



FNMA HomeReady® Fixed Rate



WHOLESALE

See full Product Guide for complete information.

Revised 9-20-21

Given the current situation associated with COVID-19, refer to Credit Policy 20-07 for temporary guidance related to certain credit, income and collateral requirements.

HomeReady® Mortgage - Conforming & High Balance

Transaction Type	Number of Units	Maximum LTV, CLTV, HCLTV ²
Principal Residence		
Purchase	1 Unit	FRM: 97% ¹
Limited Cash-Out Refinance	1 Unit	FRM: 97% ¹
Purchase & Limited Cash-Out	2 Units	FRM: 85%
	3-4 Units	FRM: 75%

¹LTV/CLTV/HCLTV ratios greater than 95% up to a maximum of 97% permitted for conforming, 1-unit fixed rate transactions. Limited cashout refinance transactions require that the existing mortgage being refinanced is owned by Fannie Mae. All borrowers must occupy the property. At least one borrower on the loan must have a qualifying credit score. Maximum 90% LTV where no borrower has a qualifying credit score.

²Small Business Administration (SBA) loans secured by the subject property must be treated as subordinate financing and included in the calculation of the CLTV and HCLTV ratios.

- 105% maximum CLTV for conforming FRM & ARM with a Community Second

- Some transactions may not be eligible for MI. Refer to the MI provider guidelines.

- Refer to agency loan limit matrix for maximum loan amounts at <https://www.fanniemae.com/singlefamily/loan-limits> or in the matrices section of the full product guide.

Amortization	<ul style="list-style-type: none"> • 10, 15, 20, 25, & 30 Year • Odd terms allowed down to 96 months 	
Secondary Financing	<ul style="list-style-type: none"> • Maximum CLTV: <ul style="list-style-type: none"> - 105% conforming FRM with a Community Second - 95.01%-97% Conforming 1-Unit FRM transactions with subordinate financing (non-Community Seconds) • For refinance transactions, any eligible subordinate financing may remain in place; however, it must be resubordinated to the first mortgage and meet any CLTV/HCLTV limits. 	
Eligible Properties	<ul style="list-style-type: none"> • 1-4 Units 	<ul style="list-style-type: none"> • Warrantable Condo, PUD, Townhouse
Ineligible Properties	<ul style="list-style-type: none"> • Manufactured Housing (<i>Available in Florida only.</i>) • Non-warrantable Condo • Timeshare • Mixed Use • Mobile Home • Cooperative • Condo/PUD Hotel • Commercial Property • Working Farms 	<ul style="list-style-type: none"> • Properties with Resale Deed Restrictions (other than Age Restricted) • Properties located in Lava Zones 1 & 2 • Properties that are listed for sale at the time of disbursement (when the transaction is a refinance) • Properties that have been assumed • Life Estates • Land Trust and Community Land Trust (including Illinois Land Trusts)
Occupancy	<ul style="list-style-type: none"> • Primary Residence ONLY • 1-4 Unit • Refer to maximum LTV/CLTV/HCLTV chart above • If subordinate financing exists refer to Secondary Financing section • The property must be owner occupied. • The 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. 	
Refinance Transactions	<p>Limited Cash-Out Only</p> <ul style="list-style-type: none"> • Borrower must have ownership of the subject property and be vested on title prior to the application date. • For limited cash out refinance to include the payoff of a subordinate mortgage, the subordinate mortgage must have been used in whole to acquire the subject property. • Written documentation must be obtained & included in the loan file • A limited cash out may receive the lesser of 2% of the loan amount or \$2,000.00 in cash back at closing • A transaction is not eligible as a limited cash out refinance if the Borrower completed a cash out refinance transaction with a Note Date 30 days or less prior to the application date of a new refinance secured by the same property. • Properties listed for sale must be taken off the market on or before the disbursement date of the new mortgage loan. The borrower must provide: <ul style="list-style-type: none"> - Documentation that the property has been taken off the market. - A letter of explanation confirming their intent to continue to occupy the property. 	

