

Fannie Mae HomeReady

Fannie Mae's enhanced affordable lending product designed for low to moderate income borrowers, with expanded eligibility for financing homes in designated low income communities

Key features:

- Lower Mortgage Insurance costs for higher LTV buckets
- Pricing enhancements
- Product features designed to align with today's buyer demographics and support sustainable homeownership

ELIGIBILITY		
	1-Unit	2-4 Unit
Loan Purpose:	Purchase or Limited Cash-out Refinance	
Occupancy and Property Type:	Primary Residence only	Primary residence only
Property Types:	Single Family Detached, Eligible Condominiums and PUDS (no manufactured housing)	2 – 4 Unit principal residence (no condos, co-ops or manufactured housing)
Borrower Eligibility:	<p>In order for a loan to be eligible for Home Ready Program, borrower's total qualifying income * must be within the applicable Area Median Income (AMI) limits as per below.</p> <p>*Qualifying income only includes income per Fannie Mae guidelines: Income not eligible for qualifying is not included in income limit eligibility.</p>	
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 * <p>*Effective with loans application dates of July 16, 2016</p>	
Minimum Borrower Contribution: (own funds)	\$0	3%
Acceptable Sources of Funds for Down Payment and Closing Costs:	Gifts, Grants and Community Seconds	

Product:	10, 15, 20 or 30 year Fixed Rate Mortgage	
Maximum LTV/CLTV and Subordinate Financing:	CLTV up to 105% with eligible Community Seconds. Other subordinate financing per selling guide.	
	Purchase: <ul style="list-style-type: none"> • DU Only – 97% (FRM) Refinance: <ul style="list-style-type: none"> • LCOR: DU 95% (FRM) 	Purchase or LCOR: <ul style="list-style-type: none"> • 2-unit: 85% FRM, 75% ARM • 3-4 Unit: 75% FRM only
Ownership of Other Property:	Occupant borrower(s) may have ownership interest in one additional property other than the subject.	
Non-Occupant Borrowers:	<ul style="list-style-type: none"> • Non-occupant borrowers permitted to maximum 95% LTV in DU • Income considered as party of qualifying income and subject to income limits • No limitation on ownership of other property for non-occupant borrower 	
Mortgage Insurance (MI) Coverage and Financed MI:	<ul style="list-style-type: none"> • 25% MI coverage for LTVs 90.01-97% • Standard MI coverage for LTVs of 90% or less 	
UNDERWRITING		
Underwriting:	<ul style="list-style-type: none"> • DU Approved/Eligible required. DU will determine qualifying ratios and reserves • Based on the census tract and borrower’s 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. Resubmit the loan casefile as a HomeReady loan to obtain the appropriate HomeReady messaging. 	

HOMEOWNERSHIP EDUCATION		
Prepurchase Homeownership Education:	<ul style="list-style-type: none"> Homeownership education required prior to note date for at least one borrower on all purchase transactions. Not required on refinance transactions. Must be 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. Borrowers also have the option to consult a counselor of their choice. <p>The only exceptions to completing the ONLINE education through Framework are as follows:</p> <ul style="list-style-type: none"> For HomeReady loans that involve a Community Seconds or down payment assistance program, buyers may instead complete the homeownership education course or counseling required by the Community Seconds or down payment assistance program as long as it is provided by a HUD-approved agency and completed prior to closing. The presence of a disability, lack of Internet access, and other issues may indicate that a consumer is better served through other education modes (for example, in-person classroom education or via a telephone conference call). In such cases, lenders should direct buyers to Framework’s toll-free customer service line (855-659-2267), which can refer consumers to a HUD-approved counseling agency. Finally, buyers who have already completed housing counseling by a HUD approved counseling firm PRIOR to entering into a sales contract (as evidenced by a completed Fannie Mae Form 1017) are not required to complete the Framework course. 	
Landlord Education:	Not Applicable	Landlord education required in accordance with Selling Guide requirements (not available through Framework)