



Product Guide HomeReady

FANNIE MAE HOMEReady FIXED RATE

PRIMARY RESIDENCE PURCHASE & RATE/TERM REFINANCE				
Property type	Maximum LTV	Maximum CLTV/HCLTV	Minimum Credit Score	Underwriting Response
1-Unit Warrantable Condo PUD	97% *	105%/97% **	620	DO/DU Approve/Eligible
2-Unit	85%	85%	620	
3 to 4 Unit	75%	75%	640	

* The LTV/CLTV is limited to 95% on rate/term refinance and loans with a non-occupant borrower.

** Traditional subordinate financing is limited to 97% CLTV. Maximum CLTV allowed up to 105% for purchase transactions when using an approved community second program with a fixed rate.

PROGRAM SUMMARY

The HomeReady product is offered by Fannie Mae to help meet the diverse needs of today's buyer. It is designed for creditworthy, low to moderate borrowers, with expanded eligibility in designated low-income, minority, and disaster-impacted communities.

PRODUCT OFFERED

- HomeReady 30 year fixed

LOAN AMOUNTS

MINIMUM

The minimum loan amount is \$20,000

MAXIMUM

The maximum conforming loan limits for 1-4 unit properties.

ELIGIBLE BORROWERS

- All income eligible occupant borrowers.
- Non-occupant co-borrowers for loans with LTV, CLTV, or HCLTV are limited to 95%.



ELIGIBLE PROPERTY TYPES

- 1 to 4 unit properties.
- Fannie Mae warrantable condominiums.
- Planned Unit Development (PUD).
- Modular homes.

INELIGIBLE PROPERTY TYPES

- Manufactured homes
- Cooperative properties

MINIMUM CREDIT SCORES

Please refer to the eligibility matrix above.

QUALIFYING RATE

The note rate is the qualifying rate.

QUALIFYING RATIOS

- Determined by Desktop Underwriter DU.
- Non-borrowing household member income may be used as a compensation factor when the occupying borrower DTI is greater than 45%.

TEMPORARY BUYDOWNS

Not eligible

MORTGAGE INSURANCE

Mortgage insurance providers may have additional restrictions not listed in the document. Please refer to each mortgage insurance company's website for complete details.

UNDERWRITING

- For purchase transactions at least one borrower must complete the Framework Homeownership Education course. Homeownership Education is not required for rate/term refinance transaction.



- Loans must be submitted to DU and receive an Approve/Eligible response.
- All loans must meet minimum credit score requirements and standard credit eligibility guidelines.
- Minimum borrower contribution requirements for purchase loans. There is no required minimum borrower contribution from borrowers own funds if the loan has an LTV, CLTV or HCLTV ratio of 80% or less. However if the LTV, CLTV or HCLTV ratio is greater than 80%, the minimum required borrower contribution from the borrower’s own funds is dependent on the number of units, except as noted below.

Number of Units	Minimum Borrower Contribution	Down Payment Required
One	None	3%
Two	3%	15%
Three or Four	3%	25%

INCOME LIMITS

- No income limits in low-income census tracts.
- 100% of AMI in other census tracts.
- Non-borrower household income is not required to be included for income limitation purpose.

NON-BORROWER HOUSEHOLD INCOME

- Is permitted as a compensating factor in DU only to allow a debt-to-income (DTI) ratio >45%, up to 50% (non-borrower income is not considered qualifying income and is not applied to income limits).
- Non-borrower household income must total at least 30% of the total monthly qualifying income being used by the borrower(s). NOTE: Income from more than one non-borrower household member may be considered.
- Non-borrower household member may be a relative or non-relative.
- Non-borrower household income must be documented in accordance with standard Fannie Mae Selling Guide policy based on the income type.
- The income must be reflected in DU as an Other Income type of Non-Borrower Household Income. This income will not be included as qualifying income, and will not impact the DTI ratio used in the risk assessment or be displayed on the DU Underwriting Findings report.

ASSETS

Document reserves/assets requirements per standard Fannie Mae guidelines and/or DU.



- Source of funds, Borrower must contribute to the transaction from his or her own funds (if required) the minimum amount listed above, for down payment, closing cost, and/or prepaid expenses. Other funds required for the transaction may be obtained from any combination of the following:
 - Gifts
 - Eligible grants
 - Community Seconds
 - Cash on hand may be acceptable

INTERESTED PARTY CONTRIBUTIONS

Interested party contributions including funds contributed by the property seller (directly or indirectly), builder, real estate agent/broker, or any other party with an interest in the real estate transaction.

Interested party contributions may be used exclusively to cover closing cost and prepaid expenses that exceed the borrower’s minimum contribution requirement.

INTERESTED PARTY CONTRIBUTION LIMITS			
CLTV	Up to 75%	75.01 to 90%	90.01 to 97%
Primary Residence	Maximum 9%	Maximum 6%	Maximum 3%

HOMEOWNERSHIP EDUCATION

At least one borrower on each HomeReady purchase mortgage must do the following.

- Complete the Framework homeownership education course. (\$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 HomeReady loan involves a Community Seconds or down payment assistance program or
- Receive housing advisement from a HUD-approved nonprofit housing counseling agency (as evidenced by a signed “Certificate of Completion of Pre-purchase Housing Counseling) (Form 1017) prior to the borrower signing a purchase contract.
- Homeownership education certificate or Form 1017 must be retained in the mortgage file.

CLOSING DOCUMENTATION



ALL LOANS

- Fannie Mae/Freddie Mac Uniform Security Instrument, 3000 series.
- Standard title commitment with all applicable endorsements.

IF APPLICABLE

- Fannie Mae/Freddie Mac multi state Condo Rider.
- Fannie Mae/Freddie Mac multi state PUD Rider.
- Fannie Mae/Freddie Mac multi state 1-4 family Rider (for 2 to 4 unit primary residence and all investment property mortgages)