



## FANNIE MAE HOMEREADY™

PROGRAM SPECIFICATIONS																	
<b>Description</b>	The HomeReady™ Mortgage is conventional community lending mortgage that offers underwriting flexibilities to qualified borrowers who meet specific income criteria.																
<b>Channels</b>	<ul style="list-style-type: none"> <li>• Broker</li> <li>• Correspondent               <ul style="list-style-type: none"> <li>○ Table Funded</li> <li>○ Non-Delegated (UW)</li> <li>○ Delegated (UW)</li> </ul> </li> </ul>																
<b>FICO</b>	<ul style="list-style-type: none"> <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.               <ul style="list-style-type: none"> <li>○ Reference <a href="#">SEL-2021-08</a> and Selling Guide B3-5.1.01</li> </ul> </li> </ul>																
<b>UW Method</b>	<ul style="list-style-type: none"> <li>• Desktop Underwriter (DU)</li> </ul>																
<b>AUS Recommendation</b>	<ul style="list-style-type: none"> <li>• Approve/Eligible</li> </ul>																
<b>Eligible Terms</b>	10 Yr., 15 Yr., 20 Yr., and 30 Yr. Fully Amortizing Fixed Rate																
<b>Eligible Transaction Types</b>	<ul style="list-style-type: none"> <li>• Purchase</li> <li>• Limited Cash Out Refinances</li> </ul>																
<b>Eligible Property Types</b>	<ul style="list-style-type: none"> <li>• 1-4 Unit Principal Residences</li> <li>• FNMA Approved Condominiums               <ul style="list-style-type: none"> <li>○ FNMA Approved Condos that meet the waiver of a project review</li> </ul> </li> <li>• PUDs</li> <li>• Multi-width Manufactured Housing</li> <li>• <b>Reminder:</b> Second Homes and Investment Properties are not permitted</li> </ul> <p><b>Note:</b> Single-width Manufactured home older than 10 years from the effective date of the appraisal must use Enact or National MI, if PMI is required. AFR must order the MI and be the lender.</p>																
<b>Maximum LTV/CLTV/HCLTV</b>	<p>See Eligibility Matrix for HomeReady™ Mortgages  <a href="https://singlefamily.fanniemae.com/media/20786/display">https://singlefamily.fanniemae.com/media/20786/display</a></p> <p><b>Reminder:</b></p> <ul style="list-style-type: none"> <li>• HomeReady™ mortgages that are originated in connection with the HomeStyle® Renovation product or secured by Manufactured Housing <b>must</b> follow the more restrictive LTV/CLTV/HCLTV ratios that apply.</li> <li>• 2–4-Unit Purchase or LCOR Max of 95% LTV/CLTV</li> </ul> <p><b>See table below for LTVs 95.01-97%</b></p>																
<b>Maximum DTI</b>	Determined by DU Findings																
<b>Borrower Eligibility</b>	Borrower may own other residential property at time of closing. Non-occupant borrowers are permitted (to max 95% LTV)																
<b>Income Eligibility</b>	<ul style="list-style-type: none"> <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>• <a href="https://homeready-eligibility.fanniemae.com/homeready/">https://homeready-eligibility.fanniemae.com/homeready/</a></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>																
<b>Ownership of Other Property</b>	<ul style="list-style-type: none"> <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>																
<b>Minimum Borrower Contribution</b>	<table border="1"> <thead> <tr> <th>Property Type</th> <th>&lt;=80%</th> <th>&gt;80% &lt;=95%</th> <th>&gt;95%</th> </tr> </thead> <tbody> <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> </tbody> </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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<b>Homeownership Education and Housing Counseling</b>	<p>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.</p> <ul style="list-style-type: none"> <li>• Must be provided through <a href="#">Framework</a>, an online program approved by Fannie Mae.</li> <li>• Homeownership education certificate must be retained in the Mortgage file.</li> </ul> <p><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.</p>																
<b>Mortgage Insurance</b>	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%.
<b>MI Companies</b>	<ul style="list-style-type: none"> <li>• <a href="#">Arch</a></li> <li>• <a href="#">Essent Guaranty, Inc.</a></li> <li>• <a href="#">Enact</a></li> <li>• <a href="#">MGIC</a></li> <li>• <a href="#">National</a></li> </ul>
<b>Geographic Restrictions</b>	<ul style="list-style-type: none"> <li>• Hawaii <ul style="list-style-type: none"> <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>
<b>Guidelines</b>	<a href="https://www.fanniemae.com/singlefamily/originating-underwriting">https://www.fanniemae.com/singlefamily/originating-underwriting</a> B5-6
<b>Forms</b>	See FORMS Section in the Resource Center
<b>Resources</b>	<a href="https://www.fanniemae.com/content/fact_sheet/homeready-overview.pdf">https://www.fanniemae.com/content/fact_sheet/homeready-overview.pdf</a> <a href="https://www.fanniemae.com/content/fact_sheet/homeready-product-matrix.pdf">https://www.fanniemae.com/content/fact_sheet/homeready-product-matrix.pdf</a> <a href="https://www.fanniemae.com/content/fag/homeready-fags.pdf">https://www.fanniemae.com/content/fag/homeready-fags.pdf</a>
<b>OVERLAYS</b>	
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
<b>CLTV Ratio</b>	95.01-97% if the subordinate lien is not a Community Seconds loan 105% if the subordinate lien is a Community Seconds loan
<b>HCLTV</b>	95.01-97%
<b>Loan Purpose</b>	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.
<b>Loan Type</b>	30 Yr. Fixed Rate Loans Important: High Balance Manufactured Housing and HomeStyle® Renovation loans are not permitted
<b>Property and Occupancy</b>	1 Unit Principal Residence All Borrowers must occupy the Property
<b>Underwriting Method</b>	DU Approve Eligible Only
<b>Reserves</b>	Determined by DU
<b>Other</b>	All other HomeReady™ requirements apply

