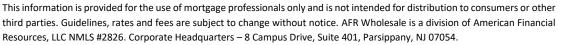


## **FANNIE MAE HOMEREADY™**

	PROGRAM SPECIFICATIONS
Description	The HomeReady™ Mortgage is conventional community lending mortgage that offers underwriting flexibilities to qualified borrowers who meet specific income criteria.
Channels	<ul> <li>Broker</li> <li>Correspondent         <ul> <li>Non-Delegated (UW)</li> <li>Delegated (UW)</li> </ul> </li> </ul>
FICO	<ul> <li>620 minimum qualifying credit score for all qualifying Borrowers.</li> <li>AFR permits credit score used by DU eligibility assessment when there are multiple borrowers.</li> <li>Reference <u>SEL-2021-08</u> and Selling Guide B3-5.1.01</li> </ul>
UW Method	Desktop Underwriter (DU)
AUS Recommendation	Approve/Eligible
Eligible Terms	10 Yr., 15 Yr., 20 Yr., and 30 Yr. Fully Amortizing Fixed Rate
Eligible Transaction Types	<ul> <li>Purchase</li> <li>Limited Cash Out Refinances</li> </ul>
Eligible Property Types	<ul> <li>1-4 Unit Principal Residences</li> <li>Condominiums         <ul> <li>Ineligible reviews: Properties that require PERS (Project Eligibility Review Service</li> </ul> </li> <li>PUDs</li> </ul>
	<ul> <li>Manufactured Housing</li> <li>Reminder: Second Homes and Investment Properties are not permitted</li> </ul>
Maximum LTV/CLTV/HCLTV	See Eligibility Matrix for HomeReady™ Mortgages <a href="https://singlefamily.fanniemae.com/media/20786/display">https://singlefamily.fanniemae.com/media/20786/display</a>
	Reminder:  • HomeReady™ mortgages that are originated in connection with the HomeStyle® Renovation product or secured by Manufactured Housing must follow the more restrictive LTV/CLTV/HCLTV ratios that apply.  • 2–4-Unit Purchase or LCOR Max of 95% LTV/CLTV
	See table below for LTVs 95.01-97%
Maximum DTI	Determined by DU Findings
Borrower Eligibility	Borrower may own other residential property at time of closing.  Non-occupant borrowers are permitted (to max 95% LTV)
Income Eligibility	<ul> <li>To be eligible as a HomeReady mortgage, the total annual qualifying income may not exceed 80% of the AMI for all property locations. This includes properties in low-income census tracts.</li> <li>Area Median Income Lookup Tool</li> <li>Rental income from a 1-unit Primary Residence must be provided by a person who is not obligated on the Mortgage and does not have ownership interest in the Mortgaged Premises and may not be the Borrower's spouse or domestic partner.</li> </ul>
Very Low-Income Purchase (VLIP) Broker only.	Eligibility:  Purchase  At least one borrower must be a first-time home buyer  Borrower(s) qualifying income must be less than or equal to 50% of the applicable AMI of the subject property's location.  DU will determine the income used to qualify  Homeownership Education:  HomeView, or  Acceptable programs listed in B2-2-06  Closing cost credit:  \$2500 Grant on URLA part 4.
Ownership of Other Property	<ul> <li>Occupying Borrower(s) must not have an ownership interest in more than two financed residential properties, including the subject property, as of the Note Date.</li> </ul>
Minimum Borrower Contribution	Property Type
Homeownership Education and	At least one Borrower must complete pre-purchase homeownership education and receive a referral to housing







	Homeownership education certificate must be retained in the Mortgage file.
	<b>Note</b> : Loans closed on or after December 7, 2019; require homeownership education for at least one borrower only if all occupying borrowers are first-time homebuyers, regardless of LTV.
Mortgage Insurance	Follow DU Findings
	<b>Reminder:</b> Standard Coverage Required on loans with LTV ratios at or below 90%, and 25% coverage is required for loans with LTV ratios above 90% - 97%.
MI Companies	<ul> <li>Arch</li> <li>Essent Guaranty, Inc.</li> <li>Enact</li> <li>MGIC</li> <li>National</li> </ul>
Geographic Restrictions	<ul> <li>Hawaii         <ul> <li>AFR does not operate in the state of Hawaii and does not permit loans with a subject property in Hawaii for all programs in all channels with the exception of Correspondent Delegated UW transactions.</li> </ul> </li> <li>AFR requires the use of AFR's Texas counsel on all Texas transactions with the exception of Correspondent Delegated loans. AFR utilizes this 3<sup>rd</sup> party for document preparation and require 48 hours for both title review and to generate a closing package.</li> </ul>
Guidelines	https://www.fanniemae.com/singlefamily/originating-underwriting B5-6
Forms	See FORMS Section in the Resource Center
Resources	https://singlefamily.fanniemae.com/originating-underwriting/mortgage-products/homeready-mortgage https://singlefamily.fanniemae.com/media/37851/display
	OVERLAYS

## Fannie Mae permits LTV, CLTV and HCLTV ratios to exceed 95% if certain requirements are met. The table below describes the requirements for HomeReady™ mortgage transactions with LTV ratios of 95.01-97%

Criteria	Requirements
CLTV Ratio	95.01-97% if the subordinate lien is not a Community Seconds loan
	105% if the subordinate lien is a Community Seconds loan
HCLTV	95.01-97%
Loan Purpose	Purchase Transactions or Limited Cash-Out Refinances
	For LCOR the lender must document that the existing loan being refinanced is owned or securitized by
	Fannie Mae.
Loan Type	Important: High Balance Manufactured Housing and HomeStyle® Renovation loans are not permitted
Underwriting Method	DU Approve Eligible Only
Reserves	Determined by DU
Other	All other HomeReady™ requirements apply

