

# Fannie Mae Program HomeReady Very Low Income Product

Last Update: 09.18.2024

## Primary Residence- Conforming

Loan Purpose	Minimum FICO	Units	Conforming Max LTV/CLTV <sup>1</sup>	High Balance Max LTV/CLTV <sup>1</sup>
Purchase or Rate/Term	620	1	Fixed 97%* /105%	Fixed 97%* /105%
		Manufactured	95%	95%
		2	95%	85%
		3-4	95%	75%

<sup>1</sup> CLV to 105% with Eligible Community Seconds See Fannie Guidelines

Maximum Loan Limits			Product Types
			15yr, 20yr, 25yr and 30yr Fixed
Property Type	Conforming Loan Limits <sup>1</sup>	High Balance Loan Limits <sup>1</sup>	Property Types
			SFRs, PUDs, Warrantable Condo, 2-4 unit
			AUS
1 Unit	\$802,650	\$1,204,000	All loans must receive DU Approve/Eligible Findings
2 Unit	\$1,027,750	\$1,541,750	Minimum Loan Amount
3 Unit	\$1,244,250	\$1,863,500	\$75,000
4 Unit	\$1,543,900	\$2,316,000	Borrower Income Limits
<sup>1</sup> Actual loan limits for specific counties in high-cost areas, as determined by FHFA, may be lower than the max permitted loan limit listed above.			DU will determine the income eligibility of the mortgage. It may not exceed 50% AMI for the property location for the Very Low Income HomeReady loans
			<a href="#">Area Median Income Lookup Tool</a>

## Mortgage Insurance

**Standard mortgage insurance is used when required. Lender Paid MI with single premium is permitted. BPMI monthly and Single Premium allowed.**

Loan Term	LTV			
	80.01-85%	85.01-90%	90.01-95%	95.01-97%
25 & 30 Year Terms, Manufactured	12%	25%	25%	25%
10, 15 & 20 Year	6%	12%	25%	25%

## HomeReady

Last Update: 03.29.2024

<b>95.01% - 97%</b>	<ul style="list-style-type: none"> <li>Fixed to 30 years, High Balance and ARMs not permitted</li> </ul>
<b>Lender Credit</b>	<ul style="list-style-type: none"> <li>\$2500 credit will be provided to the borrower from NDM using SPFC 900 and 884</li> <li>Credit may be used towards down payment, closing costs including escrow and mortgage insurance premiums.</li> <li>The credit may be used to satisfy the 3% minimum borrower contribution for 1-unit properties or 2-4 unit properties with LTV ratios less than or equal to 80%. For 2-4 Unit properties with LTV ratios greater than 80%, the credit may be applied to down payment after the 5% minimum contribution is met as per guidelines</li> </ul>

