

Chapter 4203: Loan-to-Value (LTV), Total LTV (TLTV) and Home Equity Line of Credit (HELOC) TLTV (HTLTV) Ratios and Maximum Loan Amounts

4203.1: Loan-to-value (LTV), total LTV (TLTV) and Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratios and maximum loan amounts (06/04/25)

This section contains requirements related to:

- [Calculating loan-to-value \(LTV\), total LTV \(TLTV\) and Home Equity Line of Credit \(HELOC\) TLTV \(HTLTV\) ratios](#)
- [Maximum LTV, TLTV and HTLTV ratios](#)
- [Maximum original loan amounts](#)

(a) Calculating LTV, TLTV and HTLTV ratios

Ratios are calculated using the total amount of outstanding liens and “value”, as described in this section.

(i) Determining “value”

(A) For purposes of calculating LTV, TLTV and HTLTV ratios

For purposes of calculating LTV, TLTV and HTLTV ratios, “value” is determined as follows:

Determining “value”	
Mortgage offering or characteristic	“Value” is...
Purchase transaction Mortgages	The lesser of the appraised value of the Mortgaged Premises as of the appraisal report effective date and the purchase price of the Mortgaged Premises.

Determining “value”	
Mortgage offering or characteristic	“Value” is...
	Note: For newly constructed homes, multiple contracts may be combined to determine the purchase price (e.g., the purchase contract for the house and a contract to install a swimming pool may be added together to establish the purchase price).
Refinance Mortgages	The appraised value of the Mortgaged Premises as of the appraisal report effective date
Community Land Trust Mortgages	As described in Section 4502.5
Construction Conversion Mortgages and Renovation Mortgages	As described in Section 4602.10
CHOICERenovation [®] Mortgages	As described in Section 4607.4
GreenCHOICE Mortgages [®]	As described in Section 4606.2
Freddie Mac Enhanced Relief Refinance [®] Mortgages	As described in Section 4304.7

(B) For Mortgaged Premises located in the State of New York

Solely for the purpose of determining whether mortgage insurance is required or should be canceled, for Loan Product Advisor[®] and Non-Loan Product Advisor Mortgages, the “value” of the Mortgaged Premises located in the State of New York is the appraised value of the Mortgage Premises on the Note Date. For purchase transaction Cooperative Share Loans, solely for the purpose of determining whether mortgage insurance is required, the sales price of the Cooperative Interest may be used. If mortgage insurance is required, see Section 4701.5.

(This definition of the value of the Mortgaged Premises located in the State of New York applies only to the above-stated mortgage insurance requirements and is not applicable for any other purposes under the terms of the Purchase Documents.)

Refer to Chapter 4701 for mortgage insurance requirements.

(ii) Calculation of LTV, TLTV and HTLTV ratios for Loan Product Advisor Mortgages

Loan Product Advisor calculates the LTV, TLTV and HTLTV ratios based on data submitted by the Seller.

Note: For certain Loan Product Advisor Mortgage transactions, Freddie Mac may accept the “value” to be the Seller-provided estimate of value or the purchase price as the basis for the Loan Product Advisor assessment of the Mortgage. Refer to Section 5602.3 and 5602.4 for more information on an automated collateral evaluation (ACE) appraisal waiver and ACE+ PDR, respectively.

(iii) Calculation of LTV, TLTV and HTLTV ratios for Non-Loan Product Advisor Mortgages

Calculation of LTV, TLTV and HTLTV ratios for Non-Loan Product Advisor Mortgages	
Ratio	Calculation
LTV	Divide the First Lien Mortgage amount by “value” determined as described above.
TLTV	Divide the sum of the First Lien Mortgage amount and the disbursed amount of any secondary financing (including HELOCs) by “value” determined as described above.
HTLTV	Divide the sum of the First Lien Mortgage amount and the total HELOC credit line limit and any other secondary financing by “value” determined as described above.

(b) Maximum LTV, TLTV and HTLTV ratios

(i) Rounding requirements

To determine whether a Mortgage complies with the maximum LTV, TLTV and HTLTV ratio requirements, **the calculated ratio must be rounded up to the next whole number**. For example, 94.01% must be rounded up to 95%.

At delivery, Freddie Mac will calculate the LTV, TLTV and HTLTV ratios for each Mortgage based on data delivered by the Seller. Each ratio will be calculated to two decimal places, and the result will be rounded up to the next whole number.

