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**TO: Freddie Mac Sellers**

September 20, 2016


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**SUBJECT: LENDER GIFTS AND GRANTS AS ELIGIBLE SOURCE OF FUNDS FOR HOME POSSIBLE® MORTGAGES**

Currently gifts or grants from the Seller may be used towards down payment on Home Possible Mortgages. We have re-examined this flexibility, and as a result, will be updating the Guide to remove these gifts and grants as an eligible source of funds for Home Possible Mortgages.

Lenders that currently provide down payment assistance may be eligible to continue providing gifts and grants to Borrowers. Freddie Mac will consider gift and grant programs for eligibility on a negotiated basis. We want to hear about existing gift and grant programs to help shape the details of these negotiated terms and the effective date of the policy change, which will be announced in a future 2016 Bulletin. This change does not apply to down payment programs from non-profit or government agencies acting in a non-lending capacity that meet standards set forth in the Guide. Sellers should contact their Freddie Mac Account Executive or call Customer Support at (800) FREDDIE to provide information about their existing programs.

Sincerely,

A handwritten signature in cursive script that reads "Christina K. Boyle".

Christina K. Boyle  
Senior Vice President  
Single-Family Sales and Relationship Management