<b>Temporary Buydowns</b>	<p><b>Buydown Options:</b></p> <ul style="list-style-type: none"> <li>◦ 3-2-1 -LTV is capped at 90%</li> <li>◦ 2-1</li> <li>◦ 1-1</li> <li>◦ 1-0</li> </ul> <p>Offering Seller Paid Buydown Option only.</p> <ul style="list-style-type: none"> <li>• Non-Owner Transactions are ineligible.</li> <li>• Refinance Transactions are ineligible.</li> </ul> <p><b>Ineligible Property Types:</b></p> <ul style="list-style-type: none"> <li>◦ 2-4 Unit Properties.</li> <li>◦ Manufactured Homes.</li> <li>• SFC 009 for all Buydowns except a 3-2-1 Buydown.</li> <li>• SFC 014 for all 3-2-1 Buydowns.</li> </ul> <p>Buydown Calculator- <a href="https://myndm.com/downloads/resources/NDM-Buydown-Calculator.xlsx">https://myndm.com/downloads/resources/NDM-Buydown-Calculator.xlsx</a></p>
<b>Credit Requirements</b>	
<b>Age of Documents</b>	<ul style="list-style-type: none"> <li>• 120 Days for Credit Report, Income, Assets and Appraisal</li> <li>• 90 days Title</li> </ul> <p>All items are measured from Note Date</p>
<b>Borrower Eligibility</b>	<p><b>Eligible Borrowers:</b> Must have legal residency and valid Social Security Number</p> <ul style="list-style-type: none"> <li>• US Citizens, Permanent Residents and Non Permanent Resident Aliens</li> <li>• Inter-Vivos Revocable Trusts</li> </ul> <p><b>Ineligible Borrowers:</b></p> <ul style="list-style-type: none"> <li>• Foreign Nationals</li> <li>• Limited and General Partnerships</li> <li>• Irrevocable Trusts</li> <li>• ITIN borrowers</li> </ul>
<b>Continuity of Obligation</b>	<p>Limited Cash Out: 1 day on title</p>
<b>Credit Refresh / Soft Pull</b>	<p>Required within 10 calendar days of Note date. Any additional inquiries found on soft pull must be addressed by borrower.</p>
<b>DTI</b>	<p>Per DU</p>
<b>Debt Paid By Borrower's Business</b>	<p>The account payment does not need to be considered as part of the borrower's DTI ratio if:</p> <ul style="list-style-type: none"> <li>• The account in question does not have a history of delinquency,</li> <li>• The business provides acceptable evidence that the obligation was paid out of company funds (such as 12 months of canceled company checks), and</li> <li>• Tax returns show that cash flow analysis of the business took payment of the obligation into consideration.</li> </ul>
<b>Federal Income Tax Installment Agreements</b>	<p>The debt may include the monthly payment amount in liabilities (in lieu of requiring payment in full) if:</p> <ul style="list-style-type: none"> <li>• There is no indication that a Notice of Federal Tax Lien has been filed against the borrower in the county in which the subject property is located.</li> <li>• The lender obtains the following documentation: <ul style="list-style-type: none"> <li>◦ an approved IRS installment agreement with the terms of repayment, including the monthly payment amount and total amount due; and</li> <li>◦ evidence the borrower is current on the payments associated with the tax installment plan. Acceptable evidence includes the most recent payment reminder from the IRS, reflecting the last payment amount and date and the next payment amount owed and due date. <b>At least one payment must have been made prior to closing.</b></li> </ul> </li> </ul>
<b>Homebuyer Education</b>	<p>If all occupying buyers are first-time homebuyers, homeownership education is required for at least 1 borrower.</p>

<b>Interested Party Contributions</b>	<p>Maximum Interested Party Contributions:</p> <ul style="list-style-type: none"> <li>• &gt;90% LTV, IPC limited to 3%</li> <li>• 75.01-90%, IPC is limited to 6%</li> <li>• 75% or less LTV, IPC is limited to 9%</li> </ul>														
<b>Non-Occupant Borrowers</b>	Permitted for LTVs below 95%														
<b>Income / Assets</b>															
<b>Accessory Dwelling Unit Income</b>	An accessory unit is a separate dwelling with a kitchen and bathroom. Income generated from an accessory unit can be considered rental income in accordance FNMA standard rental income guidance.														
<b>Income / Assets Continued</b>															
<b>Amended Tax Returns Overlay</b>	<ul style="list-style-type: none"> <li>• Amended tax return must be filed before loan application date. An income increase of 20% or more from the original return will not be allowed or subject to management approval.</li> </ul>														
<b>Assets</b>	Per DU. Source any single large deposits that exceeds 50% of the total monthly qualifying income for Purchase transactions.														
<b>Boarder Income</b>	<p>The rental payments that any borrower receives from one or more individuals who reside with the borrower (who may or may not be related to the borrower) may be considered as acceptable stable income. This applies for a one-unit property in an amount up to 30% of the total gross income that is used to qualify the borrower for the mortgage if the boarder</p> <ul style="list-style-type: none"> <li>• is not obligated on the mortgage loan and does not have an ownership interest in the property;</li> <li>• has lived with the borrower for the last 12 months;</li> <li>• can provide appropriate documentation to demonstrate a history of shared residency (such as a copy of a driver's license, bill, or bank statement that shows the boarder's address as being the same as the borrower's address); and</li> <li>• can demonstrate the payment of rental payments (such as with copies of canceled checks) to the borrower for <ul style="list-style-type: none"> <li>o the last 12 months, or</li> <li>o at least 9 of the most recent 12 months provided the rental income is averaged over a 12-month period.</li> </ul> </li> </ul> <p>Payment of rent by the boarder directly to a third party is not acceptable.</p>														
<b>Borrower Income Limits and Calculations</b>	Total annual qualifying income may not exceed 80% of the AMI for the property's location. If the loan has resale restrictions, the more restrictive of the HomeReady income limit or the resale restriction income limit applies.														
<b>Borrower Contribution for Purchase</b>		<table border="1" data-bbox="383 2024 786 2378"> <thead> <tr> <th data-bbox="383 2024 529 2150">Number of Units</th> <th data-bbox="529 2024 786 2150">Minimum Borrower Contribution</th> <th data-bbox="786 2024 1000 2150">Minimum Down Payment</th> </tr> </thead> <tbody> <tr> <td data-bbox="383 2150 529 2188">1</td> <td data-bbox="529 2150 786 2188">None<sup>1</sup></td> <td data-bbox="786 2150 1000 2188">3%</td> </tr> <tr> <td data-bbox="383 2188 529 2252">2</td> <td data-bbox="529 2188 786 2252">3%</td> <td data-bbox="786 2188 1000 2252">15%</td> </tr> <tr> <td data-bbox="383 2252 529 2378">3-4 units</td> <td data-bbox="529 2252 786 2378">3%</td> <td data-bbox="786 2252 1000 2378">25%</td> </tr> </tbody> </table>	Number of Units	Minimum Borrower Contribution	Minimum Down Payment	1	None <sup>1</sup>	3%	2	3%	15%	3-4 units	3%	25%	
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1	None <sup>1</sup>	3%													
2	3%	15%													
3-4 units	3%	25%													
<sup>1</sup> 3% required if sweat equity is being used.															
<b>Reserves</b>	Per DU														