Underwriting	<p>Automated Underwriting</p> <ul style="list-style-type: none"> All loans are required to be submitted to DU. Manual underwriting is not permitted. Eligible DU recommendation: DU Approve/Eligible <p>Ratios</p> <ul style="list-style-type: none"> According to DU Findings Less than 40% DTI when no borrower has a credit score. <p>Deferred Installment Debt (Student Loans)</p> <ul style="list-style-type: none"> For all student loans, whether deferred, in forbearance, or in repayment (not deferred), the monthly payment must be included in the borrower's recurring monthly debt obligation when qualifying the borrower. <p>Credit Profile</p> <ul style="list-style-type: none"> Minimum risk score of 620 unless a higher score is required for a DU Approve/Eligible recommendation For loan profiles with multiple Borrowers, DU will access the credit profile using an average median credit score when determining if a loan casefile meets the minimum 620 credit score requirement. <ul style="list-style-type: none"> First, DU will determine each Borrower's representative credit score (middle of 3, lower of 2); Then DU will average the representative credit scores for all of the Borrowers on the loan to determine if the minimum 620 credit score requirement is met. Transactions where no borrower has a credit score may be eligible (see full underwriting guidelines for additional requirements) <p>Minimum Borrower Contribution for Purchase Transactions</p> <ul style="list-style-type: none"> Fannie Mae does not require a minimum borrower contribution from the borrower's own funds when the LTV, CLTV or HCLTV is \leq 80%. If the LTV, CLTV or HCLTV is $>$ 80%, the minimum required borrower contribution from the borrower's own funds is dependent on the number of units, as follows: <table border="1" data-bbox="293 831 1555 982"> <thead> <tr> <th>Number of Units</th> <th>Minimum Contribution</th> <th>Minimum Down Payment^(a)</th> </tr> </thead> <tbody> <tr> <td>One^(b)</td> <td>None</td> <td>3%^(c)</td> </tr> <tr> <td>Two</td> <td>3%</td> <td>15%</td> </tr> <tr> <td>Three or Four</td> <td>3%</td> <td>25%</td> </tr> </tbody> </table> <p>^(a) Refer to LTV/CLTV/HCLTV Matrix above. ^(b) A 3% borrower contribution and 5% down payment is required if sweat equity is being used toward the down payment for one-unit HomeReady purchase transactions. Refer to the Sweat Equity section in the full product guidelines for additional borrower contribution requirements. ^(c) A 3% down payment is permitted for certain purchase transactions. Refer to Fannie Seller Guide Section B5-6-02.</p> <p>Borrower Income Limits and Calculations</p> <ul style="list-style-type: none"> In determining whether a mortgage is eligible under the borrower income limits, FMC must count the income from all of the borrowers who will be listed on the mortgage note, to the extent that the income is considered in evaluating creditworthiness for the mortgage. To determine eligibility for a HomeReady mortgage loan the borrower's income is compared to the applicable area median income (AMI) for the property's location, including properties in low-income census tracts. 	Number of Units	Minimum Contribution	Minimum Down Payment ^(a)	One ^(b)	None	3% ^(c)	Two	3%	15%	Three or Four	3%	25%			
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Appraisal Requirements	Desktop Underwriter will indicate if an appraisal is required. For an overview of Fannie Mae appraisal report forms, refer to Seller Guide Section B4-1.															
Homeownership Education	Pre-purchase homeownership education is required for at least one borrower on all purchase transactions when all occupying borrowers are first-time homebuyers, regardless of the LTV ratio OR if all borrowers on the loan are relying solely on nontraditional credit to qualify. The homeownership education must be completed through one of the following two options: 1. Framework (An online program approved by Fannie Mae.) 2. HUD-approved nonprofit counseling agency															
MI Coverage Requirements	<table border="1" data-bbox="293 1560 1555 1751"> <thead> <tr> <th>Transaction Type</th> <th>80.01-85.00%</th> <th>85.01-90.00%</th> <th>90.01-95.00%</th> <th>95.01-97.00%</th> </tr> </thead> <tbody> <tr> <td>HomeReady Fixed-Rate Term \leq 20 Years</td> <td>6%</td> <td>12%</td> <td>25%</td> <td>25%</td> </tr> <tr> <td>HomeReady Fixed-Rate Term $>$ 20 Years, 30 Year Term, and manufactured homes</td> <td>12%</td> <td>25%</td> <td>25%</td> <td>25%</td> </tr> </tbody> </table>	Transaction Type	80.01-85.00%	85.01-90.00%	90.01-95.00%	95.01-97.00%	HomeReady Fixed-Rate Term \leq 20 Years	6%	12%	25%	25%	HomeReady Fixed-Rate Term $>$ 20 Years, 30 Year Term, and manufactured homes	12%	25%	25%	25%
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