

SECTION 1	MATRIX:									
	Transaction	FICO	Number of Units	Maximum LTV/CLTV						
	Primary Residence – Owner Occupied^{1,2}									
	Purchase	620	1 – Unit	97%						
	Rate / Term	620	1 – Unit	95						
	Purchase	620	2 – Units	85						
	Rate / Term	620	3 – 4 Units	75						
Footnotes										
1. The minimum credit score is determined by DU but must not be less than 620. 2. Florida Condominiums: <ul style="list-style-type: none"> Refer to the Fannie Mae Guidelines for LTV requirements based on condo review type. Note: Additional LTV/FICO requirements may apply to loans >80% LTV due to mortgage insurance restrictions. Check with the MI company guidelines for details.										
SECTION 2	Highlights									
	<ul style="list-style-type: none"> Min loan amount \$60,000. Min loan amount \$75,000 for properties located in NY and TX. Non-traditional Credit – Not Allowed Manual Underwriting – Not Allowed 620 Minimum Fico Score Borrowers without credit scores – Not Allowed Condos - 70% owner occupied presale required. Temporary buydowns – Not Allowed Manufactured Housing – Not Allowed Cooperatives – Not Allowed Sweat equity not allowed DU “Approve Eligible” only: Expanded Approval is Not permitted High Balance loan amounts not eligible Florida Condominiums: Established Projects only, New Construction or Conversions NOT allowed. <ol style="list-style-type: none"> LTV limited to Fannie Mae guides in accordance with Condominium review type. Example: 75% LTV for Florida Condominiums with Limited review. 									
SECTION 3	Products:									
Program Codes	<table border="1"> <thead> <tr> <th colspan="2">HomeReady</th> </tr> </thead> <tbody> <tr> <td>30 Year Fixed</td> <td>1021-00</td> </tr> <tr> <td>30 Year Fixed LPMI</td> <td>1024-00</td> </tr> </tbody> </table>				HomeReady		30 Year Fixed	1021-00	30 Year Fixed LPMI	1024-00
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SECTION 4	Parameters and Underwriting:									
ATR and QM	<ul style="list-style-type: none"> All loans must meet the Ability to Repay (ATR) and Qualified Mortgage (QM) provisions of the Dodd-Frank Act 									
Loan Limits	<table border="1"> <thead> <tr> <th rowspan="2">Units</th> <th colspan="2">2018 General Loan Limits</th> </tr> </thead> <tbody> <tr> <td>Continuous 48 States, DC and Puerto Rico</td> <td>Alaska, Guam, Hawaii and the U.S. Virgin Islands</td> </tr> </tbody> </table>				Units	2018 General Loan Limits		Continuous 48 States, DC and Puerto Rico	Alaska, Guam, Hawaii and the U.S. Virgin Islands	
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One	\$453,100	\$679,650
Two	\$580,150	\$870,225
Three	\$701,250	\$1,051,875
Four	\$871,450	\$1,307,175

The corresponding 2018 loan limit for a specific county can be found here, [FHFA 2018 Conforming Loan Limits](#).

Units	2017 General Loan Limits	
	Continuous 48 States, DC and Puerto Rico	Alaska, Guam, Hawaii and the U.S. Virgin Islands
One	\$424,100	\$636,150
Two	\$543,000	\$814,500
Three	\$656,350	\$984,525
Four	\$815,650	\$1,233,45

REFINANCES

Rate and Term Refinances:

Must meet the following requirements:

- The transaction is being used to pay off an existing first mortgage loan (including and existing HELOC in first-lien position) by obtaining a new first mortgage loan secured by the same property, or for single-closing construction-to-permanent loans to pay for construction costs to build the home, which may include paying off an existing lot lien.
- Only subordinate liens used to purchase the property may be paid off in the new mortgage.
- The borrower must be on title prior to the application.

Note: For certain transactions on properties with a PACE loan, Fannie Mae will waive the prohibition against using the proceeds of a limited cash-out refinance to pay off a loan not used to purchase the property if the loan being paid off is a PACE loan. **See B5-3.4-01, Property Assessed Clean Energy Loan**, (Fannie Mae Agency guidelines) for additional information.

