

AMERICU MORTGAGE

TO: Our Valued Clients

DATE: July 25, 2017

SUBJECT: HOME READY PROGRAM ENHANCEMENTS

BULLETIN: 17-08

***** IMPORTANT NOTICE *****

We are very excited to announce that Fannie Mae has granted Towne Mortgage Company an enhancement to our Home Ready Program offering. This enhancement is designed to increase affordability and provide further assistance to our low and moderate income borrowers.

This enhancement is eligible for RETAIL LOANS ONLY.

For each Eligible Home Ready mortgage where the borrower's income is 80% or below the applicable area median income (AMI) for the property's location, an additional Loan Level Price adjustment (LLPA) of 1% will be provided.

This additional price adjustment must benefit the borrower only and be used to lower the interest rate or pay borrower's closing costs or prepaids.

For determining eligibility, we must refer to the Area Median Income (AMI) that Fannie Mae uses in Desktop Underwriter or on Fannie Mae's website. For eligibility/locking and tracking purposes, we have created a screen in Encompass that contains a link to the AMI charts within Fannie Mae's Home Ready web page. You will click on the link, enter the subject property address or FIPS code and the tool will provide the AMI for that property address. You will then complete the AMI for the property and the system will then calculate 80% of the AMI. Please note this is a yearly amount. If the borrower is eligible for the pricing enhancement the eligibility boxes will populate and the loan will be locked with the additional 1% bump.

You will then multiply the total monthly qualifying income by 12 and enter the yearly income and Encompass will determine whether the borrower is eligible for the pricing enhancement. Underwriters will double check the information during the review of the loan and certify the loan is eligible for the pricing enhancement.

Again this enhancement is eligible for Retail loans only and is eligible for a limited time. You may begin locking loans with this enhancement immediately. All loans eligible for the pricing enhancement must be closed AND delivered to Fannie Mae by December 31, 2017. Therefore, loans must be locked no later than November 1st and for no more than 45 days. All loans must also close (and fund) on or before December 15, 2017.

Please feel free to contact Phil Kukafka or Mike Amico in Secondary marketing with any questions on pricing or Pam Trudeau with any questions on eligibility.

Detailed instructions for Encompass are below, and will be posted in the resource center.

Pg. 1 Of 2



NMLS ID#3028

The screen shot below will be a shortcut button on the borrower summary screen.

Users will click the link to the Home Ready Eligibility Checker. (#1)

On the Eligibility Checker site user will enter the Subject Property Address or FIPS code.
The tool will provide the AMI for the property address

User will enter the AMI from the website in Home Ready Area Median Income field (#2)

80% of AMI field will be calculated (#3)

Total Qualified Income Field will be ready from the data entered on the 1003 and the Transmittal summary, or can be manually entered. (#4)

If the Total Qualified Income is less than the Home Ready AMI, the Home Ready Eligible box will be auto-checked by the system. (#5)

If the Total Qualified Income is less than the 80% of AMI, then the LLPA Eligible box will be auto-checked by the system. (#6)

On All loans where the Home Ready Eligible is yes, the UW will be required to check the box to certify they have reviewed the LLPA Eligibility and set the LLPA Eligibility correctly. (#7)

Time and Date Stamp along with the UW's Name will populate.

*When UW Review is completed and LLPA Eligible = Yes, SFC 843 will be appended to the Fannie Mae Special Feature Code filed (ULDD.X36)

The screenshot shows a web form titled "HomeReady" with the following elements:

- #1: A blue hyperlink: <https://homeready-eligibility.fanniemae.com/homeready/>
- #2: A text input field labeled "HomeReady Area Median Income (AMI)".
- #3: A text input field labeled "80% of AMI".
- #4: A text input field labeled "Total Qualified Income".
- #5: A checkbox labeled "Loan Is HomeReady Eligible?".
- #6: A checkbox labeled "LLPA Eligible?".
- #7: A checkbox labeled "UW Review of HomeReady LLPA" with two empty text input fields below it.

Thank you,
Operations Group
Towne Family of Companies