<b>Tax Transcripts</b>	<ul style="list-style-type: none"> <li>• All loans require a signed 4506-C form. Additional 4506-C form is required to be signed by Borrower's LLC, S-Corp or Corporation Name and EIN</li> <li>• Tax Transcripts are required for: <ul style="list-style-type: none"> <li>o Self-employed borrowers</li> <li>o Borrower employed by family member</li> <li>o Using rental income to qualify per tax returns</li> <li>o Relationship between the parties</li> </ul> </li> </ul>
<b>Property</b>	
<b>Appraisal requirements</b>	<ul style="list-style-type: none"> <li>• Transferred Appraisal Accepted</li> <li>• FNMA SSR score on Appraisal must be 4.9 or below. A FNMA SSR score of 5 is not acceptable.</li> <li>• Appraisal Waiver accepted per DU except for the following: <ul style="list-style-type: none"> <li>o Two- to four-unit properties;</li> <li>o HomeStyle Energy loans;</li> <li>o Leasehold properties;</li> <li>o Community land trusts or other properties with resale restrictions, which include loans using the Affordable LTV feature;</li> <li>o Manufactured homes</li> <li>o Transactions using gifts of equity;</li> <li>o Texas Section 50(a)(6) loans.</li> <li>o Using rental income from the subject property to qualify the borrower</li> </ul> </li> </ul>
<b>Escrow Accounts</b>	Required if LTV is $\geq$ 90% in CA or > 80% in all other states.
<b>DPA</b>	Allowed per FNMA guidelines.
<b>Escrow Holdback</b>	<ul style="list-style-type: none"> <li>• Allowed for repairs that do not present a health or safety concern and do not affect the structural integrity of the property.</li> <li>• \$5,000 limit on required repairs.</li> <li>• 1.5 times the repair to be held by escrow and released upon clearance by Nations Direct written authorization.</li> <li>• Repairs to be completed within 10 days of closing.</li> </ul>
<b>Ineligible Properties</b>	<ul style="list-style-type: none"> <li>• No Land Trusts, Indian Leased Land, Vacant land</li> <li>• Property Condition rating C6 and/or, Quality condition Q6</li> <li>• Non-Warrantable Condo, Condo-tels, Co-Ops, Manufactured Condos</li> <li>• Commercial Property, Boarding houses, Bed and Breakfast</li> <li>• Working Farms</li> <li>• GreenChoice Mortgage</li> <li>• One Time Close Construction to Perm Loans</li> </ul>
<b>Multiple Financed Property</b>	Occupant borrower may not have more than 2 financed properties
<b>Properties Listed for Sale</b>	Rate/Term Transactions: Property must be taken off the market prior to application date and borrowers must confirm the intent to occupy for (primary residence)
<b>State Restrictions</b>	Please see our approved License States



















