- The subject property must not be currently listed for sale. It must be taken off the market on or before the disbursement date of the new mortgage loan, and the borrowers must confirm their intent to occupy the subject property (for principal residence transactions).

Derogatory Credit

Derogatory Seasoning	
Bankruptcy	<ul style="list-style-type: none"> • CH 7 – 48 months • CH 11 – 48 months • CH 13 – 24 months from Discharge date; 48 Months from Dismissal Date • Multiple Bankruptcies – 60 months
Foreclosure	<ul style="list-style-type: none"> • 84 Months
Deed-in-Lieu, Pre-Foreclosure, Charge-off of Mortgage account	<ul style="list-style-type: none"> • 48 Months
Short Sale	<ul style="list-style-type: none"> • 48 months
Mortgage Modification	<ul style="list-style-type: none"> • 24 Months

	Foreclosure and Bankruptcy on the same Mortgage (Mortgages not-reaffirmed)	If a mortgage debt was discharged through a bankruptcy, the bankruptcy waiting periods may be applied if the lender obtains the appropriate documentation to verify that the mortgage obligation was discharged in the bankruptcy. Otherwise, the greater of the applicable bankruptcy or foreclosure waiting periods must be applied. And demonstrate acceptable mortgage history
	Judgement / Liens	Must be fully satisfied prior to or at time of closing.
	Collections and Charge off	Follow DU requirements outlined in DU findings
Student Loan Payment Requirements	<p>Whether deferred, in forbearance, or in repayment (not deferred), monthly payment must be included in the borrower's recurring monthly debt obligation when qualifying the borrower.</p> <p>If a monthly payment is provided on the credit report, the lender may use that amount as the monthly payment for qualifying purposes.</p> <p>If the credit report does not provide a monthly payment for the student loan, or if the credit report shows \$0 as the monthly payment (which may be the case for deferred loans or loans in forbearance), the lender must calculate a qualifying monthly payment using one of the options below:</p> <ul style="list-style-type: none"> • 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), or • a fully amortizing payment using the documented loan repayment terms. 	
Mortgage Insurance	<ul style="list-style-type: none"> • Loans with a DTI greater than 45%, with a credit score <700 are not eligible for Mortgage Insurance, regardless of AUS decision. 	
Underwriting	<ul style="list-style-type: none"> • Desktop Underwriter, DU – “Approve/Eligible” only • Manual Underwriting – Not Allowed 	
Ratio	<p>Debt to Income Ratio – DTI: Ratios determined by DU for AUS loans. The maximum allowable total expense ratio in DU will be 45%, with flexibilities offered up to 50% for loans with strong compensating factors as determined by DU.</p>	
Texas 50(a)(6)	<ul style="list-style-type: none"> • Not Allowed. 	
Non-Occupant Co-Borrower	<ul style="list-style-type: none"> • Allowed – Maximum 95% LTV / CLTV • Occupant borrower must have a DTI ratio no higher than 43% <p>Note: Non-Occupant Co-borrower cannot have an interest in the property sales transaction, such as the property seller, the builder, or the real estate broker.</p>	
Assets per DU:	Assets to be documented per DU:	

