

**Fannie Mae HomeReady Program  
 Conforming and High Balance**
**Summary**

Product Types	30yr, 25yr, 15yr and 10yr Fixed
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For the HomeReady income eligibility requirements, go to: [HomeReady® Income Eligibility Lookup tool](#)

### **Conforming Balance**

**Primary Residence**

Loan Purpose	Minimum FICO	Units	Max LTV/CLTV/HCLTV
Purchase	620	1	97%
		2	85%
		3-4	75%
Refinance Rate & Term	620	1	95%
		2	85%
		3-4	75%

## Requirements and Eligibility

AUS	<ul style="list-style-type: none"> <li>• DU Only</li> <li>• Must be Approve/Eligible; No manual underwrites</li> <li>• Based on the census tract and borrower income, DU will notify users when a loan casefile appears to be eligible for HomeReady but the lender has not underwritten the loan casefile as HomeReady.</li> <li>• Resubmit the loan casefile as a HomeReady loan to obtain the appropriate HomeReady messaging.</li> <li>• New Additional Data screen field will allow entering census tract information if DU is unable to geocode the property address.</li> <li>• DU recommendation of Approve/Eligible required. DU will determine qualifying ratios and reserves.</li> <li>• Eligible in DU if at least one borrower has traditional credit and contributes more than 50% of qualifying income.</li> </ul>
Non-Occupant Borrowers	<ul style="list-style-type: none"> <li>• Non-occupant borrowers permitted to maximum 95% LTV</li> </ul>
Mortgage Insurance (MI) Coverage	<ul style="list-style-type: none"> <li>• 25% MI coverage for LTVs 90.01–97%</li> <li>• Standard MI coverage for LTVs of 90% or less</li> </ul>
Other Income	<ul style="list-style-type: none"> <li>• Boarder income (relatives or non-relatives): <ul style="list-style-type: none"> <li>○ Up to 30% of qualifying income; documentation for at least 9 of the most recent 12 months (averaged over 12 months) and documentation of shared residency for the past 12 months.</li> </ul> </li> <li>• Accessory dwelling units (1 unit properties): <ul style="list-style-type: none"> <li>○ Rental income may be considered in qualifying the borrower per rental income guidelines.</li> </ul> </li> <li>• Rental income may be used as qualifying income per rental income guidelines for 2-4 unit properties.</li> </ul>
Non-Borrower Household Income	<p>Permitted as a compensating factor in DU only to allow a debt-to-income (DTI) ratio &gt;45%, up to 50% (non-borrower income is not considered qualifying income and is not applied to income limits).</p> <p>The following additional requirements apply:</p> <ul style="list-style-type: none"> <li>• Non-borrower income must total at least 30% of the total monthly qualifying income being used by the borrower(s). (Note: Income from more than one non-borrower household member may be considered.)</li> <li>• Non-borrower household members may be relatives or non-relatives.</li> <li>• Non-borrower household income must be documented in accordance with standard Selling Guide policy based on the income type.</li> <li>• Non-borrowers must sign a statement of intent to reside with the borrower for a minimum of 12 months. (See optional Fannie Mae Form 1019.)</li> <li>• The income must be reflected in DU as an Other Income type of “Non-Borrower Household Income” (new income type will be added with DU implementation). This income will not be included as qualifying income, and would not impact the DTI ratio used in the risk assessment or displayed on the DU Underwriting Findings report.</li> </ul>
Pre-purchase Homeownership Education	<ul style="list-style-type: none"> <li>• Homeownership education required prior to note date for at least one borrower on all purchase transactions.</li> <li>• Must be provided through Framework, an online program approved by Fannie Mae.</li> <li>• \$75 fee paid by the borrower to Framework for a simple, accessible online program with email support 7 days a week.</li> <li>• Homeownership education certificate must be retained in the mortgage file.</li> <li>• Although one-on-one counseling is optional for HomeReady, Framework will offer borrowers a referral to a HUD-approved counseling agency for additional assistance. Borrowers also have the option to consult a counselor of their choice.</li> <li>• Not required for Limited Cash-Out Refinances</li> </ul>
Post-Purchase Support	<ul style="list-style-type: none"> <li>• To support sustainability, borrowers will have access to post-purchase homeownership support through Framework’s homeownership advisor service.</li> </ul>