(ii) Maximum LTV, TLTV and HTLTV ratios

Except as stated in (b)(iii) below, the maximum LTV, TLTV and HTLTV ratios are:

Purchase and “no cash-out” refinance Mortgages (fixed-rate and ARMs)	
Property type	Maximum LTV/TLTV/HTLTV ratio
1-unit Primary Residence	95%
2-unit Primary Residence	85%
3- and 4-unit Primary Residences	80%
Second home	90%
1-unit Investment Property	85%
2- to 4-unit Investment Property	75%

Cash-out refinance Mortgages (fixed-rate and ARMs)	
Property type	Maximum LTV/TLTV/HTLTV ratio
1-unit Primary Residence	80%
2- to 4-unit Primary Residence	75%
Second home	75%
1-unit Investment Property	75%

Cash-out refinance Mortgages (fixed-rate and ARMs)	
Property type	Maximum LTV/TLTV/HTLTV ratio
2- to 4-unit Investment Property	70%

Note: The minimum Indicator Score requirements for Mortgages sold to Freddie Mac can be found in Exhibit 25, Mortgages with Risk Class and/or Minimum Indicator Score Requirements.

(iii) LTV, TLTV and HTLTV ratios for certain Mortgages

The maximum LTV, TLTV and HTLTV ratios for the following Mortgages may differ from the maximum ratios identified above; additional information can be found in the following sections:

Maximum LTV, TLTV and HTLTV ratios for certain Mortgages	
Mortgage offering or characteristic	Guide reference
Community Land Trust Mortgages	Section 4502.5
Freddie Mac Enhanced Relief Refinance Mortgages	Section 4304.3
HeritageOne [®] Mortgages	Section 4504.6
Home Possible [®] Mortgages	Section 4501.7
HomeOne [®] Mortgages	Section 4605.1
Mortgages secured by a Manufactured Home	Section 5703.8(a)
Mortgages that use a streamlined project review	Section 5701.4
Mortgages to Borrowers with a credit history that includes a previous Mortgage foreclosure, a conveyance of a deed-in-lieu of foreclosure or a short sale	Section 5202.5(a)
Refi Possible [®] Mortgages	Section 4302.5

(c) Maximum original loan amounts

The following maximum original loan amounts* apply to Home Mortgages with Funding Dates or Settlement Dates on or after January 1, 2025. Except for the Mortgage offerings and characteristics identified in the table below, the loan amount used to determine compliance with the original loan amount limits is the **original** loan amount:

Maximum original loan amounts		
Number of units	Property in the contiguous 48 States, the District of Columbia or Puerto Rico	Property in Alaska, Guam, Hawaii or U.S. Virgin Islands
1	\$806,500	\$1,209,750
2	\$1,032,650	\$1,548,975
3	\$1,248,150	\$1,872,225
4	\$1,551,250	\$2,326,875

*Mortgages with higher loan amounts may be eligible for sale if they meet the requirements of Chapter 4603.

The following table identifies, for each Mortgage offering or characteristic listed, the loan amount to be used to determine compliance with the original loan amount limits:

Determining compliance with the original loan amount limits	
Mortgage offering or characteristic	Loan amount to be used to determine compliance with maximum loan amounts
Seller-Owned Modified Mortgages (as described in Chapter 4402 and Section 6302.27)	The loan amount of the Mortgage as stated in the original Note
Seller-Owned Converted Mortgages (as described in Chapter 4402 and Section 6302.19)	The loan amount of the Mortgage as stated in the ARM Note

Determining compliance with the original loan amount limits	
Mortgage offering or characteristic	Loan amount to be used to determine compliance with maximum loan amounts
Construction Conversion Mortgages and Renovation Mortgages originated using Integrated Documentation (as described in Chapter 4602 and Section 6302.28)	The loan amount of the Interim Construction Financing as stated in the integrated Note for the Interim Construction Financing and Permanent Financing
Construction Conversion Mortgages and Renovation Mortgages originated using Modification Documentation (as described in Chapter 4602 and Section 6302.28)	<p>The higher of:</p> <ul style="list-style-type: none"> ■ The loan amount of the Interim Construction Financing as stated in the Note for the Interim Construction Financing <p>or</p> <ul style="list-style-type: none"> ■ The loan amount of the Permanent Financing as stated in the Construction Conversion Modification Agreement
Construction Conversion Mortgages and Renovation Mortgages originated using Separate Documentation (as described in Chapter 4602 and Section 6302.28)	The loan amount of the Permanent Financing as stated in the Note for the Permanent Financing
Mortgages with future advances made before the Delivery Date consolidated with the outstanding principal amount (as described in Section 4101.10(a))	The loan amount of the Mortgage as stated in the original Note (which must be equal to or greater than the consolidated principal amount)
Mortgages with a principal curtailment made before the Delivery Date (as described in Section 6302.32)	The loan amount of the Mortgage as stated in the Note
Mortgages with financed mortgage insurance premiums (as described in Section 4701.2)	The loan amount of the Mortgage as stated in the Note (which includes the financed mortgage insurance premium)

Note: For the Mortgage offerings and characteristics listed in the table above, the loan amount used to determine compliance with the maximum loan amount limits may be different from the amount delivered in the ULDD Data Point *Note Amount* and from the amount used to calculate the LTV ratio. Refer to Chapter 6302 for delivery instructions.

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