



Fannie Mae HomeReady™ Mortgage

The HomeReady mortgage is designed for creditworthy, low-to moderate-income borrowers, with expanded eligibility for financing homes in designated low-income, minority, and disaster impacted communities.

		1-Unit	2-4 Units
ELIGIBILITY	Loan Purpose	Purchase or Limited Cash-out Refinance (DU Approved only-no manual underwrites)	
	Product	10, 15, 20, or 30 year fixed rate mortgages (FRMs)	
	Occupancy and Property Type	1 unit principal residence, including eligible PUDs. Condominiums could be considered based on Fannie Mae's Limited Condo Review guidelines. This would reduce the maximum LTV to 90%. Florida Condos limited to 75% LTV	2-4 unit principal residence
	Maximum LTV/CLTV and Subordinate Financing	Standard subordinate financing allowed – No community second mortgages	
		Purchase: 97% Limited Cash-out Refinance: 95% (up to 97% allowed if current loan is FannieMae)	Purchase or Limited Cash-out Refi 2-Unit: 85% 3-4 Units: 75%
	Minimum Borrower Contribution (own funds)	\$0	3% (0% for LTV/CLTV/HCLTV 80% or less)
	Minimum Credit Score	620 is minimum score for potential approve/eligible DU findings. Note: Scores this low may not result in favorable DU findings. Overall DU approval based on layers of risk.	
	Borrower Income Limits	<ul style="list-style-type: none"> No income limits in low-income census tracts 100% of area median income (AMI) in all other census tracts 	
	Ownership of Other Property	Occupant borrower(s) and non-occupant borrowers may have an ownership interest in other residential property at the time of closing.	
Non-Occupant Borrowers	Non-occupant borrowers permitted to maximum of 95% LTV. Income considered as part of qualifying income and subject to income limits.		



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	Mortgage Insurance Coverage	<ul style="list-style-type: none"> • 25% MI coverage for LTVs 90.01% - 97% • Standard MI coverage for LTVs of 90% or less 	
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UNDERWRITING	Desktop Underwriter® (DU)	<ul style="list-style-type: none"> • Based on the census tract and borrower income, DU will notify users when a loan casefile appears to be eligible for HomeReady but the lender has not underwritten the loan casefile as HomeReady. <u>Resubmit the loan casefile as a HomeReady loan to obtain the appropriate HomeReady messaging.</u> New Additional Data screen field will allow entering census tract information if DU is unable to geocode the property address. • DU recommendation of Approve/Eligible required. DU will determine qualifying ratios and reserves. • Eligible in DU if at least one borrower has traditional credit and contributes more than 50% of qualifying income. 	
	Other Income	Boarder income (relatives or non-relatives): Up to 30% of qualifying income; documentation for at least 9 of the most recent 12 months (averaged over 12 months) and documentation of shared residency for the past 12 months.	Not eligible
		Accessory dwelling units: Rental income may be considered in qualifying the borrower per standard rental income guidelines.	Rental income may be used as qualifying income per standard rental income guidelines.
	Interested Party Contributions	<ul style="list-style-type: none"> • LTV/CLTV greater than 90% - 3% maximum • LTV/CLTV 75.01% - 90% - 6% maximum • LTV/CLTV 75% or less – 9% Maximum 	



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Homeownership Education	Pre-purchase Homeownership Education	<ul style="list-style-type: none"> • Homeownership education required prior to note date for at least one borrower on all purchase transactions. • Provided through Framework, an online program approved by Fannie Mae. • \$75 fee paid by the borrower to Framework for a simple, accessible online program with email support 7 days a week. • Homeownership education certificate must be retained in the mortgage file • Although one-on-one counseling is optional for HomeReady, Framework will offer borrowers a referral to a HUD-approved counseling agency for additional assistance. 	
	Post-purchase Support	To support sustainability, borrowers will have access to post-purchase homeownership support for the life of the loan through Framework's homeownership advisor service.	
	Special Borrower Considerations	Online education may not be appropriate for all potential home buyers. The presence of a disability, lack of Internet access, and other issues may indicate that a consumer is better served through other education modes (e.g., in-person classroom education, telephone conference call, etc.). In these situations, consumers should be directed to Framework's toll-free customer service line, from which they can be directed to a HUD-approved counseling agency that can meet their needs. The counseling agency that handles the referral must provide a certificate of completion, and the lender must retain a copy of the certificate in the loan file.	