Special Borrower Considerations	<ul style="list-style-type: none"> <li>• Online education may not be appropriate for all potential home buyers. The presence of a disability, lack of Internet access, and other issues may indicate that a consumer is better served through other education modes (e.g., in-person classroom education, telephone conference call, etc.).</li> <li>• In these situations, consumers should be directed to Framework’s toll-free customer service line, from which they can be directed to a HUD-approved counseling agency that can meet their needs.</li> <li>• The counseling agency that handles the referral must provide a certificate of completion, and the NDM must retain a copy of the certificate in the loan file.</li> </ul>
Previous Home-Buyer Education	<ul style="list-style-type: none"> <li>• In lieu of the Framework course, NDM will accept a certificate of pre-purchase education/counseling from a HUD-approved counseling agency dated within the previous six months before the loan application date and before September 30, 2016.</li> </ul>
Landlord Education	<ul style="list-style-type: none"> <li>• Not required for 2-4 unit transactions</li> </ul>
Loan-Level Price Adjustments (LLPAs)	<ul style="list-style-type: none"> <li>• Standard risk-based LLPAs are waived with an LTV above 80% <i>and</i> a representative credit score equal to or greater than 680</li> <li>• For loans outside of these parameters, standard LLPAs apply (per the LLPA matrix) with a cap of 1.50%. (The Minimum MI Coverage Option LLPA is not waived or considered toward the cap if that option is used.)</li> </ul>
Loan Purpose	<ul style="list-style-type: none"> <li>• Purchase</li> <li>• Rate &amp; Term Refinance</li> </ul>
Loan Limits	<ul style="list-style-type: none"> <li>• Conforming balance only, high balance is not eligible</li> </ul>
Eligible Properties	<ul style="list-style-type: none"> <li>• SFR, Condos &amp; PUD &amp; 2-4 units</li> <li>• No Co-Ops or Manufactured Homes</li> </ul>
Occupancy	<ul style="list-style-type: none"> <li>• Primary Residence Only</li> </ul>
Homestyle Renovation	<ul style="list-style-type: none"> <li>• Not Eligible</li> </ul>
Borrower Income Limits	<ul style="list-style-type: none"> <li>• Income cannot be greater than 80% of the area median income for the property location. This includes properties in low-income census tracts.</li> </ul>
Minimum Borrower Contribution	<ul style="list-style-type: none"> <li>• \$0 – 1 unit</li> <li>• \$0 – 2-4 units with LTV/CLTV 80% or less</li> <li>• 3% - 2-4 units &gt; 80% LTV/CLTV</li> </ul>
Acceptable Sources of Funds for Down Payment and Closing Costs	<ul style="list-style-type: none"> <li>• Checking/Savings accounts</li> <li>• Retirement accounts</li> <li>• Gifts</li> <li>• Grants</li> <li>• Cash-on-hand for 1-unit properties only (must meet Fannie requirements)</li> <li>• Sweat Equity not allowed</li> </ul>
Credit Report	<ul style="list-style-type: none"> <li>• All borrowers must have a credit score and traditional credit history.</li> <li>• Trade line requirements determined by DU findings.</li> <li>• Inquiries: A detailed explanation letter that specifically addresses both the purpose and outcome of each inquiry is required. If additional credit was obtained, a verification of that the debt/payment must be obtained and the DU must be resubmitted</li> <li>• Student Loans: Any student loan currently in default status must have a working repayment plan to be paid in full at the time of close.</li> <li>• Revolving Credit: If there is no payment on the credit report for revolving credit, use the greater of \$10 or 5% of the balance on credit.</li> </ul>
4506T	<ul style="list-style-type: none"> <li>• All loans require the 4506T to be executed and the returns validates</li> <li>• W-2 validation OK for wage earners</li> </ul>