment option for qualified first-time buyers that could put it in direct competition with the Federal Housing Administration's low down payment mortgage. The mortgage financing giant announced Thursday that it is rolling out a new conventional 3 percent down payment option called HomeOne, which will not have any geographic or income restrictions.

Freddie's expansion into small down payment loan products for new buyers will put it in competition against FHA, which offers mortgages to first-time buyers that similarly only require 3 percent down.

Freddie Mac rolled out conventional mortgages with 3 percent down payments more than three years ago for qualified low- and moderate-income borrowers. Its HomeOne product will not replace its current Home Possible products, but instead serve as a complement to it, Freddie Mac officials say.

HomeOne mortgages will be offered only for conforming fixed-rate mortgages that are secured by a one-unit primary residence. At least one of the borrowers must be a first-time buyer. Also, applicants are required to participate in homeownership education to qualify for the mortgage. The loan is available for single-family homes, condos, and townhomes. Manufactured homes are not eligible.

"Freddie Mac's HomeOne mortgage is part of the company's ongoing efforts to support responsible lending, provide sustainable homeownership and improve access to credit," Danny Gardner, senior vice president of single-family affordable lending and access to credit at Freddie Mac, said in a statement. "HomeOne is a great solution for aspiring homebuyers to grab that first rung of the property ladder and enjoy the financial and social benefits of participating in homeownership."

HomeOne mortgages will be available starting July 29.

Source: Freddie Mac and "Freddie Mac Takes Aim at FHA With Widespread Expansion of 3% Down Mortgages." *HousingWire* (April 26, 2018)

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