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	<ul style="list-style-type: none"> • Must have sufficient verified liquid assets for the down payment, closing costs and reserves. • Liquid assets include checking accounts, savings accounts, CD's, gifts, money market, mutual funds, stock, trust funds, net equity, bonds, secured borrowed funds, etc. • Retirement accounts (IRAs) are valued at 100% of the vested amount of the asset. • Documented liquid assets, including retirement accounts, that contain at least 20% more than the funds needed for the borrower's down payment and closing costs, will not need to provide the documentation of liquidation. • Funds from personal assets that are sold prior to closing are acceptable as long as the individual purchasing the asset is not a party to either the property sale transaction or the mortgage financing transaction. The borrower must document ownership of the asset, the value of the asset, provide a bill of sale and proof of receipt of funds. • Assets are verified with 2 months consecutive bank statements. Internet statements are only acceptable if it reflects the same information as the bank statement would reflect. The URL must reflect at the bottom of the statement and all pages must be provided. • Bank statements must be dated within 45 days from the date of the application. All pages must be provided regardless if blank. <p>Gifts:</p> <ul style="list-style-type: none"> • Gifts must come from a relative, domestic partner or fiancé. • Gifts are allowed on primary residence. • For all LTVs ≤ 80%, there is no minimum contribution requirement from the borrower. • For 1 Unit property, Primary Residence transactions, with LTVs > 80%, there is no minimum contribution requirement from the borrower. • For 2-4 Unit properties, with LTVs > 80%, Borrowers must contribute a minimum 3% borrower contribution from their own resources and 5% total down payment. • A gift letter must include the name, address and telephone number of the donor, the relationship to the borrower, state the dollar amount of the gift and that no repayment is expected or required.
<p>Property</p>	<p>Eligible Properties are attached & detached SFR, 2-4 units, warrantable condo, and PUD units</p> <p>Agency Warrantable condo projects allowed. See Fannie Mae guidelines.</p> <p>Listed Properties: Rate and Term Refinances: The subject property must not be currently listed for sale. It must be taken off the market on or before the disbursement date of the new mortgage loan, and the borrowers must confirm their intent to occupy the subject property (for principal residence transactions).</p>
<p>HOMEBUYER EDUCATION</p>	<p>Pre-purchase homeownership education and housing counseling referrals, post-purchase early delinquency counseling, and landlord education are required for HomeReady mortgage loans. Home Ready requires that one borrower on each loan do one of the following prior to the note date:</p> <ul style="list-style-type: none"> • Complete the Framework homeownership education course -Purchase Homeownership Education and Housing Counseling Referral along with Post-purchase Early Delinquency Counseling. https://homeready.frameworkhomeownership.org/ <p>Or:</p>

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	<ul style="list-style-type: none"> Receive pre-purchase housing advising from a HUD-approved nonprofit housing counseling agency (as evidenced by a signed Certificate of Completion of Pre-Purchase Housing Counseling (Form 1017). 																																
<p>INCOME LIMITS</p>	<p>Borrower Income Limits:</p> <ul style="list-style-type: none"> 80% of AMI in all census tracts <p>To determine appropriate income limits:</p> <ol style="list-style-type: none"> Go to: https://www.fanniemae.com/singlefamily/homeready Census Tract Lookup (FFIEC) - obtain "Tract Code" Income Eligibility by Census Tract Lookup – Use "Tract Code" to find corresponding income eligibility limit. <p>Note: Initial submission requires the "Census Tract Lookup (FFIEC), printout showing the property address and corresponding census tract code."</p>																																
<p>Rental Income From Boarder</p>	<p>Rental Income from Boarder: Income from a boarder (related or non-related) can be included in the calculation of the borrower's stable monthly income if the following are met:</p> <ul style="list-style-type: none"> One unit The boarder must have resided with (and paid rent to) the borrower for the last 12 months. Provide documentation to evidence residency with the borrower (i.e. copy of driver's license, monthly bills, bank statement that shows the boarder's address as being the same as the borrower's address) Provide evidence of payment of rental payments (such as cancelled checks) to the borrower for: <ol style="list-style-type: none"> Last 12 months or At least 9 of the most recent 12 months provided the rental income is averaged over a 12 month period Payment of rent by the boarder directly to a third party is not acceptable The boarder will continue to reside with the borrower in the new residence The amount of rental income may not exceed 30% of the total qualifying income for the mortgage (if rental income exceeds 30%, reduce the amount of income to not more than 30% and use that figure for qualifying income and AMI limitations) 																																
	<p><u>Other types of Income:</u></p> <table border="1" data-bbox="415 1407 1518 1843"> <tr> <td>Alimony or Child Support</td> <td>Allowed</td> <td>Foster-Care Income</td> <td>Allowed</td> </tr> <tr> <td>Automobile Allowances</td> <td>Allowed</td> <td>Foreign Income</td> <td>Allowed</td> </tr> <tr> <td>Boarder Income</td> <td>Allowed</td> <td>Interest/Dividend Income</td> <td>Allowed</td> </tr> <tr> <td>Capital Gains Income</td> <td>Allowed</td> <td>Notes Receivable</td> <td>Allowed</td> </tr> <tr> <td>Expected Income(Future Income)</td> <td>Allowed</td> <td>Royalty Payment Income</td> <td>Allowed</td> </tr> <tr> <td>Housing or Parsonage Allowance</td> <td>Allowed</td> <td>Tip Income</td> <td>Allowed</td> </tr> <tr> <td>Employment Related Assets (Asset Depletion) Some examples: 401(k), IRA, SEP, Keogh.</td> <td>Allowed</td> <td>Trust Income</td> <td>Allowed</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </table>	Alimony or Child Support	Allowed	Foster-Care Income	Allowed	Automobile Allowances	Allowed	Foreign Income	Allowed	Boarder Income	Allowed	Interest/Dividend Income	Allowed	Capital Gains Income	Allowed	Notes Receivable	Allowed	Expected Income(Future Income)	Allowed	Royalty Payment Income	Allowed	Housing or Parsonage Allowance	Allowed	Tip Income	Allowed	Employment Related Assets (Asset Depletion) Some examples: 401(k), IRA, SEP, Keogh.	Allowed	Trust Income	Allowed				
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FANNIE MAE GUIDELINES	<p>For further information not covered here please proceed to Fannie Mae Guidelines.</p> <ul style="list-style-type: none"> • https://www.fanniemae.com/singlefamily/originating-underwriting <p>HomeReady specific Fannie Mae information page</p> <ul style="list-style-type: none"> • https://www.fanniemae.com/singlefamily/homeready
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HomeReady Mortgage

