

Fannie Mae HomeReady

The Guidelines below are in addition to the conventional matrix

HomeReady is Fannie Mae’s low down payment program designed to help lenders confidently serve today’s market of creditworthy low-to-moderate income borrowers. Fannie Mae has expanded its’ guides creating various options of income flexibility, lower MI premiums for >90.01 to 97.00% LTVs, as well as creating multiple options for down-payment and funds to close. More information can be found at [Home Ready by Fannie Mae](#)

Eligibility	1 Unit	2-4 Units
Maximum LTV/CLTV and Subordinate Financing	CLTV up to 105% with eligible Community Seconds (refer to Eligibility Matrix Eligibility Matrix for details. Other subordinate financing per the <i>Selling Guide</i>)	
Maximum LTV/CLTV	Purchase <ul style="list-style-type: none"> • DU Only – LTV > 95% to 97% (Fixed Rate Mortgage only) Limited Cash out Refinance <ul style="list-style-type: none"> • DU Only – LTV 95% >97% for loans owned or securitized by Fannie Mae. 	Purchase or Limited Cash out Refinance 2- Unit: 85% (Fixed Rate Mortgage only) minimum required down payment 15% 3 -4 Unit: 75% (Fixed Rate Mortgage only) minimum required down payment 25%
Ownership of other property	Occupant and non-occupant borrower(s) may have an ownership interest in other residential property at the time of closing. **Borrower not required to be a first time homebuyer	
Minimum Borrower Contribution for Purchase Transactions	None	3%

Eligibility	1 Unit	2-4 Units
Credit Score Requirement	≥620 for all borrowers	
Manual Underwriting	Not Allowed	
Desktop Underwriter (SFC) 900	<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 casefile as HomeReady. DU recommendation of Approve/Eligible required. DU will determine qualifying ratios 	
Non-Occupant Borrowers	<ul style="list-style-type: none"> • Non-occupant borrowers permitted to maximum 95% LTV in DU • Income considered as part of qualifying income and subject to income limits <ul style="list-style-type: none"> ○ Do not occupy the subject property; ○ May or may not have an ownership interest in the subject property as indicated on title; ○ Sign the mortgage or deed of trust note; ○ Have joint liability for the note with the borrower(s); and ○ Do not have an interest in the property sales transaction, such as the property seller, the builder, or the real estate broker ○ See FNMA guidance on eligible non-occupant borrowers 	
Eligible Properties	<ul style="list-style-type: none"> • One-unit properties including condos and PUDS • Existing structures and new construction • Two - four units <p>**Refer to conforming conventional matrix for "Ineligible properties"</p>	
Sweat Equity	Not allowed	

<p>Income Requirements</p>	<p style="text-align: center;"><u>HomeReady Income Eligibility Lookup Tool</u></p> <ul style="list-style-type: none"> • No Income limits in underserved census tracts • 100% of area median income (AMI) for all other properties
<p>Boarder Income</p>	<p>The rental payments that any borrower receives from one or more individuals who reside with the borrower (but who are not obligated on the mortgage debt and may or may not be related to the borrower) may be considered as acceptable stable income. This applies for a one-unit property in an amount up to 30% of the total gross income that is used to qualify the borrower for the mortgage if all the below is met</p> <ul style="list-style-type: none"> ○ The individual(s) has lived with (and paid rent to) the borrower for the last 12 months ○ The boarder can provide appropriate documentation to demonstrate a history of shared residency (such as a copy of a driver’s license, bill or bank statement that shows the boarder’s address as being the same as the borrower’s address). ○ The boarder can demonstrate (such as copies of canceled checks) the payment of rental payments to the borrower for <ul style="list-style-type: none"> ✓ The last 12 months, or ✓ At least 9 of the most recent 12 months provided the rental income is averaged over a 12-month period. <p>***Note: Payment of rent by the boarder directly to a third party is NOT ACCEPTABLE</p>
<p>Rental Income From the Subject Property</p>	<p>Rental income is an acceptable source of qualifying income in the following instances:</p> <ul style="list-style-type: none"> • One-unit principal residence with an accessory unit. See <u>B4-1.3-05, Improvements Section of the Appraisal Report</u>, for additional details related to acceptable accessory units; • Two to four unit principal residence properties <p>See <u>B3-3.1-08, Rental Income</u>, for calculation and documentation of rental income used for qualifying purposes.</p>

<p>Homeownership Education</p>	<ul style="list-style-type: none"> • At least one borrower on each HomeReady purchase mortgage must do one of the following: • Complete the <u>Framework homeownership education course</u>(\$75 fee paid by the borrower to Framework) prior to closing; or • Complete a homeownership education course required by a Community Seconds or Down Payment Assistance Program that is provided by a HUD-approved agency prior to closing, if the HomeReady loan involves a Community Second or down payment assistance program; or • Receive housing counseling from a HUD-approved nonprofit housing counseling agency (as evidenced by a signed Certificate of Completion of Housing Counseling (<u>Form 1017</u>) prior to the borrower signing a purchase contract; or • Have already completed housing counseling (as evidenced by a completed Fannie Mae <u>Form 1017</u>). • Lenders may choose to provide a credit against closing costs for the \$75 Framework fee in accordance with Selling Guide <u>section B3-4.1-02</u>(Lender Incentives for Borrowers). • NOTE: <i>Homeownership education certification or Form 1017 must be retained in the mortgage file.</i>
<p>Special Borrower Characteristics for Online Homeownership Education</p>	<ul style="list-style-type: none"> • Framework’s 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.
<p>Mortgage Insurance (MI) Coverage and Financed MI</p>	<ul style="list-style-type: none"> • 25% MI Coverage for LTV’s 90.01-97% • Standard MI coverage for LTVs 90% or less • Minimum FICO 700 if DTI exceeds 45% • MI may be financed up to the maximum LTV for the transaction, including the MI (Minimum MI Coverage Option may be used with additional LLPA; the HomeReady LLPA waiver or cap does not apply)



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Product Codes		Helpful Links
30 Year Fixed	CF30 HomeReady	HomeReady Fact Sheet
20 Year Fixed	CF20 HomeReady	HomeReady MI Comparison
15 Year Fixed	CF15 HomeReady	HomeReady FAQs