HomeReady mortgage

Built for today's homebuyers

Fannie Mae®

Meet the diverse needs of today's buyers and grow your business with the HomeReady® mortgage, our premier affordable lending product designed for creditworthy low-income borrowers.

Features

- A $2,500 credit* that can be used toward down payment or closing cost assistance for very low-income purchase (VLIP) first-time homebuyers. At least one borrower on the loan must be a first-time homebuyer to be eligible for the VLIP LLPA Credit.

- An enhanced, best-efforts commitment with pricing similar to mandatory commitment for whole-loan deliveries.

- Financing up to 97% loan-to-value (LTV) for purchase of one-unit principal residence (Desktop Underwriter® (DU®) is required for LTV ratios >95%); up to 95% LTV for limited cash-out refi (LCOR) and up to 97% LTV for LCOR transactions in DU when the mortgage being refinanced is owned or guaranteed by Fannie Mae.

- Borrower is not required to be a first-time buyer.

- Gifts, grants from lenders or other eligible entities, Community Seconds®, and cash-on-hand permitted as a source of funds for down payment and closing costs.

- Supports HomeStyle® Energy, HomeStyle® Renovation, MH Advantage®, and manufactured housing.

- Innovative underwriting flexibilities expand access to credit responsibly. Flexibilities include rental unit and boarder income, as well as non-occupant borrowers, such as parents.

> "It's perfect for low-income borrowers, offering as low as 3% down payment, flexible income sources, and reduced PMI costs."
>
> — Sara Wong,
> Vice President of
> Mortgage Lending at Rate

Lender benefits

Certainty
Underwrite with confidence — DU automatically identifies potential HomeReady-eligible loans and provides a credit risk assessment.

Simplicity
Combine standard and HomeReady loans into MBS pools and whole loan commitments.

Sustainability
Expand access to credit responsibly with homeownership education and housing counseling options for borrowers.

Borrower benefits

Low down payment
As low as 3% down payment for home purchase and refinance transactions.

Flexible sources of funds
Can be used for the down payment and closing costs with no minimum contribution required from the borrower's own funds (one-unit).

Affordable and cancellable monthly MI
Reduced MI coverage requirement above 90% LTV; cancellable MI per *Servicing Guide* policy.

Homeownership education
Fannie Mae HomeView® helps pave the way for borrowers toward successful homeownership; other education and housing counseling options are available.

*For whole loans purchased ("Purchase Ready" status in Loan Delivery) through Feb. 28, 2026 and for loans delivered into MBS with issue dates through Feb. 1, 2026.

Homeownership education requirement

Knowledge is power. That's why the HomeReady mortgage homeownership education requirement is designed to help borrowers gain essential knowledge to prepare for sustainable homeownership, and lenders gain informed borrowers prepared to successfully navigate the loan process.

HomeView makes it simple to meet the homeownership education requirement

When all occupying borrowers on a HomeReady purchase transaction are first-time homebuyers, at least one borrower must complete a course from a qualified provider,* regardless of LTV (see exceptions below). HomeView can be used to satisfy the homeownership education requirement.

Exceptions: For HomeReady loans that involve a Community Seconds or down payment assistance program, buyers may instead complete the homeownership education course or counseling required by the Community Seconds or down payment assistance program as long as it is provided by a HUD-approved agency and completed prior to closing.

In addition, the presence of a disability, lack of internet access, and other issues may indicate that a consumer is better served through other education modes (for example, in-person classroom education or via a telephone conference call).

In such cases, lenders should direct buyers to the HOPE® Hotline 1-888-995-HOPE (4673), which can refer borrowers to a HUD-approved counseling agency.

Finally, borrowers may choose to receive housing counseling from a HUD-approved agency. If so, completion of housing counseling prior to closing will satisfy Fannie Mae's homeownership education requirement. The lender must retain a copy of the certificate of course completion in the loan file.

Benefits of housing counseling

We believe housing counseling from a HUD-approved nonprofit housing counseling agency can help to expand the pool of mortgage-eligible buyers.

In addition to helping borrowers prepare for sustainable homeownership and fulfilling the HomeReady homeownership education requirement, housing counseling can provide a benefit to lenders, too. HomeReady loans where borrowers have received housing counseling from a HUD-approved housing counseling agency within the 12 months prior to the loan closing date (as evidenced by completing the Housing Counseling data fields in DU or on the Supplemental Consumer Information Form (Form 1103) for manually underwritten loans prior to loan closing) shall be eligible for a loan-level price adjustment credit of $500 when the HomeReady purchase loan is delivered with Special Feature Code 184.
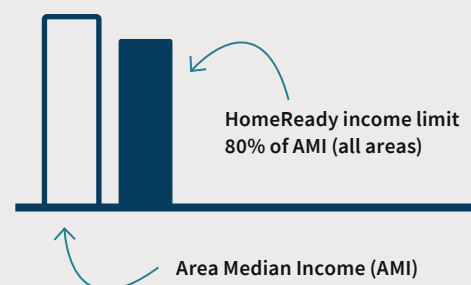
* A qualified provider must be independent of the lender, with homeownership education content that is aligned with National Industry Standards (NIS) or is offered by a housing counseling agency approved by the U.S. Department of Housing and Urban Development (HUD).

Simple borrower income eligibility

HomeReady is available when purchasing or refinancing a primary residence, as long as the borrower meets the income limits of the property location. (Income eligibility limits may help lenders meet applicable Community Reinvestment Act goals.)

The Area Median Income lookup tool provides lenders and other housing professionals with a quick and easy way to look up HomeReady income eligibility by address or FIPS code.

Borrower income eligibility limit

HomeReady income limit
80% of AMI (all areas)

Area Median Income (AMI)