



How to Fulfill the Homeownership Education Requirement for HomeReady® Mortgage

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 to help lenders gain informed borrowers prepared to successfully navigate the loan process.

Fannie Mae HomeView® makes it simple to meet the requirement

For HomeReady purchase transactions, if all occupying borrowers are first-time homebuyers, then at least one borrower must complete a homeownership education course offered by a qualified provider*, regardless of LTV. [HomeView](#) can be used to satisfy HomeReady education requirements. HomeView provides a 360-degree perspective on the homebuying process.

Exceptions to the homeownership education course requirement | 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 consumers to a HUD-approved counseling agency.

Finally, borrowers who have **already** completed housing counseling are not required to complete a homeownership education course. See below for more details on counseling requirements.

* 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).

What about buyers who are not eligible for HomeReady today?

We believe housing counseling from a HUD-approved nonprofit housing counseling agency can help to expand the pool of mortgage-eligible buyers. For consumers who need customized assistance to become mortgage-ready, counseling may be the best pathway to homeownership.



How does counseling work and what are the benefits?

Who	Housing counseling, also known as advising, is best suited for borrowers facing complex challenges – those who need one-on-one assistance to develop a deep understanding of their housing needs, household budget, and how to resolve potential issues.
What	Counseling is described as customized assistance that addresses a buyer’s unique financial circumstances and housing issues. Counseling also includes an education component that may be delivered one-on-one or via classroom or self-guided online programs, such as HomeView .
When	Counseling should occur as early as possible and must be completed within the 12 months prior to the loan closing date, in order for HomeReady loans to be eligible for the \$500 loan-level price adjustment credit.
How	Counseling must be provided by a HUD-approved agency, as evidenced by a completed Supplemental Consumer Information Form (Form 1103).
Benefits	Counseling fulfills the HomeReady homeownership education requirement. And, 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.

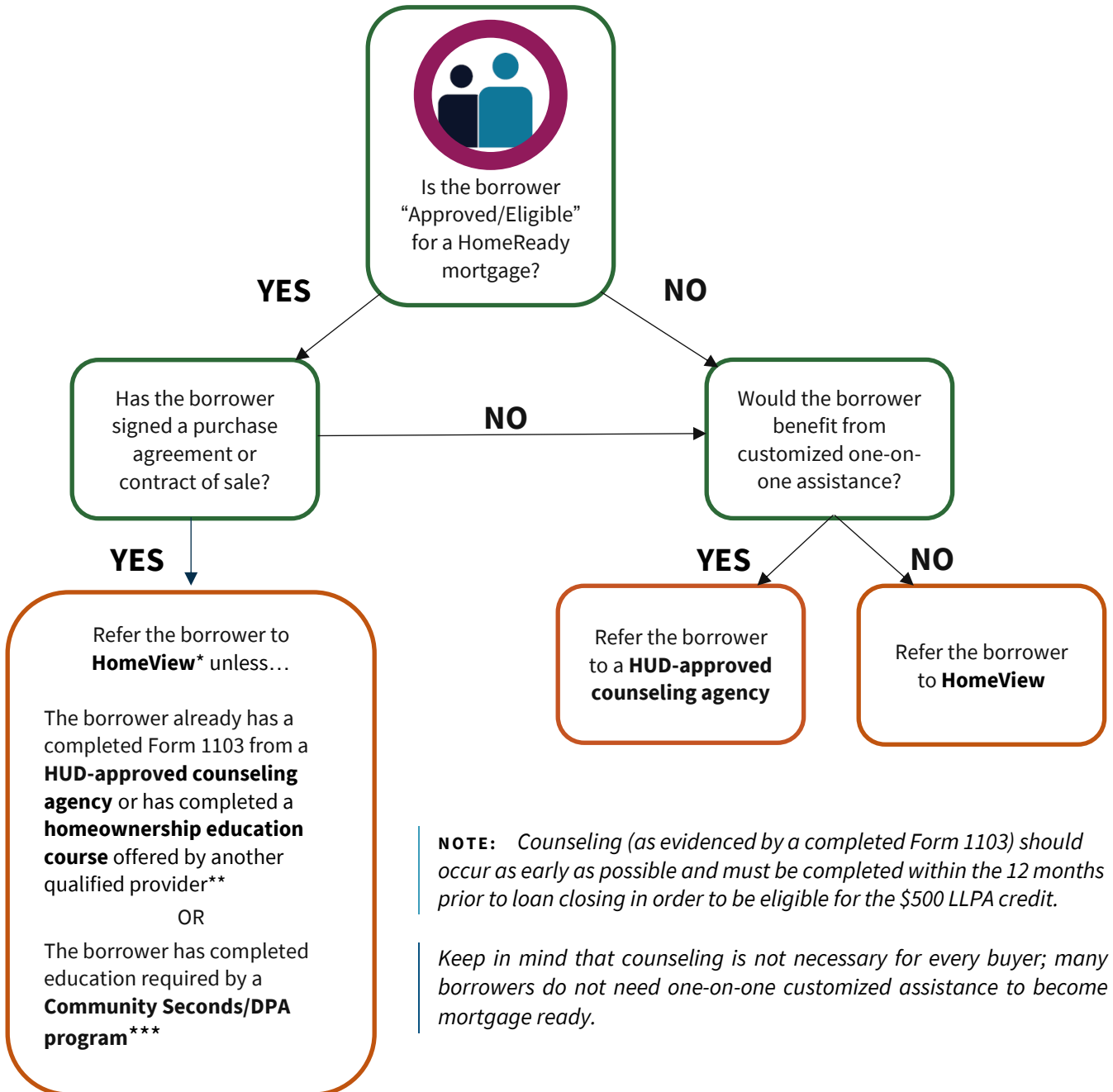
The lender role: Developing partnerships with counseling agencies

