

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	• Broker • Correspondent ○ Non-Delegated (UW) ○ Delegated (UW)																			
FICO	• 620 minimum qualifying credit score for all qualifying Borrowers. • AFR permits credit score used by DU eligibility assessment when there are multiple borrowers. ○ Reference SEL-2021-08 and Selling Guide B3-5.1.01																			
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	• Purchase • Limited Cash Out Refinances																			
Eligible Property Types	• 1-4 Unit Principal Residences • Condominiums ○ Ineligible reviews: Properties that require PERS (Project Eligibility Review Service) • PUDs • Manufactured Housing • Reminder: Second Homes and Investment Properties are not permitted																			
Maximum LTV/CLTV/HCLTV	See Eligibility Matrix for HomeReady™ Mortgages https://singlefamily.fanniemae.com/media/20786/display Reminder: • HomeReady™ mortgages that are originated in connection with the HomeStyle® Renovation product or secured by Manufactured Housing <u>must</u> 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	• 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. • Area Median Income Lookup Tool • 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.																			
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	• 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.																			
Minimum Borrower Contribution	<table><tr><th>Property Type</th><th><=80%</th><th>>80% <=95%</th><th>>95%</th></tr><tr><td>1 Unit</td><td>None</td><td>None</td><td>None</td></tr><tr><td>2-4 Unit</td><td>N/A</td><td>5%</td><td>N/A</td></tr><tr><td>Manufactured</td><td>None</td><td>None</td><td>N/A</td></tr></table>				Property Type	<=80%	>80% <=95%	>95%	1 Unit	None	None	None	2-4 Unit	N/A	5%	N/A	Manufactured	None	None	N/A
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1 Unit	None	None	None																	
2-4 Unit	N/A	5%	N/A																	
Manufactured	None	None	N/A																	
Homeownership Education and Housing Counseling	At least one Borrower must complete pre-purchase homeownership education and receive a referral to housing counseling prior to the loan closing (Note date). See B2-2-06 for all guidelines.																			

	- Must be provided through Framework, or HomeView online programs approved by Fannie Mae. - Homeownership education certificate must be retained in the Mortgage file. Note: 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 Reminder: 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	Arch Essent Guaranty, Inc. Enact MGIC National
Geographic Restrictions	- Hawaii - 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. - AFR requires the use of AFR's Texas counsel on all Texas transactions with the exception of Correspondent Delegated loans. AFR utilizes this 3rd party for document preparation and require 48 hours for both title review and to generate a closing package.
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	
Follow <u>all</u> overlays listed in the Fannie Mae Fully Amortizing Fixed and High Balance Program	

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