HomeReady Mortgage Loan and Borrower Eligibility

General Loan Eligibility

- A HomeReady mortgage is a first mortgage, purchase money or limited cash-out refinance transaction for one-to-four unit properties used as the borrower's principal residence.
- Eligible properties include:
 - One unit properties including manufactured housing and units in condos and PUDs;
 - Existing structures and new construction; and
 - Two-to-four unit properties.
- Additional restrictions apply to transactions with LTV, CLTV, or HCLTV ratios of 95.01 – 97%. See below for additional requirements for HomeReady mortgage transactions.
- Refer to the *Eligibility Matrix* for maximum allowable LTV, CLTV, and HCLTV ratios for HomeReady mortgage loans. HomeReady loans that secured by manufactured housing must follow the more restrictive LTV, CLTV, and HCLTV ratios that apply.
 - For example, the maximum LTV, CLTV, and HCLTV ratio for a one unit HomeReady manufactured home is 95%.
- Homeownership education is required for all HomeReady purchase loans.
- Non-occupant borrowers are permitted on HomeReady mortgages.
- DU will determine the reserves requirement.

LTV, CLTV, HCLTV Ratios of 95.01 – 97%

- If the LTV, CLTV, HCLTV ratio exceeds 95% for a HomeReady transaction, the following requirements apply:

Criteria	Requirements
LTV, CLTV or HCLTV Ratio	95.01 to 97% The CLTV ratio can be up to 105% if the subordinate lien is a Community Seconds loan.
Loan Purpose	Purchase transactions or limited cash-out refinances only.
Existing loan	For limited cash-out refinances: Document that the existing loan being refinanced is owned or securitized by Fannie Mae. Inform DU that Fannie Mae owns the existing mortgage using the "Owner of Existing Mortgage" field in the online application before submitting the loan to DU.
Loan Type	Fixed rate loans with terms up to 30 years. High-Balance loans are not permitted.
Property and Occupancy	One-unit principal residence. All borrowers must occupy the property. Manufactured housing is not permitted.
Credit Score	At least one borrower on the loan must have a credit score.
Underwriting Method	DU only.
Reserves	Reserves requirements will be determined by DU.
Other	All other standard purchase and limited cash-out refinance and HomeReady

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	requirements apply.
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