Lenders can establish partnerships with local HUD-approved counseling agencies in their markets or work with national counseling intermediaries that provide call center-based services. Simple activities can make a big difference. For example, lenders can co-sponsor outreach activities, such as homeownership fairs or classes, to help potential buyers prepare for ownership. Lenders also can refer borrowers to counselors who can help them get on track to becoming successful homeowners.



How can borrowers fulfill the HomeReady requirement?

Help borrowers who are applying for a HomeReady mortgage choose the best homeownership education option for them.



* If a borrower has a lack of Internet access or other circumstances that make an online course unsuitable, borrower should be directed to the HOPE™ Hotline 1-888-995-HOPE (4673)-

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***If yes, put the certificate in the loan file and you're done.



What’s the difference between homeownership education and counseling?

Homeownership education and counseling play critical and distinct roles in helping borrowers become mortgage ready.

	Delivery Method	Content	Timing
Homeownership Education	<ul style="list-style-type: none"> HomeView or another homeownership education course from a qualified provider Education course provided by a Community Seconds or DPA provider 	<ul style="list-style-type: none"> Comprehensive curriculum and instructional goals Examples of topics: <ul style="list-style-type: none"> Knowing if you’re ready to buy or rent Comprehension of the mortgage process and documentation needed Home inspections, appraisals insurance and closing process Responsibilities of homeownership 	<ul style="list-style-type: none"> Typically occurs between loan application and closing Earlier is better Must be completed by closing
Housing Counseling	<ul style="list-style-type: none"> Services are unique to individual’s financial situation. Services delivered one-on-one or via classroom, which may be in person, telephonic, video conference or as per any other HUD delivery standard. 	<ul style="list-style-type: none"> Covers all topics included in education setting MUST cover: <ul style="list-style-type: none"> Buy or rent decision Establishing a household budget Review of credit report Preparation of a written action plan based on the client’s individual goals 	<ul style="list-style-type: none"> As early as possible In order to meet \$500 Housing Counseling LLPA credit for HomeReady purchase loans, services must occur within the 12 months prior to loan closing. Use SFC 184 and complete Form 1103.

Learn more

Find more information on homeownership education at <https://singlefamily.fanniemae.com/originating-underwriting/mortgage-products/homeownership-education> and counseling options at <https://singlefamily.fanniemae.com/originating-underwriting/mortgage-products/housing-counseling-overview>. Visit [fanniemae.com/homeready](https://singlefamily.fanniemae.com/homeready) to find all the resources you need to grow your business with HomeReady.

